

Acquisition of Agilex Biolabs and entry into clinical research services market

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1. Transaction overview

Transaction overview

Healius to acquire 100% of Agilex Biolabs, one of Australia's leading bioanalytical laboratories



Transaction details

- Healius to acquire 100% of Agilex Biolabs (“**Agilex**”) for an enterprise value of \$301.3m⁽¹⁾⁽²⁾
- Agilex is one of Australia's leading bioanalytical laboratories, with 25 years' experience in providing bioanalysis services to meet the clinical trial needs of biotech and pharmaceutical companies
- Highly strategic acquisition provides Healius with a platform for growth into the attractive global clinical trials sector. High margin and capital-light business model with immediate and long-term growth potential
- Estimated CY22 revenue and EBITDA⁽³⁾ is within a range of \$36-40m and \$14-16m, respectively, with strong future earnings growth anticipated
- The acquisition is expected to deliver low single digit EPS accretion in the first full year of ownership⁽⁴⁾
- The existing experienced Agilex senior management team will remain in their current roles



Acquisition funding

- All cash consideration, debt funded by Healius' existing lenders
- Following completion of the transaction, Healius' leverage will remain less than 2.0x



Next steps

- The transaction is subject to limited conditions and is expected to complete at the end of January 2022

Note: All financials presented in A\$. (1) Pre-AASB 16, cash-free and debt-free basis, prior to completion adjustments. (2) Healius is acquiring Agilex from an entity controlled by Dr Glenn Haifer. (3) Pre-AASB 16. (4) EPS accretion statement reflects the pro forma impact of the transaction, on a pre-AASB 16 basis and prior to one-off transaction costs and any non-cash adjustments arising from acquisition accounting, in FY23, being the first full year of ownership.

Strategic rationale

Acquiring one of Australia's leading bioanalytical laboratories



- 1** A **platform for growth** via a unique Australian entry point into the **attractive global clinical trials sector** with opportunities for both **organic and inorganic growth** ✓
- 2** **Balances Healius' existing cash generative**, mature businesses with a **high margin and capital-light business** with **immediate and long-term growth potential** ✓
- 3** **Diversification of revenue** with a portfolio of global biotech, pharmaceutical and clinical research organisation customers; **biotech & pharmaceutical R&D funding is growing globally and is increasingly outsourced** due to better speed and cost-effectiveness for sponsors, as well as growing complexity of clinical trials ✓
- 4** **Increases innovation and scientific / clinical R&D capabilities** of Healius, adding to **existing strengths in genetics and histopathology** ✓
- 5** A range of **complementary capabilities alongside Healius' core pathology business** including across laboratory operations, scientific staff recruitment and development, procurement, and back-office services ✓
- 6** Acquisition is **aligned with Healius' strategic vision** as a **best-in-class operator of healthcare and laboratory businesses** across multiple healthcare verticals ✓

2. Business overview

Agilex is a recognised leader in Australia



One of Australia's leading bioanalytical laboratories, employing over 100 scientific professionals

- One of Australia's leading bioanalytical laboratories, employing over 100 scientific professionals
- High quality management team with extensive industry experience and scientific credentials
 - Senior scientists have 15+ years of experience on average
- Reputation for quality with internationally recognised certifications
- Broad bioanalytical capabilities and therapeutic experience with the ability to support biotech and pharma clients primarily in Phase I and Phase II clinical trials
- Development capabilities for both small and large molecule bioanalysis
- State-of-the-art equipment and systems
- Laboratories in Adelaide (head office) and Brisbane (toxicology)
 - Servicing customers across 10+ countries
 - Current facility expansion with over 2,600m² of space under development adjacent to existing Adelaide head office to meet demand
- High customer advocacy with the majority of revenue generated from returning customers
- Acquired TetraQ in Mar 2021 adding leading preclinical toxicology capabilities

Geographic reach

900+ cumulative projects

100+ scientific professionals



Service customers across 10+ countries

Reputation for quality

International standards and certifications

Good Laboratory Practice (GLP)



Good Clinical Practice (GCP)



ISO 17025



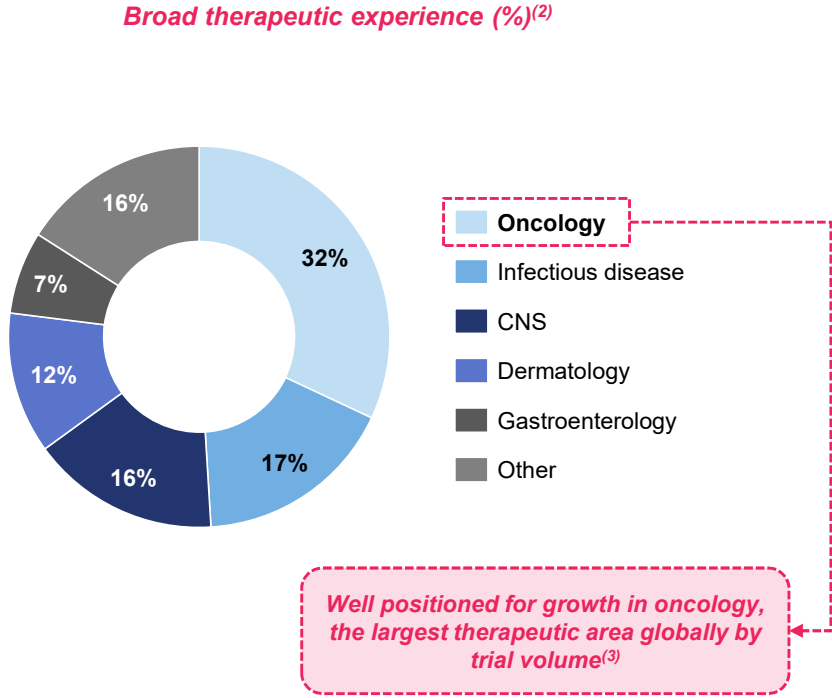
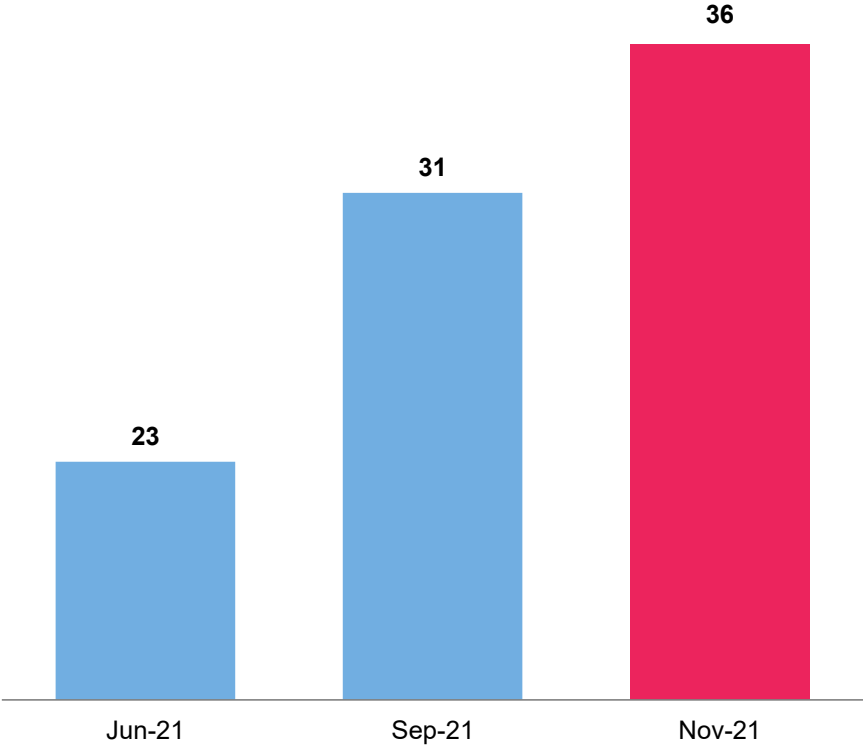
Agilex has achieved significant growth in planned work



Agilex has had strong recent growth in planned work which helps to underpin near-term revenue

Planned Work⁽¹⁾ (\$m)

Extensive experience in the highest growth therapeutic areas



Source: Agilex Management, Healius due diligence.
 Notes: (1) Planned Work includes contracted and uncontracted (but verbally awarded) work, which may be delivered over a period extending beyond 12 months. (2) Based on current planned work. (3) Clinicaltrials.gov

3. Market overview

Attractive long-term global outlook for bioanalytical laboratory testing

Biotech & pharmaceutical R&D spending is growing globally and is increasingly being outsourced



Bioanalytical Laboratory Testing Services Market

- Global market for pharma and biotech R&D outsourcing estimated to be >\$40bn in 2021, and growing at +7% p.a.
- Strong sector tailwinds and positive long-term outlook



Financial

- Consistent growth in pharma and biotech R&D investments
- Pharma and biotech companies are increasingly outsourcing their clinical R&D



Scientific

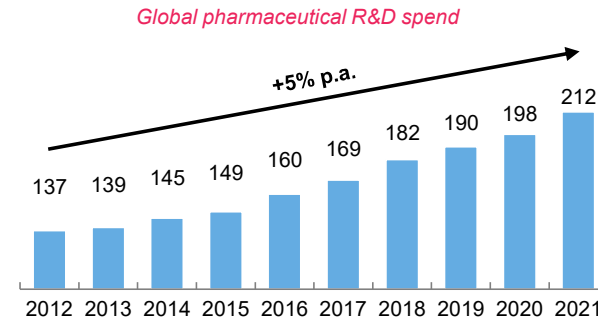
- Increased innovation has led to new scientific advancements and therapeutic platforms (e.g. mRNA, gene editing)



Geographic

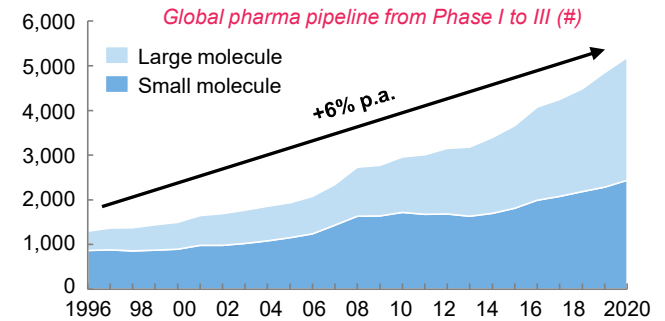
- Regional players (e.g. Asia) are investing heavily in biotech and growing the total end-market for therapeutics

Long-term increase in pharmaceutical R&D spend



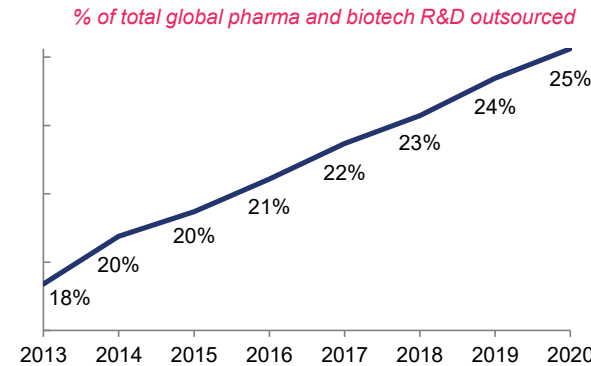
Source: Evaluate Pharma

Growing pipeline of drugs under development



Source: Pharmaprojects 2019, includes innovative drugs only, excludes reformulations and biosimilars

More pharmaceutical and biotech R&D being outsourced



Source: Credit Suisse

Oncology is a primary focus area

Forecast global market share and sales growth (Top therapeutic areas)

Therapeutic Areas	FY26 Market Share	FY21-26 Growth p.a.
Oncology	22%	12%
Anti-diabetic	5%	5%
Vaccines	5%	12%
Immuno-suppressants	4%	18%
Dermatologicals	4%	17%

Source: Evaluate Pharma


Australia is a destination of choice for clinical trials

Australia has significant speed, quality and cost advantages versus other clinical trial destinations




Speed

- Therapeutics Goods Administration (TGA) has one of the fastest regulatory processes in the world
- Start-up times for a clinical trial of a new drug is ~4-6 weeks in Australia versus up to 6 months in the US
- Significant advantage for sponsors to speed up their drug development pipeline



Quality

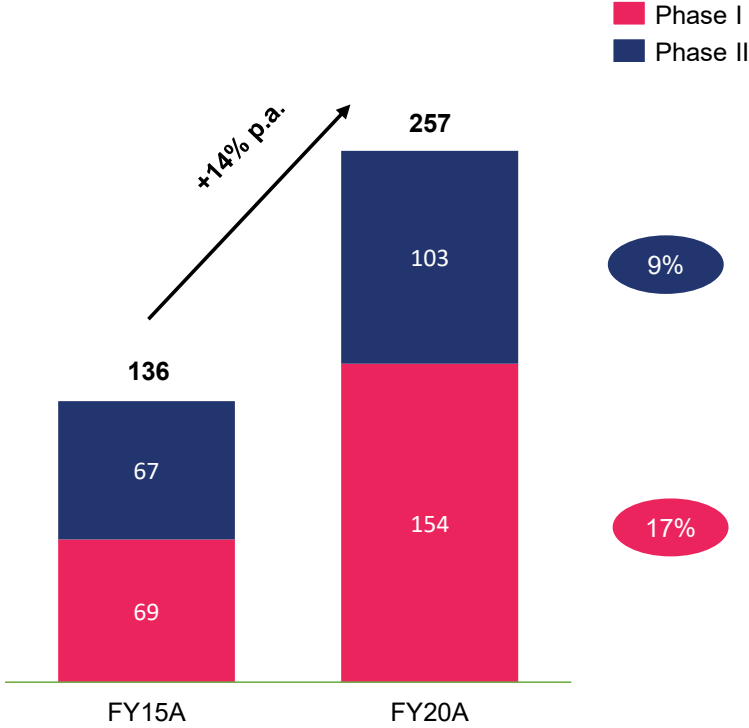
- Australia has internationally recognised quality standards and accreditations accepted by all major international regulators
- Australia is a medical research hub with ready access to high quality scientific personnel and expertise



Cost

- Cost advantages for sponsors related to speed and current R&D tax incentives

Australian interventional drug trial starts (# of trials)



Agilex is highly complementary

The acquisition of Agilex by Healius is a compelling strategic & operational fit



High growth global platform

- Unique Australian entry point into the attractive global clinical trial sector at scale
- Opportunities for both organic and inorganic growth



Step-change in capabilities for the core laboratory business

- Cultural fit and adjacent to Healius' core laboratory business
- Increases innovation and scientific / clinical R&D capabilities of Healius
- Adds a global orientation to the Healius network for future pathology partnerships and customer markets








Compelling financial contribution to the portfolio

- Diversification of revenue
- Complementary capabilities alongside Healius' core pathology business
- High margin and capital-light business model with strong future earnings growth anticipated

Appendix

Bioanalytical laboratory testing is essential in clinical trials

Bioanalytical services is the development, validation and implementation of biochemical laboratory assays to characterise a drug and the patients' response to it to support safe, effective and expedient clinical trials

	 Preclinical	 Phase I	 Phase II	 Phase III	 Phase IV
Volunteer size	Animal studies	Small (20-80) group of healthy volunteers	Performed on larger groups (20-300) having the disease	Randomized controlled multicentre trials on large patient groups (000's)	Post market surveillance trial, tested in the market
Purpose	Designed to assess preliminary efficacy, toxicity, safety and pharmacokinetic behaviour in animal populations	Designed to assess the safety and tolerability of a drug, together with pharmacokinetics (how drug is absorbed and excreted) and pharmacodynamics (measure of level of response to drug)	Designed to assess how well the drug works in patients with disease, and to continue Phase I safety assessments in a larger group of volunteers Involves pharmacokinetics (PK) and pharmacodynamics (PD), as these parameters might change in diseased population	Assessing the effectiveness of the drug in comparison with current treatment	Designed to detect any rare or long-term adverse effects of a drug after it receives permission to be sold Required by regulatory authorities or undertaken by the sponsor
Time horizon (Years)	~3-6	~0.5-1	~1-2	~2-4	~2-4
Success by phase	-	~66%	~50%	~60%	-

Agilex primary focus in Preclinical Toxicology, Phase I and II trials