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 **healius**

2021
NOTICE OF ANNUAL
GENERAL MEETING

HEALIUS LIMITED
ACN 064 530 516

Annual General Meeting

NOTICE is hereby given of the Annual General Meeting (**AGM** or **Meeting**) of members of Healius Limited (**the Company**) to be held:

Date Thursday 21 October 2021

Time 11.00am (AEDT)
(Registration will commence at 10.00am)

Special arrangements due to COVID-19

Healius has for over a year been at the forefront of managing the unprecedented impact of the COVID-19 virus in Australia.

We are acutely conscious of the need to do all we can to protect our people, including our shareholders, from unnecessary potential exposure to this disease.

In line with the Federal Government's alterations to the Corporations Act to help manage the COVID-19 pandemic, Healius' 2021 AGM will be held as a virtual meeting. There will not be a physical meeting where shareholders can attend in person.

Shareholders can instead use various alternatives to participate in this meeting, including the ability to ask questions and vote online. Details are provided on pages 4–5.

Items of business

1. Receipt of Annual Financial Report

To receive and consider the Company's Financial Report, the Directors' Report, and the Auditor's Report, for the year ended 30 June 2021.

2. Adoption of the 2021 Remuneration Report

To consider and, if thought fit, pass the following resolution as a non-binding ordinary resolution:

"That the Remuneration Report for the year ended 30 June 2021 be adopted."

3. To re-elect Gordon Davis as a Director

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

"That Gordon Davis, a Non-executive Director retiring in accordance with the Company's Constitution, and being eligible for re-election, is re-elected as a Non-executive Director of the Company."

4. To re-elect Sally Evans as a Director

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

"That Sally Evans, a Non-executive Director retiring in accordance with the Company's Constitution, and being eligible for re-election, is re-elected as a Non-executive Director of the Company."

5. To elect Jenny Macdonald as a Director

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

"That Jennifer Macdonald, being a Director appointed by the Board as a casual appointee since the last Annual General Meeting, who retires in accordance with the Constitution of the Company and, being eligible, offers herself for election, is elected as a Non-executive Director of the Company."

6. To elect Kate McKenzie as a Director

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

"That Kathryn McKenzie, being a Director appointed by the Board as a casual appointee since the last Annual General Meeting, who retires in accordance with the Constitution of the Company and, being eligible, offers herself for election, is elected as a Non-executive Director of the Company."

7. Approval of acquisition of securities by the Managing Director & Chief Executive Officer, Malcolm Parmenter

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

"That approval is given for all purposes for the grant or issue of securities, under the Short-Term Incentive Plan, to the Managing Director & Chief Executive Officer, Malcolm Parmenter, in the manner set out in the Explanatory Statement to this Notice of Meeting."

8. Approval of grant or issue of securities under Non-executive Director Share Plan

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

"That approval is given for all purposes for the grant or issue of securities, under the Non-executive Director Share Plan, to all Non-executive Directors for the next three years, in the manner set out in the Explanatory Statement to this Notice of Meeting."

For further information, please refer to the Explanatory Statement (including Attachment A to the Explanatory Statement) which forms part of this Notice of Meeting.

By order of the Board.



Charles Tilley
Company Secretary

Dated: 17 September 2021

How to attend and vote

Attending the meeting

To attend the Meeting, all attendees must register before the commencement of the Meeting. Registration commences at **10.00am (AEDT) on Thursday, 21 October 2021**, this is one hour before the Meeting commences.

Shareholders can watch and participate in the AGM virtually via the online platform accessible by the web, by entering the following URL in your browser:

<https://web.lumiagm.com>

Please refer to the user guide on the Company's website at www.healius.com.au/agm.

The **meeting ID** for the Company's AGM is: 398-679-470

Your **username** is your **SRN/HIN**.

Your **password** is your **postcode registered on your holding** if you are an Australian shareholder. Overseas shareholders should refer to the user guide on our website at www.healius.com.au/agm.

Voting options

As a shareholder you can vote on the items of business by:

- voting in advance of the Meeting;
- attending the Meeting using the online option and voting during the Meeting; or
- appointing a proxy (including the Chair of the Meeting), corporate representative or attorney to attend the Meeting online and vote on your behalf at the Meeting.

The Board has determined that, for the purposes of the Meeting, if you are a registered shareholder of Healius Limited at **7.00pm (AEDT) on Tuesday, 19 October 2021**, you will be eligible to attend and vote at the Meeting. You will be entitled to vote in respect of the number of Healius Limited shares registered in your name at that time. Voting on all proposed resolutions at the Meeting will be conducted by a poll.

A shareholder which is a body corporate may appoint an individual as its corporate representative to exercise its powers at the Meeting, in accordance with section 250D of the Corporations Act (see the section below entitled "Corporate representatives" for details).

Voting in advance

You may cast your vote in advance of the Meeting by following the instructions on the Voting Form accompanying this Notice of Meeting. You can still vote at the Meeting if you wish; this will override your vote in advance.

Voting by proxy

A shareholder who is entitled to attend and vote at the Meeting may appoint a proxy to attend and vote at the Meeting on their behalf. A proxy does not need to be a shareholder of the Company and may be an individual or a body corporate. A proxy appointed may be described in the Voting Form by name or by an office held, for example, "the Chair of the Meeting".

Proxies may vote at the Meeting using the online options described above.

If a shareholder is entitled to cast two or more votes at the Meeting, the shareholder may appoint two proxies and may specify the percentage or number of votes each proxy can exercise. If two proxies are appointed but no proportion or number is specified, each proxy may exercise half of the shareholder's votes. A separate Voting Form should be used to appoint each proxy.

If a Voting Form does not specify the proxy (but is otherwise effective), the shareholder will be treated as validly appointing the Chair of the Meeting as their proxy.

Appointing the Chair of the Meeting as your proxy

You may appoint the Chair of the Meeting as your proxy. If you direct the Chair of the Meeting how to vote on an item of business, your vote will be cast in accordance with your direction. If you appoint the Chair of the Meeting as your proxy and you do not direct your proxy how to vote on an item of business set out in this Notice of Meeting, then by completing and submitting the Voting Form you will be expressly authorising the Chair of the Meeting to exercise the proxy and vote as the Chair of the Meeting decides on that item of business (even though Items 2, 7 and 8 are connected directly or indirectly with the remuneration of members of the KMP and the Chair of the Meeting is a member of the KMP).

The Chair of the Meeting intends to vote all undirected proxies in favour of each item of business.

Under the Corporations Act, the Chair of the Meeting will also be taken to have been appointed as a shareholder's proxy (even if the shareholder has not expressly appointed the Chair of the Meeting as their proxy) where each of the following applies:

- a poll is called on the relevant item;
- a shareholder has appointed a proxy (other than the Chair of the Meeting) and the appointment of the proxy specifies the way the proxy is to vote on the item; and
- the proxy is either not recorded as attending the Meeting, or the proxy attends the Meeting but does not vote on the item.

Submitting your Voting Form

Voting Forms (and, if the appointment is signed by the appointer's attorney, the original or certified copy of the authority under which the appointment was signed) must be received by the Company's share registry, Computershare Investor Services Pty Limited, by **11.00am (AEDT) on Tuesday, 19 October 2021**.

A Voting Form may be lodged with Computershare Investor Services Pty Ltd:

- **ONLINE** – www.investorvote.com.au (by following the steps set out on that site);
- **BY MAIL** – Healius Limited c/- Computershare Investor Services Pty Limited, GPO Box 242, Melbourne VIC 3001, Australia; or
- **BY FAX** – (within Australia) 1800 783 447 or (outside Australia) +61 3 9473 2555.

Corporate representatives

Any body corporate voting at the Meeting, either on its own behalf, or as a proxy or as an attorney, may appoint an individual as its corporate representative to exercise its powers at the Meeting, in accordance with section 250D of the Corporations Act. The body corporate must supply the corporate representative with an appropriately executed corporate representative certificate which specifies:

- the body corporate's name;
- the name or title of the corporate representative;
- the Company's name; and
- the meeting(s) at which the corporate representative may act.

A copy of the corporate representative certificate must be supplied to the Company's share registry, Computershare Investor Services Pty Limited, via one of the methods described in the section entitled "Submitting your Voting Form", by **11.00am (AEDT) on Tuesday, 19 October 2021**.

Corporate representatives may vote at the Meeting using the online options described above.

Attorneys

A shareholder or proxy may appoint an attorney to vote on their behalf. For an appointment to be effective, attorneys must lodge the original (or a copy) of the power of attorney under which they have been authorised to attend and vote at the Meeting with Computershare Investor Services Pty Ltd via one of the methods described in the section entitled "Submitting your Voting Form", by **11.00am (AEDT) on Tuesday, 19 October 2021**.

Attorneys may vote at the Meeting using the online options described above.

Shareholders' questions

Please note, only shareholders may ask questions online once they have been verified. It may not be possible to respond to all questions during the Meeting. Shareholders may ask questions on any matter relevant to an item of business, and also of the auditor in relation to the receipt of the Annual Financial Report (see section 1.3 of the Explanatory Statement below).

Your Directors encourage shareholders to lodge questions prior to the meeting. If you have received this Notice of Meeting electronically, you can submit your question online at www.investorvote.com.au. You can also e-mail questions to the Company at cosec@healius.com.au (please include your full name and SRN).

Relevant written questions must be received by the Company no later than **11.00am (AEDT) on Tuesday, 19 October 2021**. A list of written questions will be made available to shareholders attending the Meeting. If written answers are tabled at the Meeting, they will be made available to shareholders as soon as practicable after the Meeting.

Technical difficulties

Should technical difficulties arise during the course of the Meeting, the Chair of the Meeting has discretion as to whether and how the Meeting should proceed. In exercising that discretion, the Chair of the Meeting will have regard to the number of attendees impacted and the extent to which participation in the business of the Meeting is affected. Where the Chair of the Meeting considers it appropriate, he may continue to conduct the Meeting and transact business, including conducting a poll and voting in accordance with valid proxy instructions. For this reason, shareholders are encouraged to vote in advance or lodge a proxy by **11.00am (AEDT) on Tuesday, 19 October 2021** even if they plan to attend the Meeting (online) to vote. A vote at the Meeting will automatically override any advance or proxy vote. Conversely, an advance or proxy vote will stand if a shareholder attends the Meeting but does not vote at the Meeting.

Explanatory statement

Item 1: Receipt of Annual Financial Report

- 1.1 The Company's 2021 Annual Report (which includes the Financial Report, the Directors' Report and the Auditor's Report for the financial year ended 30 June 2021) will be put before the Meeting.
- 1.2 This item does not require a formal resolution to be put to the Meeting. Shareholders will be given a reasonable opportunity to ask questions about, or make comments on, these reports.
- 1.3 Any shareholder may submit to the Company a written question directed to the Company's auditor, Ernst & Young (**the Auditor**), if the question is relevant to:
- the content of the Auditor's Report to be considered at the Meeting; or
 - the conduct of the audit of the Financial Report to be considered at the Meeting.

Relevant written questions must be received by the Company no later than **5.00pm (AEDT) on Thursday, 14 October 2021**. A list of written questions will be made available to shareholders. If written answers are tabled at the Meeting, they will be made available to shareholders as soon as practicable after the Meeting.

Item 2: Adoption of the 2021 Remuneration Report

- 2.1 The Company's Remuneration Report for the financial year ended 30 June 2021 is set out on pages 43 to 68 of the Company's 2021 Annual Report. The 2021 Annual Report is available on the Company's website at www.healius.com.au.
- 2.2 The 2021 Remuneration Report:
- (a) explains the Board's objectives and structure of remuneration of Directors and senior executives for the year ended 30 June 2021, and the relationship between such policy and the Company's performance;
 - (b) sets out the details of performance conditions, including why they were chosen and how performance is measured against them; and
 - (c) sets out the performance and remuneration arrangements for the KMP (who comprise the Company's Non-executive Directors, the Managing Director & Chief Executive Officer (**CEO**), and other executives of the Company).
- 2.3 The Chair of the Meeting will allow a reasonable opportunity for the shareholders as a whole at the Meeting to ask questions about, or make comments on, the Remuneration Report.
- 2.4 Shareholders will be asked to vote on a resolution to adopt the Remuneration Report at the Meeting. The vote on the resolution will be advisory only and will not bind the Directors, however the Board will take the outcome of the vote and any discussion into consideration when reviewing the remuneration policy for Directors and Senior Executives in the future.

VOTING EXCLUSION STATEMENT FOR ITEM 2

- 2.5 Item 2 is a resolution connected directly or indirectly with the remuneration of Key Management Personnel (**KMP**). The Company will disregard any votes cast on this Item by or on behalf of a member of the Company's KMP named in the Company's 2021 Remuneration Report or their closely related parties (as defined in the *Corporations Act 2001* (Cth) (**Corporations Act**)) (**Excluded Persons**), regardless of the capacity in which the vote is cast. Additionally, the Company will disregard any votes cast on Item 2 by an Excluded Person acting as proxy for a person entitled to vote, unless:
- the vote is cast in accordance with the directions on the Voting Form; or
 - the vote is cast by the Chair of the Meeting and the proxy expressly authorises the Chair of the Meeting to exercise the proxy even though Item 2 is connected directly or indirectly with the remuneration of KMP.

RECOMMENDATION ON ITEM 2

- 2.6 Your Directors unanimously recommend shareholders vote in favour of adopting the 2021 Remuneration Report.

Item 3: Re-election of Gordon Davis as a Director

3.1 Mr Davis, B Forest Sc (Hons), MAg Sc, MBA, GAICD, is a Non-executive Director of the Company who was first appointed in 2015. In accordance with clause 13.6 of the Company's Constitution, Mr Davis retires by rotation at this Meeting and offers himself for re-election.

Mr Davis is the Chair of the Risk Management Committee (since 19 August 2019) and a member of the Audit Committee. During his tenure as a Director he has also served as Chair of the Audit Committee (from 24 July 2018 until 19 August 2019) and as a member of the Risk Management Committee (since March 2016).

- (a) Background and experience: Mr Davis holds a Bachelor of Forest Science (Honours) and a Master of Business Administration from the University of Melbourne and a Master of Agricultural Science from the University of Tasmania. He is a Graduate of the Australian Institute of Company Directors. Mr Davis was Managing Director of AWB Limited between 2006 and 2010. He has also served in a senior capacity on various industry associations.
- (b) Other current material directorships: Mr Davis is currently a Non-executive Director of Nufarm Limited (since May 2011) where he serves on the Audit and Risk Committee, the Remuneration Committee and as the Chair of the Health, Safety and Environment Committee. Mr Davis is also a Non-executive Director of Midway Limited (since April 2016) where he serves as Chair of the Remuneration and Nomination Committee and as a member of the Audit Committee.
- (c) The Board considers Mr Davis to be an independent Director.

RECOMMENDATION ON ITEM 3

3.2 Your Directors (other than Mr Davis, who abstains) unanimously recommend that you vote in favour of the re-election of Mr Davis.

Item 4: Re-election of Sally Evans as a Director

4.1 Ms Evans, BHSc, FAICD, GAIST, is a Non-executive Director of the Company who was first appointed in 2018. In accordance with clause 13.6 of the Company's Constitution, Ms Evans retires by rotation at this Meeting and offers herself for re-election. Ms Evans is Chair of the People & Governance Committee (since 19 August 2019) and a member of the Risk Management Committee (since her appointment as a Director).

- (a) Background and experience: Ms Evans has over 30 years' experience in private, government and social enterprise sectors and has worked in Australia, New Zealand, the United Kingdom and Hong Kong with responsibilities across the broader Asia Pacific region. Ms Evans is a Fellow of the Australian Institute of Company Directors, a Graduate of the Australian Institute of Superannuation Trustees and holds a Bachelor of Applied Science from the University of Otago. Since 2019, she has been a Member of the Commonwealth Government's Aged Care Quality & Safety Commission Advisory Council.
- (b) Other current material directorships: Ms Evans is a Non-executive Director of Oceania Healthcare Limited (since March 2018), REST Superannuation (since May 2018), Allianz Australia Life Insurance Limited (since June 2020), and Ingenia Communities Group (since December 2020).
- (c) The Board considers Ms Evans to be an independent Director.

RECOMMENDATION ON ITEM 4

4.2 Your Directors (other than Ms Evans, who abstains) unanimously recommend that you vote in favour of the re-election of Ms Evans.

Item 5: Election of Jenny Macdonald as a Director

5.1 Ms Macdonald, BCom, MEI, GAICD, CA ANZ, was appointed by the Board as a Non-executive Director of the Company effective 2 November 2020.

In accordance with clause 13.5 of the Company's Constitution, Ms Macdonald holds office as a casual appointee only until the next Annual General Meeting and, being eligible, offers herself for election by shareholders.

Ms Macdonald is Chair of the Audit Committee (since 2 November 2020) and a member of the Risk Management Committee (since 25 February 2021).

- (a) Background and experience: Ms Macdonald has a strong background in financial and general management roles across a range of industry sectors including fast moving consumer goods, resources, travel and digital media. She commenced her career with KPMG, working in the London and Melbourne offices in a number of practice areas, including audit, over more than ten years with that firm. After gaining experience in the resources sector, Ms Macdonald held executive roles in the travel and tourism industries and digital media at Flight Centre and REA Group. From 2014–2016 she was the Chief Financial Officer and then Interim Chief Executive Officer of Helloworld, an ASX-listed multi-channel travel company.
- (b) Other current material directorships: Ms Macdonald is a Director of Bapcor Limited (2018–present), Redbubble Limited (2018–present), and Australian Pharmaceutical Industries Limited (2017–present), as well as (unlisted) PropertyGuru Group (2019–present).
- (c) The Board considers Ms Macdonald to be an independent Director.

RECOMMENDATION ON ITEM 5

5.2 Your Directors (other than Ms Macdonald, who abstains) unanimously recommend that you vote in favour of the election of Ms Macdonald.

Explanatory statement (continued)

Item 6: Election of Kate McKenzie as a Director

6.1 Ms McKenzie, BA, LLB, MAICD, was appointed by the Board as a Non-executive Director of the Company effective 25 February 2021.

In accordance with clause 13.5 of the Company's Constitution, Ms McKenzie holds office as a casual appointee only until the next Annual General Meeting and, being eligible, offers herself for election by shareholders.

Ms McKenzie is a member of the People & Governance Committee and the Risk Management Committee (in both cases since 25 February 2021).

- (a) Background and experience: Ms McKenzie is a highly experienced Chief Executive Officer and Non-executive Director with extensive experience in large change management and turnarounds, with particular expertise in the telecommunications sector. After starting her career in the public sector, where she was chief executive officer of a number of different Government-owned businesses and gained experience in a number of public policy areas, including health policy, Ms McKenzie joined Telstra in 2004 as the Group Managing Director Regulatory, Public Policy and Communications. In her 12 years at Telstra, she held a range of senior executive roles in strategy, marketing, products and wholesale and also as Chief Operating Officer, responsible for networks, IT, field services, property and NBN relations and delivery. In 2017 she was appointed Chief Executive Officer of Chorus, a New Zealand top 50 listed telecommunications company. Under her leadership, Chorus built out a fibre-to-the-home network to 87% of New Zealand and underwent cultural change and infrastructure transformation, implementing a digitisation and process efficiency program.
- (b) Ms McKenzie has considerable corporate governance experience including 8 years on the Board of Allianz Australia, four years on the Board of Foxtel and also having been previously on the Boards of Reach in Hong Kong, CSL in Hong Kong, Sydney Water and WorkCover.
- (c) Other current material directorships: Ms McKenzie currently serves on the boards of AMP Limited (since November 2020), nbn co Limited (since December 2019) and Stockland Corporation Limited (since December 2019).
- (d) The Board considers Ms McKenzie to be an independent Director.

RECOMMENDATION ON ITEM 6

6.2 Your Directors (other than Ms McKenzie, who abstains) unanimously recommend that you vote in favour of the election of Ms McKenzie.

Item 7: Approval of acquisition of securities by the Managing Director & Chief Executive Officer, Dr Malcolm Parmenter, under the Short-Term Incentive Plan

7.1 As part of his executive remuneration arrangements, Dr Malcolm Parmenter, the Company's CEO, is eligible to participate in incentive plans set up by the Company, including the Short-Term Incentive Plan (**STIP**).

7.2 Further details of the STIP appear in **Attachment A** to this Notice of Meeting.

7.3 Under ASX Listing Rule 10.11.1, the Company may not issue or agree to issue securities of the Company to a related party, including the CEO, without shareholder approval. Listing Rule 10.12 Exception 8 provides an exception where shareholder approval is obtained for an issue of securities under Listing Rule 10.14. Listing Rule 10.14 provides that the Company must seek shareholder approval for a Director of the Company, including the CEO, to acquire (including by issue) securities of the Company under an employee incentive scheme. Accordingly, shareholder approval is being sought to enable the Company to be in a position to grant securities to the CEO.

Specifically, the types of securities the Company currently anticipates issuing to Dr Parmenter during the one-year term of the approval are Service Rights, under the STIP, as the one third equity component of any FY 2022 STI award (if made by the Board). The STIP equity component is deferred for one year, in the form of Service Rights. A Service Right is a right to acquire an ordinary share in the capital of the Company (**Share**), subject to meeting certain service-related vesting conditions.

7.4 Pursuant to the shareholder approval granted at the 2020 AGM, during 2021 the Company is to issue Service Rights to Dr Parmenter as the one third equity component of his FY 2021 STI Award. During 2022, the Board anticipates that (assuming the vesting conditions are met) those Service Rights will vest and that ordinary Shares will be allocated to Dr Parmenter upon that vesting. The Board notes that, pursuant to Listing Rule 10.16(c), if this resolution is carried, further shareholder approval will not be required for any issue of Shares to satisfy that allocation.

If this resolution is not carried, the Board reserves its discretion to make any FY 2022 STI Award to Dr Parmenter in 100% cash.

7.5 No shareholder approval is currently being sought for the issue of Options to Dr Parmenter, because there are no scheduled issues of these types of securities within the one-year approval term.

7.6 If shareholder approval is given for this resolution under ASX Listing Rule 10.14, separate approval is not required under ASX Listing Rule 7.1 (pursuant to Listing Rule 7.2 – Exception 13).

INFORMATION FOR SHAREHOLDERS REQUIRED UNDER ASX LISTING RULES

7.7 ASX Listing Rule 10.15 requires the following information to be included in this Notice of Meeting. Please note that Listing Rule 10.15 relates only to persons subject to Listing Rule 10.14, so the information below does not include other STIP participants.

(a) The name of the person to whom securities are to be issued under the STIP

Malcolm Parmenter (CEO).

(b) The category into which the above persons fall under Listing Rules 10.14.1 – 10.14.3

The CEO is a Director of the Company.

(c) The number and class of securities proposed to be issued to the person under the STIP

One third of any award to the Company's Senior Executives, including the CEO, under the STIP is made in the form of equity Service Rights. The maximum number of Service Rights to be issued is not presently ascertainable as it depends on the value of the Company's shares at a future date, and accordingly a formula is used in accordance with Listing Rule 10.15.3. It is proposed that the maximum number of Service Rights to be granted to the CEO under a STIP award will be calculated under the following **STIP Formula**:

$$\frac{\text{FAR X Maximum STI Proportion X STI Equity Proportion}}{\text{Rights Value}}$$

where:

FAR means the fixed annual remuneration of the CEO in the relevant financial year (inclusive of salary, superannuation, allowances, benefits and any applicable fringe benefits tax).

Maximum STI Proportion means 52.5%, which represents the value of the STIP award which may be granted in a particular year as a proportion of the CEO's FAR, assuming each of the CEO's Key Performance Indicators (KPIs) are achieved in the relevant financial year at Stretch level. In the case of exceptional performance, the Maximum STI Proportion may be adjusted at the discretion of the Board.

STI Equity Proportion means 33.33%, which represents the proportion of the STIP award that will be paid in the form of Service Rights.

Rights Value means the standard volume weighted average price (VWAP) for the Company's shares for the 10 trading days following the announcement of the Company's full year financial results of the financial year to which the STIP award relates (for example, the calculation in respect of a STIP award for FY 2022 would be made in the 10 day trading period following the release of the FY 2022 results) **less** the expected value of dividends on a Share over the applicable one-year vesting period of the Service Rights.

To assist shareholders, the following table gives three hypothetical applications of the above formula using the Company's closing share price on 15 September 2021 as the VWAP, with alternatives of plus or minus 50 cents. (The FY 2021 final dividend has been duplicated for the FY 2022 interim dividend, on a hypothetical basis only, as part of deriving a hypothetical Rights Value.)

HYPOTHETICAL SHARE PRICE FOR VWAP	FAR	MAXIMUM STI PROPORTION	STI EQUITY PROPORTION	RIGHTS VALUE			RIGHTS VALUE	NUMBER OF SERVICE RIGHTS TO BE ISSUED
				ADJUST FOR FY21 FINAL DIV	ADJUST FOR FY22 INT DIV (EST)			
HLS close price 15 Sep 2021	\$1,650,000	0.525	0.33	\$4.84	(\$0.065)	(\$0.065)	\$4.71	60,692
Row 1 plus 50c	\$1,650,000	0.525	0.33	\$5.34	(\$0.065)	\$0.065	\$5.21	54,868
Row 1 minus 50c	\$1,650,000	0.525	0.33	\$4.34	(\$0.065)	(\$0.065)	\$4.21	67,900

(d) Details of the CEO's current Total Remuneration Package

The CEO's current Total Remuneration Package, on an annual basis, comprises Fixed Annual Remuneration (FAR) of \$1,650,000 (inclusive of superannuation), an STI Proportion (at **Stretch** level) of \$866,250 and an LTI Proportion (at **Maximum** level) of \$2,501,400, for a Total Remuneration Package of \$5,017,650.

(e) The number of securities that have previously been issued to the CEO under the STIP

FINANCIAL YEAR TO WHICH ISSUE RELATES	TYPE OF SECURITY	NUMBER ISSUED	PRICE PAID BY CEO
FY 2018	Service Rights	51,998	\$nil
FY 2018	Shares ¹	51,998	\$nil

¹ Ordinary Shares issued on vesting of above Service Rights.

(f) If the securities are not fully paid ordinary securities:

- a summary of the material terms of the securities
- an explanation of why that type of security is being used; and
- the value the entity attributes to that security and its basis

See **Attachment A** for a summary of the terms of the Service Rights and why they are used. See subparagraph (c) above for the formula used to calculate the value attributable to each Service Right

(g) The date by which the Company will issue securities to which Item 7 applies

The last date by which the Company will issue any securities to which Item 7 applies is 21 October 2022, being one year after the date of this Meeting.

Explanatory statement (continued)

(h) The price at which the Company will issue the securities to the CEO under the STIP

The formula for calculating the price for each Service Right to be acquired under the STIP is the Rights Value in the STIP Formula in paragraph (c) above, which is based on the VWAP of the Company's Shares.

(i) A summary of the material terms of the STIP

See **Attachment A**.

(j) A summary of the material terms of any loan that will be made in relation to the acquisition of securities

No such loan applies.

(k) Details of Service Rights and Shares issued

Details of any Service Rights or Shares issued under the STIP will be published in each Annual Report of the Company relating to the financial year in which the relevant Service Rights or Shares are issued, with a statement that approval for the issue of the securities was obtained under listing rule 10.14.

(l) Additional participants in the STIP

Any additional persons covered by Listing Rule 10.14 who become entitled to participate in the STIP after this resolution is approved and who are not named in this Notice of Meeting will not participate in the STIP unless approval of shareholders is obtained under ASX Listing Rule 10.14.

VOTING EXCLUSION STATEMENT ON ITEM 7

7.8 In accordance with ASX Listing Rule 14.11, the Company will disregard any votes cast in favour of Item 7, by or on behalf of Dr Parmenter and any other person who will obtain a material benefit as a result of issue of the securities (except a benefit solely by reason of being a holder of ordinary securities in the Company).

However, this does not apply to a vote cast in favour of Item 7 by:

- a person as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with directions given to the proxy or attorney to vote on the resolution in that way; or
- the Chair of the Meeting as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with a direction given to the Chair of the Meeting to vote on the resolution as the Chair of the Meeting decides; or
- a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and
 - the holder votes on the resolution in accordance with the directions given by the beneficiary to the holder to vote in that way.

In addition, Item 7 is a resolution connected directly or indirectly with the remuneration of Key Management Personnel (KMP). The Company will disregard any votes cast on this Item by or on behalf of a member of the Company's KMP named in the Company's 2021 Remuneration Report or their closely related parties (as defined in the *Corporations Act 2001* (Cth) (**Corporations Act**) (**Excluded Persons**), regardless of the capacity in which the vote is cast.

Additionally, the Company will disregard any votes cast on Item 7 by an Excluded Person acting as proxy for a person entitled to vote, unless:

- the vote is cast in accordance with the directions on the Voting Form; or
- the vote is cast by the Chair of the Meeting and the proxy expressly authorises the Chair of the Meeting to exercise the proxy even though Item 7 is connected directly or indirectly with the remuneration of KMP.

RECOMMENDATION ON ITEM 7

7.9 Your Directors (other than Dr Parmenter, who is excluded from voting) unanimously recommend that you vote in favour of approving the acquisition of securities by Dr Parmenter under the STIP.

Item 8: Approval of grant or issue of securities under Non-executive Director Share Plan

- 8.1 Your Directors have determined to seek shareholder approval for the potential grant of share rights (**Share Rights**) to Non-executive Directors under the Company's Non-executive Director Share Plan (**NED Share Plan**) and for the allocation of Shares on vesting of those Share Rights.
- 8.2 The NED Share Plan has been introduced to support Non-executive Directors to build their shareholdings in the Company and as a means of enhancing the alignment of interests between Non-executive Directors and shareholders generally.
- 8.3 The granting of Share Rights and Shares under the NED Share Plan to Non-executive Directors Gordon Davis, Sally Evans, Robert Hubbard and Paul Jones was approved by shareholders at the Company's 2019 Annual General Meeting, for a duration of three years (to November 2022).
- 8.4 This approval is sought in relation to all current Non-executive Directors, including casual Directors standing for election at this Meeting. In the event that the resolutions to elect Jenny Macdonald and Kate McKenzie as Non-executive Directors of the Company under Items 5 and 6 above are not carried, this item of business will not be put to the Meeting. The Company will instead rely on the current approval described in 6.2 above in relation to the remaining Non-executive Directors.
- 8.5 This approval, if carried, will supersede the previous approval and operate for three years from the date of this Meeting, that is until 20 October 2024. If not carried, the previous approval will continue to be used in relation to current NED Share Plan participants, and Ms Macdonald and Ms McKenzie will not participate in the NED Share Plan in FY 2022.
- 8.6 The NED Share Plan is a pre-tax fee sacrifice plan, which allows each Non-executive Director to sacrifice up to 100 per cent of their annual Director's fees to acquire Share Rights at the Value per Share Right as described below.
- 8.7 Under ASX Listing Rule 10.11.1, the Company may not issue or agree to issue securities of the Company to a related party, including any Director, without shareholder approval. Listing Rule 10.12 Exception 8 provides an exception where shareholder approval is obtained for an issue of securities under Listing Rule 10.14. Under ASX Listing Rule 10.14, shareholder approval is required for the acquisition (including by issue) of Share Rights (and Shares on the vesting of such Share Rights) to any Director, unless the Shares allocated on vesting of the Share Rights are required by the terms of the scheme to be purchased on-market. The Company wishes to retain the flexibility to either purchase on-market or issue Shares depending on which choice the Board considers to be in the Company's best interests at the time. The Board also recognises that it is in line with good corporate governance practices for equity grants to Directors to be approved by shareholders.
- 8.8 Share Rights are allocated based on the fees sacrificed and vest and convert into ordinary shares (**Restricted Shares**), subject to the Company's Trading in Securities Policy. Each Share Right is a right to acquire one fully paid ordinary share in the Company. Share Rights carry no dividend or voting rights prior to vesting (but may be eligible for dividend equivalent rights), and are not subject to any performance conditions.
- 8.9 Share Rights or Restricted Shares are subject to a disposal restriction. Each Non-executive Director participating in the NED Share Plan elects in advance the period during which the disposal restriction will apply, up to a maximum of 15 years from the date the Share Rights are granted (**Restriction Period**). This type of security was selected as it is an effective vehicle to deliver a salary sacrifice plan.
- During the Restriction Period the Director is unable to dispose of their Share Rights or Restricted Shares (if converted). To effect the Restriction Period, Restricted Shares may be held on trust for the relevant Non-executive Director by the Healius Non executive Director Share Trust (**Trust**) or subject to a trading lock.
- Restricted Shares carry the same dividend, voting and other rights as ordinary Shares.
- 8.10 All Share Rights and Restricted Shares held by (or on trust for) a Non-executive Director vest into ordinary Shares on the earliest of:
- the end of the Restriction Period;
 - the relevant Non-executive Director ceasing to hold the office of Director; or
 - in other circumstances determined by the Board.
- 8.11 Non-executive Directors are subject to the Company's Trading in Securities Policy and insider trading laws.
- 8.12 Only Non-executive Directors are eligible to participate in the NED Share Plan.
- 8.13 If shareholder approval is given for this resolution under ASX Listing Rule 10.14, separate approval is not required under ASX Listing Rule 7.1 (pursuant to Listing Rule 7.2 – Exception 13).

Explanatory statement (continued)

INFORMATION FOR SHAREHOLDERS REQUIRED UNDER THE ASX LISTING RULES

8.14 ASX Listing Rule 10.15 requires the following information to be included in this Notice of Meeting.

(a) The name of the persons to whom securities are to be issued under the NED Share Plan

The persons to whom securities are to be issued are:

- Gordon Davis
- Sally Evans
- Robert Hubbard
- Paul Jones
- Jennifer Macdonald
- Kathryn McKenzie

(b) The category into which the above persons fall under Listing Rules 10.14.1–10.14.3

Each of the above persons is a (Non-executive) Director of the Company.

(c) The number and class of securities proposed to be issued to the person under the NED Share Plan for which approval is being sought

The maximum number of Share Rights and Restricted Shares that may be allocated cannot be calculated because it is subject to the Company's share price at a future time, and accordingly a formula is used in accordance with Listing Rule 10.15.3. The maximum potential value of Share Rights and Restricted Shares that could be allocated annually under the NED Share Plan is equal to \$1.4 million (which is the shareholder-approved Non-executive Director fee cap). The actual value of Share Rights and Restricted Shares that will be allocated is likely to be lower, because the level of Non-executive Director fees is below the shareholder-approved fee cap, and it is anticipated that not all Non-executive Directors will sacrifice all of their fees under the NED Share Plan. The value of each Share Right and Restricted Share is calculated in accordance with the formula set out in paragraph (h) below.

(d) Details of the relevant Directors' current total remuneration packages

NAME	CURRENT TOTAL REMUNERATION PACKAGE PER ANNUM (BOARD AND COMMITTEE FEES) (INC SUPERANNUATION)
Gordon Davis	\$170,000
Sally Evans	\$167,500
Robert Hubbard	\$300,000
Paul Jones	\$157,500
Jennifer Macdonald	\$172,500
Kathryn McKenzie	\$155,000

(e) The number of securities that have previously been issued to the relevant Directors under the NED Share Plan

NAME OF NON-EXECUTIVE DIRECTOR	TYPE OF SECURITY	NUMBER RECEIVED	ACQUISITION PRICE
Sally Evans	Share Rights	10,759	\$3.4854
	Restricted Shares	10,759 ¹	\$3.4854
Robert Hubbard	Share Rights	21,518	\$3.4854
	Restricted Shares	21,518 ¹	\$3.4854
Paul Jones	Share Rights	8,607	\$3.4854
	Restricted Shares	8,607 ¹	\$3.4854

¹ Restricted Shares issued on vesting of above Share Rights.

(f) If the securities are not fully paid ordinary securities:

- a summary of the material terms of the securities
- an explanation of why that type of security is being used; and
- the value the entity attributes to that security and its basis

See paragraphs 8.6–8.12 above and subparagraph (h) below.

(g) The date by which the Company will issue securities to which Item 8 applies

The last date by which the Company will issue any securities to which Item 8 applies is 20 October 2024, being three years after the date of this Meeting.

(h) The price at which the Company will issue the securities to the person under the NED Share Plan

The number of Share Rights that a NED receives under the NED Share Plan is calculated in accordance with the following formula (rounded down to the nearest whole Share Right):

$$\text{Number of Share Rights} = \frac{\text{Value of NED fees sacrificed (\$) for the relevant period}}{\text{Value per Share Right}}$$

The **Value per Share Right** is the average price of the Shares purchased (if purchased on-market) or the volume weighted average market price of Shares for the five trading days before the Grant Date (if issued). Shares to be allocated on vesting of the Share Rights are sourced on-market or issued.

To assist shareholders, the following table gives three hypothetical applications of the above formula using the Company's closing share price on 15 September 2021 as the VWAP, with alternatives of plus or minus 50 cents. The table assumes the relevant Non-executive Director elects to sacrifice \$100,000 of fees in FY 2022.

HYPOTHETICAL SHARE PRICE FOR VWAP	FEE AMOUNT SACRIFICED	RIGHT VALUE (VWAP)	NUMBER OF SHARE RIGHTS TO BE ISSUED
HLS close price 15 Sep 2021	\$100,000	\$4.84	20,661
Row 1 plus 50c	\$100,000	\$5.34	18,726
Row 1 minus 50c	\$100,000	\$4.34	23,041

(i) A summary of the material terms of the NED Share Plan

See paragraphs 8.6–8.12 above.

(j) A summary of the material terms of any loan that will be made in relation to the acquisition of securities

No such loan applies.

(k) Details of Share Rights and Restricted Shares issued

Details of any Share Rights or Restricted Shares issued under the NED Share Plan will be published in each Annual Report of the Company relating to the financial year in which the relevant Share Rights or Restricted Shares are issued, with a statement that approval for the issue of the securities was obtained under listing rule 10.14.

(l) Additional participants in the NED Share Plan

Any additional persons covered by Listing Rule 10.14 who become entitled to participate in the NED Share Plan after this resolution is approved and who are not named in this Notice of Meeting will not participate in the NED Share Plan unless approval of shareholders is obtained under ASX Listing Rule 10.14.

VOTING EXCLUSION STATEMENT ON ITEM 8

8.15 In accordance with ASX Listing Rule 14.11, the Company will disregard any votes cast in favour of Item 8, by or on behalf of any Non-executive Director and any other person who will obtain a material benefit as a result of issue of the securities (except a benefit solely by reason of being a holder of ordinary securities in the Company).

However, this does not apply to a vote cast in favour of Item 8 by:

- a person as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with directions given to the proxy or attorney to vote on the resolution in that way; or
- the Chair of the Meeting as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with a direction given to the Chair of the Meeting to vote on the resolution as the Chair of the Meeting decides; or
- a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and
 - the holder votes on the resolution in accordance with the directions given by the beneficiary to the holder to vote in that way.

In addition, Item 8 is a resolution connected directly or indirectly with the remuneration of Key Management Personnel (KMP). The Company will disregard any votes cast on this Item by or on behalf of a member of the Company's KMP named in the Company's 2021 Remuneration Report or their closely related parties (as defined in the *Corporations Act 2001* (Cth) (Corporations Act) (Excluded Persons), regardless of the capacity in which the vote is cast.

Additionally, the Company will disregard any votes cast on Item 8 by an Excluded Person acting as proxy for a person entitled to vote, unless:

- the vote is cast in accordance with the directions on the Voting Form; or
- the vote is cast by the Chair of the Meeting and the proxy expressly authorises the Chair of the Meeting to exercise the proxy even though Item 8 is connected directly or indirectly with the remuneration of KMP.

RECOMMENDATION ON ITEM 8

8.16 Because your Directors, with the exception of Malcolm Parmenter as CEO, have a personal interest in the subject of this resolution and are excluded from voting, your Directors (with the exception of Malcolm Parmenter) have abstained from making a recommendation to shareholders in relation to this item. The CEO recommends that you vote in favour of approving the acquisition of securities by the Non-executive Directors under the NED Share Plan.

Attachment A

Summary of key terms of Short-Term Incentive Plan (STIP)

Purpose	The purpose of the STIP is to create a strong link between performance and reward by providing a variable/ at risk element of executive remuneration that focuses on performance, generally over a period of one year.
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Eligibility	<p>Senior Executives, comprising the CEO, other executive Key Management Personnel (as defined in the Corporations Act) (KMP) who hold executive roles, other direct reports to the CEO, and Other Executives, being direct reports to Senior Executives and other persons approved by the Board.</p> <p>Non-executive Directors are not eligible to participate in the STIP.</p>
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Potential award	<p>For CEO and CFO & COO, 52.5% of Fixed Annual Remuneration (FAR) (at Stretch level performance), equivalent to 17% of Total Remuneration Package.</p> <p>For other Key Management Personnel and direct reports to the CEO, 45% of FAR (at Stretch level performance), equivalent to 17% of Total Remuneration Package.</p> <p>For Other Executives, typically around 36% of FAR, equivalent to around 20% of Total Remuneration Package.</p>
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Form of awards	<p>As at the date of this Notice of Meeting, STIP awards to Senior Executives are to be paid in the form of two thirds cash and one third deferred equity in the form of Service Rights.</p> <p>Service Rights do not attract dividends or distributions and voting rights in respect of Shares, until the Right vests and Shares are allocated to the holder upon vesting.</p> <p>STIP Awards to Other Executives are generally paid in cash in view of the lower FARs and potential award percentages of Other Executives.</p>
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Deferral	If any STIP awards are made to Senior Executives for FY 2022, they will comprise a one-third equity component in the form of Service Rights. Those Service Rights will be deferred for one year (meaning they vest one year after the end of FY 2022), subject to the participant remaining employed by the Company at the end of the applicable vesting period (unless the Board determines otherwise).
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Performance Conditions for STIP	<p>Whether any STIP award is made in relation to a given financial year (and, if made, the amount of the award) depends on the extent to which the relevant participant has met their performance criteria or Key Performance Indicators (KPIs).</p> <p>Each KPI is allocated a weighting for each financial year that relates to the Target level of performance and reward. The weightings and nature of the KPIs may change from measurement period to measurement period. In FY 2021, the KPIs used for the CEO's STIP award included:</p> <ul style="list-style-type: none">• Earnings Before Interest and Tax (EBIT) of the Healius Group as a whole;• cashflow of the Healius Group as a whole;• financial targets including EBIT margin;• various role-specific KPIs assigned to the CEO in relation to the financial year; and• various behavioural KPIs assigned to the CEO in relation to the financial year. <p>KPIs can be in the nature of:</p> <ul style="list-style-type: none">• binary goals (where the potential result is either achieved or not achieved);• a maximum goal (where the potential result for that KPI may be anywhere from zero up to the maximum goal); or• scalable goals where potential results may be presented as a range (i.e. Threshold, Target and Stretch). <p>The calibration of performance conditions for a STIP award (including the vesting scales applied by the Board) may differ from year to year.</p> <p>In addition to the above criteria, all STIP awards are subject to a post-hoc quality of earnings test, the nature and application of which are at the Board's absolute discretion.</p> <p>The details of the performance criteria for FY 2022 STIP awards to the CEO (if any award is made) will be set out in the Company's 2022 Remuneration Report, which will be voted on at the Company's 2022 AGM.</p>
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Termination of employment

If a STIP participant ceases to be an employee of the Company, and the termination of their employment is in circumstances other than Special Circumstances (defined below), then all unvested Service Rights held by the participant will be forfeited and lapse unless and to the extent otherwise determined by the Board.

If a STIP participant's termination is in Special Circumstances, then Service Rights granted under the STIP in the financial year of termination will be forfeited in the same proportion that the remainder of the financial year bears to the full financial year, unless otherwise determined by the Board.

Service Rights that do not lapse at the termination of employment will continue to be held by the participant until the end of the relevant deferral period.

Special Circumstances means death, total and permanent disablement as determined by the Board, retirement with the prior consent of the Board, redundancy, retrenchment or other Company-initiated terminations other than for cause.

Change of Control including Takeover

A Change of Control occurs when the Board advises participants that one or more persons acting in concert have acquired, or are likely to imminently acquire, "control" of the Company as defined in section 50AA of the Corporations Act.

In the event of a Change of Control the Board may in its discretion decide to:

- terminate the STIP for the measurement period and pay pro-rata awards based on the completed proportion of the measurement period and taking into account performance up to the date of the Change of Control; or
- continue the STIP but make interim non-refundable pro-rata awards based on the completed proportion of the measurement period and taking into account performance up to the date of the Change of Control; or
- allow the STIP to continue.

In relation to unvested Service Rights from prior STIP awards, the Board has discretion to determine that vesting of all or some of the Service Rights should be accelerated. If a Change of Control occurs before the Board has exercised its discretion, a pro rata portion of Service Rights will vest, calculated based on the portion of the relevant deferral that has elapsed up to the Change of Control, and the Board retains a discretion to determine if the remaining Service Rights will vest or lapse.

Amendment

The Board may amend or terminate the STIP at any time provided that the rights of participants to awards earned prior to the amendment or termination are not affected, unless otherwise agreed in writing by the participants.



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