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21 April 2023

The Manager
Market Announcements Office
ASX Limited
20 Bridge Street
Sydney NSW 2000

Dear Sir/Madam

Takeover bid by Australian Clinical Labs Limited for Healius Limited – commencement of dispatch of Replacement Bidder's Statement

We act for Australian Clinical Labs Limited (ACN 645 711 128) (**ACL**) in relation to its off-market takeover bid under Chapter 6 of the *Corporations Act 2001* (Cth) (**Corporations Act**) for all of the ordinary shares in Healius Limited (ACN 064 530 516) (**Offer**).

ACL has today commenced dispatch of its replacement bidder's statement dated 14 April 2023 (which contains the Offer) (**Replacement Bidder's Statement**). The date of the Offer is 21 April 2023.

In accordance with subsection 633(1C)(c) of the Corporations Act (as inserted by ASIC Class Order [CO 13/521]), a copy of the Replacement Bidder's Statement being sent to the offerees under the Offer is attached.

Yours faithfully
Gilbert + Tobin

John Williamson-Noble
Partner
T +61 2 9263 4030
JWilliamson-Noble@gtlaw.com.au

Chris Morse
Partner
T +61 2 9263 4778
CMorse@gtlaw.com.au

Bidder's Statement

ACCEPT

the Offer by

Australian Clinical Labs Limited
(ACN 645 711 128)

to acquire all of your ordinary shares in

Healius Limited
(ACN 064 530 516)

Under the Offer, you will receive 0.74 ACL Shares for every 1 of Your Healius Shares

This is an important document and requires your immediate attention. You should read this document in its entirety. If you are in doubt as to how to deal with this document, you should consult your financial, legal or other professional adviser(s).

If you have any questions about the Offer, please contact the Offer Information Line on 1800 882 147 (from within Australia) or +61 1800 882 147 (from outside Australia).

Financial Adviser

Goldman Sachs

Legal Adviser

GILBERT + TOBIN

AUSTRALIAN Clinicalabs

Important notices

Bidder's Statement

This document is a replacement Bidder's Statement issued by Australian Clinical Labs Limited (ABN 94 645 711 128) **(ACL)** under Part 6.5 of the Corporations Act (as modified by ASIC Class Order [CO 13/528]) and includes an Offer to acquire all Healius Shares.

The Bidder's Statement is an important document and you should read it in its entirety.

ASIC

This replacement Bidder's Statement is dated 14 April 2023 and a copy of this replacement Bidder's Statement was lodged with ASIC on 14 April 2023.

This replacement Bidder's Statement replaces the original Bidder's Statement lodged with ASIC on 20 March 2023.

Neither ASIC nor any of its officers takes any responsibility for the content of this replacement Bidder's Statement.

Investment decisions

In preparing this Bidder's Statement, ACL has not taken into account the individual objectives, financial situation or needs of individual Healius Shareholders. The information contained in this Bidder's Statement is not financial product advice and does not take into account the investment objectives, financial situation or particular needs (including financial and tax issues) of any prospective investor.

It is important that you read this Bidder's Statement carefully and in its entirety before deciding whether to accept the Offer and become a shareholder of ACL. In particular, in considering the prospects of the Merged Group, you should consider the risk factors that could affect the performance of the Merged Group. You should carefully consider these risks in light of your investment objectives, financial situation and particular needs (including financial and tax issues) and seek professional guidance from your stockbroker, solicitor, accountant, financial adviser or other independent professional adviser before deciding whether to accept the Offer. Some of the key risk factors that should be considered by prospective investors are set out in section 8 of this Bidder's Statement. There may be risk factors in addition to these that should be considered in light of your personal circumstances.

No person named in this Bidder's Statement, nor any other person, guarantees the performance of ACL, the repayment of capital by ACL or the payment of a return on the ACL Shares.

Disclaimer as to forward looking statements

Some of the statements appearing in this Bidder's Statement may be in the nature of forward looking statements, which are statements that may be identified by words such as "may", "will", "would", "should", "could", "believes", "estimates", "expects", "intends", "plans", "anticipates", "predicts", "outlook", "forecasts", "guidance" and other similar words that involve risks and uncertainties. You should be aware that such statements are only predictions and are subject to inherent risks and uncertainties. Those risks and uncertainties include factors and risks specific to the industry in which members of the Healius Group and the ACL Group operate as well as general economic conditions, prevailing exchange rates and interest rates and conditions in the financial markets. Actual events or results may differ materially from the events or results expressed or implied in any forward looking statement. None of ACL, its Related Bodies Corporate or any of the officers or employees of any of them, nor any persons named in this Bidder's Statement with their consent or any person involved in the preparation of this Bidder's Statement, makes any representation or warranty (express or implied) as to the accuracy or likelihood of fulfilment of any forward looking statement, or any events or results expressed or implied in any forward looking statement, except to the extent required by law. You are cautioned not to place undue reliance on any forward looking statement. The forward looking statements in this Bidder's Statement reflect views held only as at the date of this Bidder's Statement.

Statements of past performance

This Bidder's Statement includes information regarding the past performance of ACL and Healius. Investors should be aware that past performance should not be relied on as being indicative of future performance.

Disclaimer as to Healius and Merged Group information

The information on Healius, Healius' securities and the Healius Group contained in this Bidder's Statement has been prepared by ACL using publicly available information.

The information in this Bidder's Statement concerning Healius and the assets and liabilities, financial position and performance, profits and losses and prospects of the Healius Group, has not been independently verified by ACL. Accordingly, ACL does not, subject to the Corporations Act, make any representation or warranty, express or implied, as to the accuracy or completeness of such information.

The information on the Merged Group contained in this Bidder's Statement, to the extent that it incorporates or reflects information on Healius and the Healius Group, has also been prepared using publicly available information. Accordingly, information in relation to the Merged Group is subject to the foregoing disclaimer to that extent.

Further information relating to Healius' business may be included in Healius' Target's Statement which Healius must provide to its shareholders in response to this Bidder's Statement.

Foreign jurisdictions

Healius Shareholders should note that the consideration under the Offer is ACL Shares, which are shares in an Australian public company listed on the ASX. This Bidder's Statement and Offer have been prepared having regard to Australian disclosure requirements, which may be different from those applicable in other jurisdictions.

Healius Shareholders that are Ineligible Foreign Shareholders will not be entitled to receive ACL Shares under the Offer (unless ACL determines otherwise (in its absolute discretion)). Ineligible Foreign Shareholders who accept the Offer will have their Healius Shares sold by the Nominee on the ASX with the net proceeds returned in cash calculated in accordance with section 11.8 of this Bidder's Statement.

The distribution of this Bidder's Statement in jurisdictions outside Australia may be restricted by law, and persons who come into possession of it should observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

This Bidder's Statement does not constitute an offer in any jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer.

No action has been taken to register or qualify ACL or to otherwise permit a public offering of ACL Shares outside Australia. In particular, ACL Shares have not been, and will not be, registered under the US Securities Act of 1933 (**US Securities Act**) or the securities laws of any US state or other jurisdiction, and may not be offered or sold in the United States, except in a transaction exempt from, or not subject to, the registration requirements of the US Securities Act and applicable US state securities laws.

If you are not an Australian resident taxpayer or are liable for tax outside Australia, you should seek specific tax advice in relation to the Australian and overseas tax consequences of accepting the Offer.

Germany and Luxembourg

This Bidder's Statement has not been, and will not be, registered with or approved by any securities regulator in the European Union. Accordingly, this Bidder's Statement may not be made available, nor may the ACL Shares be offered for sale, in Germany and Luxembourg except in circumstances that do not require a prospectus under Article 1(4) of Regulation (EU) 2017/1129 of the European Parliament and the Council of the European Union (the **Prospectus Regulation**).

In accordance with Article 1(4) of the Prospectus Regulation, an offer of ACL Shares in Germany and Luxembourg is limited:

- to persons who are "qualified investors" (as defined in Article 2(e) of the Prospectus Regulation);
- to fewer than 150 natural or legal persons (other than qualified investors); or
- in any other circumstance falling within Article 1(4) of the Prospectus Regulation.

Hong Kong

This Bidder's Statement is confidential in Hong Kong and for the sole use by Healius Shareholders. The contents of this Bidder's Statement have not been reviewed by any regulatory authority in Hong Kong. You are advised to exercise caution in relation to the Offer. If you are in any doubt about any of the contents of this Bidder's Statement, you should obtain independent professional advice.

This Bidder's Statement also does not constitute a prospectus (as defined in section 2(1) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong)) or notice, circular, brochure or advertisement offering any securities to the public for subscription or purchase or calculated to invite such offers by the public to subscribe for or purchase any securities, nor is it an advertisement, invitation or document that contains an invitation falling within the meaning of section 103 of the Securities and Futures Ordinance (Chapter 571) of the Laws of Hong Kong (the **SFO**). Accordingly, unless permitted by the securities laws of Hong Kong, no person may issue or have in its possession for the purposes of issue, this Bidder's Statement or any advertisement, invitation or document relating to the Offer, whether in Hong Kong or elsewhere, which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the securities laws of Hong Kong).

This Bidder's Statement may be issued only to "professional investors" (as defined in the SFO and any rules made under that ordinance) and not more than 50 other persons in Hong Kong in a manner that does not constitute any issue, circulation or distribution of this Bidder's Statement, or any offer or an invitation in respect of these securities, to the public in Hong Kong. This Bidder's Statement is for the exclusive use of Healius Shareholders in connection with the Offer. No steps have been taken to register or seek authorisation for the issue of this Bidder's Statement in Hong Kong. Only the person to whom a copy of this Bidder's Statement has been issued may take action in response to this Bidder's Statement.

This Bidder's Statement is confidential to the person to whom it is addressed and no person to whom a copy of this Bidder's Statement is issued may issue, circulate, distribute, publish, reproduce or disclose (in whole or in part) this Bidder's Statement to any other person in Hong Kong or use for any purpose in Hong Kong other than in connection with the consideration of the Offer by the person to whom this Bidder's Statement is addressed.

Japan

The ACL Shares have not been, and will not be, registered under Article 4, paragraph 1 of the Financial Instruments and Exchange Law of Japan (Law No. 25 of 1948), as amended (the **FIEL**) pursuant to exemptions from the registration requirements applicable to a private placement of securities to "qualified institutional investors" (as defined in and in accordance with Article 2, paragraph 3 of the FIEL and the regulations promulgated thereunder) and less than 50 other persons.

This Bidder's Statement is for the exclusive use of existing shareholders of Healius in connection with the Offer. This Bidder's Statement is confidential to the person to whom it is addressed and must not be distributed, published, reproduced or disclosed (in whole or in part) to any other person in Japan or resident of Japan other than in connection with consideration by Healius' Shareholders of the Offer.

Any Healius Shareholder who acquires ACL Shares agrees not resell them to any person in Japan that is not a Qualified Institutional Investor.

Norway

This Bidder's Statement has not been approved by, or registered with, any Norwegian securities regulator under the Norwegian Securities Trading Act of 29 June 2007 no. 75. Accordingly, this Bidder's Statement shall not be deemed to constitute an offer to the public in Norway within the meaning of the Norwegian Securities Trading Act.

The ACL Shares may not be offered or sold, directly or indirectly, in Norway except:

- to "professional clients" (as defined in the Norwegian Securities Trading Act of 29 June 2007 no. 75);
- to fewer than 150 non-professional clients; or
- in any other circumstances provided that such offer of ACL Shares does not result in a requirement for the registration, or the publication by ACL, of a prospectus pursuant to the Norwegian Securities Trading Act of 29 June 2007 no. 75.

Switzerland

The ACL Shares may not be publicly offered in Switzerland and will not be listed on the SIX Swiss Exchange or on any other stock exchange or regulated trading facility in Switzerland. Neither this Bidder's Statement nor any other offering or marketing material relating to the ACL Shares constitutes a prospectus or a similar notice as such terms are understood pursuant to art. 35 of the Swiss Financial Services Act (**FinSA**) or the listing rules of any stock exchange or regulated trading facility in Switzerland. Neither this Bidder's Statement nor any other offering material relating to the ACL Shares or the Offer may be publicly distributed or otherwise made publicly available in Switzerland.

Neither this Bidder's Statement nor any other material relating to the Offer has been, or will be, filed with or approved by any Swiss regulatory authority or authorised review body. In particular, this Bidder's Statement will not be filed with, and the offer of ACL Shares will not be supervised by, the Swiss Financial Market Supervisory Authority (**FINMA**).

This Bidder's Statement may be distributed in Switzerland only to Healius Shareholders who are "professional clients" (as defined in the FinSA) and less than 500 other persons. It is not for general circulation in Switzerland.

United Kingdom

Neither this Bidder's Statement nor any other document relating to the offer has been delivered for approval to the Financial Conduct Authority in the United Kingdom and no prospectus (within the meaning of section 85 of the Financial Services and Markets Act 2000, as amended (**FSMA**)) has been published or is intended to be published in respect of the ACL Shares. The ACL Shares may not be offered or sold in the United Kingdom by means of this Bidder's Statement or any other document, except in circumstances that do not require the publication of a prospectus under section 86(1) of the FSMA.

This Bidder's Statement is issued on a confidential basis in the United Kingdom to Healius Shareholders who are "qualified investors" (as defined in the UK Prospectus Regulation) and fewer than 150 other persons. This Bidder's Statement may not be distributed or reproduced, in whole or in part, nor may its contents be disclosed by recipients, to any other person in the United Kingdom.

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

Important notices (continued)

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

United States

This Bidder's Statement has not been filed with, or reviewed by, the US Securities and Exchange Commission (**SEC**) or any state securities authority and none of them has passed upon or endorsed the merits of the offer of ACL Shares or the accuracy, adequacy or completeness of this document. Any representation to the contrary is a criminal offence.

The ACL Shares have not been, and will not be, registered under the US Securities Act or the securities laws of any state or other jurisdiction in the United States. The ACL Shares are not being offered in any US state or other jurisdiction where it is not legally permitted to do so.

The Offer is being made in the United States only to a limited number of Healius Shareholders who are "institutional accredited investors" ("**IAIs**", within the meaning of Rule 501(a)(1), (2), (3), (7), (8), (9) and (12) under the US Securities Act). In order to participate in the Offer, a US shareholder of Healius must sign and return a US investor certificate that is available from ACL's Company Secretary, Eleanor Padman (at investors@clinicallabs.com.au), to confirm, amongst other things, that the US shareholder is an IAI.

Healius Shareholders should note that the Offer is made for the securities of an Australian company in accordance with the laws of Australia and the listing rules of the ASX. The Offer is subject to the disclosure requirements of Australia that are different from those of the United States. Any financial statements included in the Bidder's Statement have been prepared in accordance with Australian accounting standards and may not be comparable to the financial statements of US companies.

It may be difficult for you to enforce your rights and any claim you may have arising under US federal securities laws since ACL is incorporated in Australia and some of its officers and directors are residents of Australia. You may not be able to sue ACL or its officers or directors in Australia for violations of the US securities laws. It may be difficult to compel ACL and its affiliates to subject themselves to a US court's judgment.

You should be aware that ACL may purchase securities other than under the Offer, such as in privately negotiated purchases.

Any pro forma historical financial information included in this Bidder's Statement does not purport to be in compliance with Article 11 of the SEC's Regulation S-X. The pro forma adjustments made in arriving at the pro forma historical financial information included in this Bidder's Statement may not be permissible under the SEC's rules and regulations on pro forma financial presentations.

Privacy

ACL has collected your information from the Healius register of shareholders for the purpose of making this Offer and, if accepted, administering acceptances of the Offer in respect of Your Healius Shares. By completing an Acceptance Form, you will also be providing personal information to ACL through the Share Registry, which is contracted by ACL to manage Acceptance Forms. ACL, and the Share Registry on its behalf, and their agents and service providers may collect, hold, disclose and use that personal information to process your application, service your needs as a shareholder of ACL, provide facilities and services that you request and carry out appropriate administration, and for other purposes related to your investment in ACL.

Once you become a shareholder of ACL, the Corporations Act and Australian taxation legislation require information about you (including your name, address and details of the shares you hold in ACL) to be held in a public register. Your information may also be disclosed on a confidential basis to Related Bodies Corporate and external service providers of ACL and the Share Registry, to market research companies for analysing ACL's shareholder base, and to regulators such as ASIC.

Websites

Both ACL and Healius maintain a website. The ACL website is www.clinicallabs.com.au. The Healius website is www.healius.com.au.

Information contained in or otherwise accessible through these websites is not part of this Bidder's Statement. All references to these websites in this Bidder's Statement are for information purposes only.

Effect of rounding

Figures, amounts, percentages, prices, estimates, calculations of value and fractions in this Bidder's Statement may be subject to the effect of rounding. Accordingly, the actual figures may vary from those included in this Bidder's Statement.

Currencies

In this Bidder's Statement, references to dollars, $, A$, cents, ¢ and currency is a reference to the lawful currency of Australia.

This Bidder's Statement may contain conversions of relevant currencies to other currencies for convenience. These conversions should not be construed as representations that the relevant currency could be converted into the other currency at the rate used or at any other rate. Conversions that have been calculated at the date of this Bidder's Statement (or any other relevant date) may not correspond to the amounts shown in the historic or future financial statements of the ACL Group or the Healius Group in respect of which different exchange rates may have been, or may be, used.

Maps and diagrams

Any diagrams and maps appearing in this Bidder's Statement are illustrative only and may not be drawn to scale. Unless stated otherwise, all data contained in charts, maps, graphs and tables is based on information available at the date of this Bidder's Statement.

Time

All references to time in this Bidder's Statement are to Sydney, Australia time unless stated otherwise.

Defined terms

A number of defined terms are used in this Bidder's Statement. Unless the contrary intention appears, the context requires otherwise or words are defined in section 12 of this Bidder's Statement, words and phrases in this Bidder's Statement have the same meaning and interpretation as in the Corporations Act.

Unless the context requires otherwise, references in this document to "this Bidder's Statement", "the date of this Bidder's Statement" or similar expressions are references to this replacement Bidder's Statement dated 14 April 2023.

Contents

Key dates and contacts

Key dates

Date of the original Bidder's Statement	**20 March 2023**
Date of this replacement Bidder's Statement	**14 April 2023**
Date of the Offer	**21 April 2023**
Offer closes (unless extended or withdrawn)	**7.00pm (Sydney time) on 29 September 2023**

These dates may change as permitted under the Corporations Act. ACL will announce any changes to the above timetable to the ASX.

Key contacts

Share Registry

Link Market Services Limited
Level 12
680 George Street
Sydney NSW 2000
Telephone: 1300 554 474 (from within Australia)
+61 1300 554 474 (from outside Australia)
Email: Registrars@linkmarketservices.com.au

Offer Information Line*
1800 882 147 (from within Australia) or
+61 1800 882 147 (from outside Australia)
between 8:30am and 5:00pm
(Sydney time), Monday to Friday.
**Calls to these numbers may be recorded.*

Chair's Letter

Material Potential Value Creation through the Proposed Merger of Healius and ACL

Dear Healius Shareholder,

On behalf of the board of Australian Clinical Labs Limited (**ACL**), I am pleased to present you with this Bidder's Statement, which details the Offer to acquire all of Your Healius Shares and create Australia's largest pathology provider through the merger of ACL and Healius.

Offer Consideration

Under the Offer, each Healius Shareholder is entitled to receive 0.74 ACL Shares for each Healius Share held on the Register Date (**Offer Consideration**).[1] This Offer represents a nil premium merger based on the volume weighted average price (**VWAP**) of Healius Shares and ACL Shares on the ASX for the period from (and including) 28 February 2023 (being the date after which Healius released its 1H23 Report[2] to the ASX) and 17 March 2023, being the last trading day on the ASX before the Announcement Date (**Last Practicable Date**).[3] ACL believes that this time period is the most relevant as it reflects trading in ACL Shares and Healius Shares on the ASX following the release of their respective 1H23 Reports. ACL believes that the trading in ACL Shares and Healius Shares in this period is more representative of the relative trading values of Healius and ACL in an informed market (compared to share price comparisons in any prior period after ACL's listing on the ASX), being the first time in over two years that the market has had clear reporting on the core, non-COVID pathology margins of Healius and ACL, as explained further in the section of this Bidder's Statement entitled "*Overview of the Offer*".

If ACL is successful in acquiring all of the Healius Shares on issue, Existing Healius Shareholders will hold 68% of the Merged Group and Existing ACL Shareholders will own 32% of the Merged Group.[4]

Rationale for the Offer

For several years, Healius has been the subject of underperformance and falling earnings. Prior to the COVID-19 pandemic, Healius' main business, its pathology division, reported four years of declining performance and a 2.1% fall in EBIT margins over that period. In the three year period ending on 31 December 2022, Healius' missteps through the use of capital for an underperforming and overvalued acquisition, the repeated normalisation of costs in reporting

1 If you are an Ineligible Foreign Shareholder or a Small Parcel Shareholder, you will not be entitled to receive ACL Shares under the Offer. Instead, if you accept the Offer, you will be paid the net proceeds of the sale (on the ASX by the Nominee) of the ACL Shares you would have otherwise been entitled to. See section 11.8 for more information.

2 Healius' Appendix 4D – Half Year Report for the financial half-year that ended on 31 December 2022.

3 Being \$2.72 in respect of Healius Shares and \$3.66 in respect of ACL Shares. The Offer also represents (i) a nil premium merger based on the 10-day VWAP (to and including the Last Practicable Date) of Healius Shares and ACL Shares on the ASX (being \$2.73 in respect of Healius Shares and \$3.69 in respect of ACL Shares), and (ii) a 4.2% discount to the closing price of Healius Shares on the ASX on the Last Practicable Date (being \$2.78) based on the closing price of ACL Shares on the ASX on the Last Practicable Date (being \$3.60).

4 As at immediately after Successful Offer Completion. The assumptions that ACL has made in calculating these indicative Merged Group ownership percentages are set out in section 7.5 of this Bidder's Statement.

Rationale for the Offer continued

results to create higher underlying earnings than was reflective of Healius' actual performance in the relevant periods, and the delay in achieving announced cost out and profit improvement programs, have culminated in Healius reporting in the most recent half year reporting period (1H23) the worst reported NPAT margin from continuing operations for the Healius Group in any financial reporting period in the last ten years,[5] and has contributed to it being close to breaching its stated bank covenants.

Bringing the two companies together by way of the Proposed Merger is expected to bring significant benefits to Healius Shareholders. ACL believes that the benefits of the Proposed Merger are compelling and the two companies have the potential to be worth significantly more together than as standalone entities.

As outlined in more detail in the section of this Bidder's Statement entitled "***Why You Should Accept the Offer***", these include:

- **Significant expected synergies[6] of approximately $95 million:**

  ACL expects that the Proposed Merger will unlock approximately $95 million of Expected Cost Synergies, which will be progressively realised from year 1. The Expected Cost Synergies are expected to be fully delivered within 4 years of completion of the Proposed Merger, with more than half of this benefit expected to be delivered within 2 years.[7] For context, the Expected Cost Synergies equate to approximately 95% of Healius' forecast FY23 EBIT (based on the FY23 Average Broker Forecast).[8] The Expected Cost Synergies will be shared between Existing Healius Shareholders and Existing ACL Shareholders, with a potential value uplift, as described below.

- **Superior management team performance to de-risk required operational turnaround[9]:**

  ACL's management team has a track record of delivering superior financial performance to Healius. ACL has consistently delivered higher revenue growth, higher margins driven by superior cost control (despite its smaller scale), a materially stronger return on capital employed and higher shareholder returns than Healius.

  The current ACL management team has overseen the creation of ACL's business from an underperforming, loss making, $280 million annual revenue pathology division acquired from Healthscope in 2015 to an approximately $700 million annual revenue business in 1H23, with leading financial benchmarks for the pathology sector in Australia.

  Although Healius has publicly stated that it expects to achieve a reset cost base that implies approximately $95 million of annualised EBIT savings (referred to in this Bidder's Statement as the "Potential Operational Improvement Benefit")[10], similar initiatives announced by Healius in the past have been the subject of material implementation issues and repeated delays over multiple years, have required significant profit normalisations, and the final realised benefits of those initiatives have been at levels materially below announced target savings levels.

  The ACL management team has a proven track record of delivering stated outcomes and savings, as demonstrated by past acquisitions such as Medlab and the pathology business of St John of God Health Care, as well as ACL's material outperformance compared to its prospectus forecasts. As a result, ACL is well-equipped to de-risk the required operational

5 Comparative period excludes FY17 reporting period given significant non-cash impairment charge recorded primarily in relation to Healius' Medical Centres goodwill and underperforming sites.

6 See sub-section 2 of the "***Why You Should Accept the Offer***" section of this Bidder's Statement for detailed information.

7 See sections 6.4(b) and 7.4 of this Bidder's Statement for further information on the expected realisation of the Expected Cost Synergies if ACL were to declare the Offer free of the 90% Minimum Acceptance Condition and it were to acquire a Relevant Interest in more than 50%, but less than 90%, of Healius Shares on issue, including the basis on which ACL believes that the Expected Cost Synergies will be able to be realised in those circumstances.

8 Based on the FY23 Average Broker Forecast of $100 million for Healius' FY23 EBIT. Refer to Annexure A of this Bidder's Statement for details on the FY23 Average Broker Forecast, including a summary of the selection criteria, number, range and date of the broker forecasts used to calculate the FY23 Average Broker Forecast.

9 See sub-sections 3 and 5 of the "***Why You Should Accept the Offer***" section of this Bidder's Statement for detailed information.

10 For more information about the Potential Operational Improvement Benefit, including how it is calculated, see sub-section 3 of the "***Why You Should Accept the Offer***" section of this Bidder's Statement.

turnaround at Healius that was first announced in 2019, and has a demonstrated ability to manage cost outs and performance improvement without the requirement for significant normalisations.

- **Material potential value creation[11] of 90% over the implied value of the Offer Consideration for Healius Shareholders:**

  The Merged Group would be the largest pathology provider in Australia, with approximately $2.7 billion of revenue,[12] and one of the largest commercial pathology groups in the world. If the Merged Group can realise the Expected Cost Synergies and the Potential Operational Improvement Benefit, and those benefits are added to the FY23 Average Broker Forecast of EBIT of Healius and the midpoint of the ACL FY23 EBIT Guidance,[13] this results in a potential pro forma FY23 EBIT of the Merged Group of $361 million, which is more than double the combined FY23 EBIT of each of Healius and ACL on a standalone basis (based on the FY23 Average Broker Forecast of EBIT for Healius and the midpoint of the ACL FY23 EBIT Guidance)[14]. If the Merged Group can achieve a blended forward EV/EBIT multiple of 17.5x (as at the Last Practicable Date),[15] ACL believes that the Merged Group has the potential to trade at a market capitalisation of approximately $4.4 billion.[16] This represents a potential value uplift of $2.1 billion compared to the two businesses on a standalone basis, and a 90% uplift in the value of Healius Shares implied by the Offer Consideration.[17] At this valuation, ACL believes that the Merged Group will be approaching the threshold for inclusion in the S&P/ASX 100 index over time.

- **ACL management's and the ACL Board's pathology experience is materially greater than that of Healius:**

  Both the ACL Board and ACL's senior management have considerable experience in the pathology sector, with ACL's Chief Executive Officer having over 15 years of experience running and managing pathology companies and over 30 years in the healthcare industry. ACL's Chief Financial Officer has 20 years of experience in pathology and the members of ACL's broader senior management team have on average 15 years of experience in pathology. In addition, the ACL Board has considerable experience in healthcare and pathology, with 3 of the 6 ACL Directors having, as an average, 9 years of experience in pathology, and 30 years of experience in healthcare, respectively. This is in contrast to Healius, where the Chief Executive Officer has only 7 years of experience in the healthcare industry and Healius' Chief Financial Officer has no prior experience in the healthcare industry. Other than Healius' Chief Executive Officer, the wider Healius Board has limited members with a long history of experience in the commercial pathology sector.

- **Deep integration experience[18] with a track record of success:**

  Over the past 7 years, ACL has successfully acquired and integrated 5 acquisitions, consistently achieving or exceeding planned synergies, on time and on budget. ACL's most recent acquisition, Medlab, was integrated 12 months ahead of schedule and has achieved annualised run-rate EBIT performance (post acquisition synergies) of more than $20 million ($5.5 million ahead of ACL's forecasts due to greater than expected synergy realisation). As a result, ACL acquired Medlab for an EV of 3.1x its current run-rate performance.

11 See sub-section 4 of the "*Why You Should Accept the Offer*" section of this Bidder's Statement for detailed information.

12 Pro forma revenue for the LTM ended 31 December 2022 (see section 7.8 for more information).

13 Based on the ACL FY23 EBIT Guidance (using the midpoint of the FY23 EBIT range, being $71 million) and the FY23 Average Broker Forecast of EBIT for Healius (being $100 million). Refer to section 1.6 for details of the ACL FY23 EBIT Guidance, including the key assumptions underlying it. Refer to Annexure A of this Bidder's Statement for details on the FY23 Average Broker Forecast in respect of Healius, including a summary of the selection criteria, number, range and date of the broker forecasts used to calculate the FY23 Average Broker Forecast.

14 The potential pro forma EBIT of the Merged Group of $361 million is on a post AASB 16 basis and has been included for illustrative purposes. It is likely that the Successful Offer Completion will not occur in FY23 and the Expected Cost Synergies will take 4 years to be fully realised.

15 Based on the Post-Results Healius VWAP and Post-Results ACL VWAP.

16 See sub-section 4 of the "*Why You Should Accept the Offer*" section of this Bidder's Statement for more information, including the basis on which these figures have been calculated.

17 Being $2.72 per Healius Share, based on the VWAP of ACL Shares on the ASX for the period from (and including) 28 February 2023 (being the date after which Healius released its 1H23 Report to the ASX) to the Last Practicable Date (being $3.66).

18 See sub-section 7 of the "*Why You Should Accept the Offer*" section of this Bidder's Statement for detailed information.

By comparison, Healius' most recent acquisition, Agilex Biolabs, has performed significantly below expectations, with an implied purchase price EV / forecast FY23 EBITDA ratio of 75x (compared to an implied forward acquisition multiple of 18.8x - 21.5x forecast CY22 EBITDA).[19] Given the disparity between the trading multiple of Healius compared with the acquisition multiple of Agilex Biolabs,[20] combined with Agilex Biolab's underperformance in delivering its expected EBITDA, Healius' acquisition of Agilex Biolabs was value destructive to Healius Shareholders.[21]

- **Stronger stakeholder outcomes[22]:**

  The Proposed Merger is expected to deliver a more efficient and sustainable pathology provider through improved regional access, enhanced capacity to invest in patient and doctor services, as well as a reduced carbon footprint.

ACCC Clearance

The Proposed Merger will require clearance from the ACCC. ACL considers that it has good prospects of securing ACCC clearance for the Proposed Merger. The reasons for ACL's view on the prospects of ACCC clearance are set out in more detail in section 10.1 of this Bidder's Statement. On 12 April 2023 the ACCC announced that it intended to conduct a public informal merger review of the Proposed Merger. The ACCC has indicated a provisional date of 22 June 2023 for the announcement of the ACCC's findings (as outlined in the ACCC's Informal Merger Review Process Guidelines, this may be a final decision or release of a Statement of Issues). If the ACCC releases a Statement of Issues, the ACCC will set a secondary timeline and commence public consultation in relation to the Statement of Issues. The ACCC indicates that the timeframe for its assessment following release of a Statement of Issues until final decision is typically 6 to 12 weeks. The ACCC clearance process is expected to take at least 6 months, so the Offer Period is longer than an initial offer period for a takeover bid that is not subject to regulatory conditions.

Conditions

The Offer is subject to a number of Conditions, which are summarised in the "*Overview of the Offer*" section, and set out in full in section 11.9, of this Bidder's Statement. These Conditions include (but are not limited to):

- the receipt of Foreign Investment Review Board (FIRB) approval and Australian Competition and Consumer Commission (ACCC) clearance;
- the 90% Minimum Acceptance Condition;
- the ACL Shareholder Approval Condition;
- no material adverse change occurring in respect of Healius;
- certain conditions relating to the financial performance of Healius, including Healius not announcing that (or to the effect that) its underlying EBIT, reported EBIT or profit for the year from continuing operations (in each case, for FY23) will, or is expected or likely to be, less than specified amounts, and Healius' financial results for FY23 showing that it achieved certain measures of financial performance;
- the Healius Group's net debt plus current tax liabilities less current tax assets not exceeding, or being likely to exceed, specified amounts;
- no ACL Competing Proposal is made or announced by a Third Party, or is otherwise received by ACL;

19 Implied ratio and forward acquisition multiple based on information disclosed in Healius' ASX announcements. See sub-section 5 of the "***Why You Should Accept the Offer***" section of this Bidder's Statement for the basis on which each of these figures has been calculated.

20 The implied acquisition multiple of Agilex Biolabs (18.8x–21.5x CY22 EBITDA, as described above) is a higher NTM EV/EBITDA multiple than what Healius has traded at any time after the acquisition announcement (17 December 2021) to the Last Practicable Date.

21 Refer to sub-section 5 of the "***Why You Should Accept the Offer***" section of this Bidder's Statement for detailed information.

22 See sub-section 6 of the "***Why You Should Accept the Offer***" section of this Bidder's Statement for detailed information.

- no fall of 10% or more in the S&P/ASX 200 which remains at, or below, that level for at least two consecutive days; and
- other Conditions relating to the Healius Group's financial condition, contracts and corporate actions, and the conduct of the Healius Group's business, after the Announcement Date.

ACL will provide updates on any material developments relating to the status of these Conditions through announcements to the ASX (and, if required, a supplementary Bidder's Statement).

If, at the end of the Offer Period (or in the case of the Prescribed Occurrences Condition, at the end of the third Business Day after the end of the Offer Period), the Conditions have not been fulfilled and ACL has not declared the Offer (or it has not become) free from those Conditions, all contracts resulting from the acceptance of the Offer will be automatically void. As at the date of this Bidder's Statement, ACL is not aware of any events or circumstances that would result in the non-fulfilment of any of the Conditions.

Accepting the Offer

Detailed information in respect of the Offer is set out in this Bidder's Statement. You should read this Bidder's Statement in its entirety. The Offer is open for acceptance until 7.00pm (Sydney time) on 29 September 2023, unless extended in accordance with the Corporations Act. To accept the Offer, you should follow the instructions in the Acceptance Form that accompanies this Bidder's Statement. I encourage you to accept the Offer.

If you have any questions in relation to the Offer, please contact the Offer Information Line on 1800 882 147 (from within Australia) or +61 1800 882 147 (from outside Australia) between 8.30am and 5.00pm (Sydney time), Monday to Friday.

The ACL Board believes, based on publicly available information, that the Proposed Merger is the most value accretive option for both Healius Shareholders and ACL Shareholders and that it has the potential to generate considerable value to both shareholder groups. This potential value generation of $2.1 billion will be shared 68% with Existing Healius Shareholders and 32% with Existing ACL Shareholders.[23] For this reason (and the other reasons set out above), the ACL Board encourages you to accept the Offer.

Yours sincerely,

Michael Alscher
Chair
Australian Clinical Labs Limited

23 The assumptions that ACL has made in calculating these indicative Merged Group ownership percentages are set out in section 7.5 of this Bidder's Statement.

Why You Should **ACCEPT** the Offer

The key reasons that Healius Shareholders should ACCEPT the Offer are set out below:

1	THE OFFER IS EXPECTED TO ENHANCE YOUR INVESTMENT IN HEALIUS BY CREATING THE LARGEST PATHOLOGY PROVIDER IN AUSTRALIA, WITH COMPLEMENTARY NETWORKS AND A MORE DIVERSE PLATFORM FOR GROWTH
2	THE COMBINATION OF HEALIUS AND ACL IS EXPECTED TO UNLOCK APPROXIMATELY $95 MILLION OF ANNUALISED SYNERGIES
3	ACL BELIEVES THAT THE PROPOSED MERGER WILL DE-RISK AN OPERATIONAL PERFORMANCE TURNAROUND AT HEALIUS
4	ACL BELIEVES THAT THE PROPOSED MERGER HAS THE POTENTIAL TO CREATE SIGNIFICANT VALUE FOR HEALIUS SHAREHOLDERS
5	ACL HAS CONSISTENTLY DELIVERED SUPERIOR FINANCIAL PERFORMANCE TO HEALIUS
6	THE MERGED GROUP IS EXPECTED TO DELIVER BETTER PATIENT AND DOCTOR OUTCOMES, AND DELIVER ENVIRONMENTAL BENEFITS
7	ACL HAS A TRACK RECORD OF SUCCESSFULLY INTEGRATING ACQUISITIONS
8	CGT ROLL-OVER RELIEF MAY BE AVAILABLE

The key reasons that Healius Shareholders should accept the Offer are set out in detail below.

1 THE OFFER IS EXPECTED TO ENHANCE YOUR INVESTMENT IN HEALIUS BY CREATING THE LARGEST PATHOLOGY PROVIDER IN AUSTRALIA, WITH COMPLEMENTARY NETWORKS AND A MORE DIVERSE PLATFORM FOR GROWTH

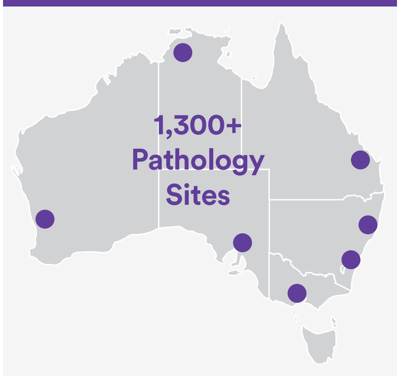
ACL expects that, if Successful Offer Completion occurs, the Merged Group will become the largest pathology provider in Australia, with more Approved Collection Centres (**ACCs**) nationally than any other pathology provider in the Australian market.

A combination of ACL and Healius is expected to result in a Merged Group with:

- approximately 171 laboratories;
- the largest number of ACCs in each mainland Australian State;
- approximately 3,400+ ACCs; and
- 160+ hospitals serviced.

ACL's Approved Collection Centre network complements and enhances Healius' existing network, with the Merged Group's expanded footprint creating a more diverse growth platform across geographies, hospitals and community practices.

ACL

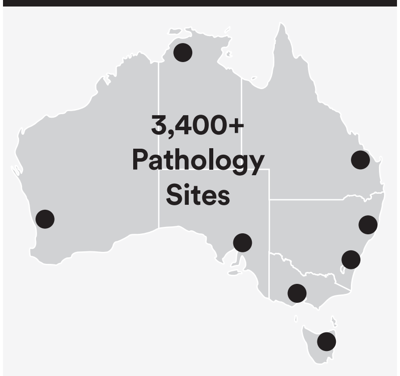


	Labs	Collection Centres
NSW/ACT	11	444
VIC	28	470
SA	26	155
NT	1	13
WA	7	172
QLD	2	72
TAS	0	0
Total	**75**	**1,326**

Healius

	Labs	Collection Centres
NSW/ACT	26	732
VIC	29	534
SA	1	33
NT	2	18
WA	10	205
QLD	26	543
TAS	2	22
Total	**96**	**2,087**

Merged Group



	Labs	Collection Centres
NSW/ACT	37	1,176
VIC	57	1,004
SA	27	188
NT	3	31
WA	17	377
QLD	28	615
TAS	2	22
Total	**171**	**3,413**

Why You Should **ACCEPT** the Offer (continued)

Notably, ACL expects that the Proposed Merger will provide the Merged Group with enhanced scale in New South Wales and Queensland. The Merged Group's larger network is expected to enable more efficient service delivery through the removal of duplicated infrastructure and personnel, with continued focus on accessibility and quality.

Through its expanded footprint, ACL believes that the Merged Group will be able to more efficiently utilise its laboratory and collection networks to deliver a comprehensive range of diagnostic services to patients across Australia.

In addition to benefitting from increased operational scale, the Merged Group is also expected to benefit from increased financial size, providing a more diversified and resilient financial profile than each of Healius and ACL as standalone entities. Excluding any Expected Cost Synergies and the Potential Operational Improvement Benefit (as detailed in sub-sections 2 and 3 of this section), the Merged Group would have delivered the following metrics on a pro forma basis for LTM December 2022[1]:

- revenue of approximately $2.7 billion;
- EBIT of approximately $262 million; and
- a gearing ratio of approximately 1.9x.

With the expected increase in financial size and a larger, more flexible balance sheet, ACL expects that the Merged Group will be better positioned to pursue future organic and inorganic growth opportunities with greater access to capital and higher debt capacity.

ACL believes that the increased scale of the Merged Group creates a compelling platform for future growth. ACL believes that, if Successful Offer Completion occurs and the integration of the two businesses is completed, the Merged Group will have the operational scale and balance sheet to be a leading Australian healthcare group, with a platform for further growth.

ACL has undertaken an extensive review of the expected portfolio of the Merged Group using its depth of industry knowledge and experience and considers it has good prospects of securing ACCC clearance for the Proposed Merger. ACL does not believe that there will be a substantial lessening of competition in any market as there is negligible price competition in the pathology industry (approximately 99.7% of outpatient pathology tests are priced at the Medicare schedule, which is set by the Australian Federal Government) and there is limited scope for the Merged Group to reduce service quality due to the stringent regulation of testing standards and the prevalence of standardised, automated testing equipment.

ACL considers it has good prospects of securing ACCC clearance for the Proposed Merger. ACL notes that there have been a number of material changes that have occurred in the pathology sector in recent years, including over the COVID-19 pandemic, which it considers strongly support its arguments that the transaction will not lead to a substantial lessening of competition, including:

- negligible private billing in the sector due to continued and significant levels of bulk-billing for Federally funded pathology services;
- a demonstrated ability of smaller providers to rapidly enter and expand into new geographic areas, including the entry into, and success of 4Cyte Pathology in, New South Wales, Victoria and Queensland;
- growth in the number and scale of public providers of pathology services; and
- changes in regulatory practices such as the de-regulation of Approved Collection Centre locations in 2010 and billing regulations (such as the introduction of the bulk billing incentive in 2009) that promote competitive market structures and disincentivise private billing.

The reasons for ACL's view are set out in more detail in section 10.1 of this Bidder's Statement.

On 12 April 2023 the ACCC announced that it intended to conduct a public informal merger review of the Proposed Merger. The ACCC has indicated a provisional date of 22 June 2023 for the announcement of the ACCC's findings (as outlined in the ACCC's Informal Merger Review Process Guidelines, this may be a final decision or release of a Statement of Issues). If the ACCC releases a Statement of Issues, the ACCC will set a secondary timeline and commence public consultation in relation to the Statement of Issues. The ACCC indicates that the timeframe for its assessment following release of a Statement of Issues until final decision is typically 6 to 12 weeks.

ACL has engaged Gilbert + Tobin as legal advisers and RBB Economics as economic experts to provide independent economic expert advice in relation to the ACCC process.

1 Refer to section 7.8 of this Bidder's Statement for details of the Merged Group Pro Forma Historical Financial Information.

2 THE COMBINATION OF HEALIUS AND ACL IS EXPECTED TO UNLOCK APPROXIMATELY $95 MILLION OF ANNUALISED SYNERGIES

The ACL Board expects that the Proposed Merger will unlock significant synergies, which is expected to enhance the Merged Group's profitability over the medium term.

Based on ACL's review of publicly available information about Healius[2], ACL expects that the creation of the Merged Group will generate approximately $95 million[3] of annual recurring pre-tax cost savings **(Expected Cost Synergies)**, which are expected to be progressively realised within four years of completion of the Proposed Merger.[4] ACL expects that more than half of the Expected Cost Synergies ($55 million of $95 million) are to be captured in the first two years following Successful Offer Completion[5]. The Expected Cost Synergies have been determined on the basis, and by applying the assumptions, set out in section 7.4. ACL encourages Healius Shareholders to read section 7 of this Bidder's Statement in its entirety in conjunction with this sub-section 2.

The Expected Cost Synergies pertain to the following key areas:

- **Consolidation of laboratories:**

  Approximately $31 million (33%) of the Expected Cost Synergies are expected to be generated from the consolidation of the Merged Group's laboratory footprint to reduce labour and rent, and maximise leverage of fixed costs.

- **Collection and courier network:**

  Approximately $16 million (17%) of the Expected Cost Synergies are expected to be generated from the consolidation of supervisory functions and rationalisation of overlapping routes where ACL and Healius are servicing the same locations.

- **Procurement benefits:**

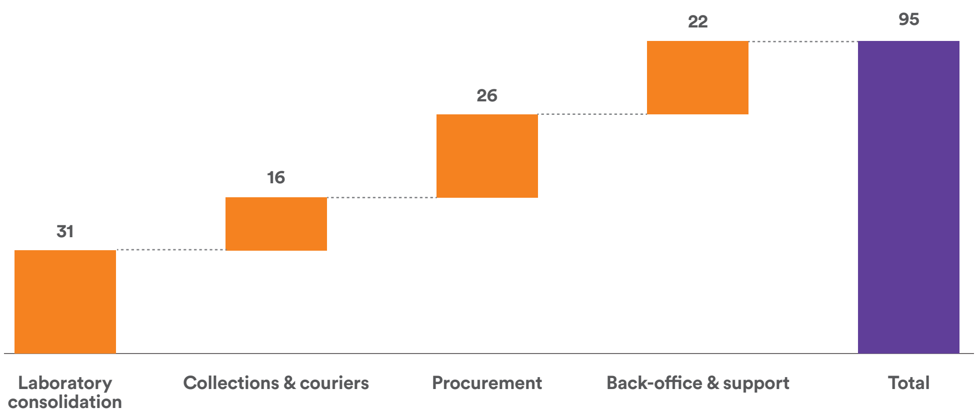
  Approximately $26 million (27%) of the Expected Cost Synergies are expected to be generated from procurement savings across the Merged Group's consumables, repairs and maintenance, insurance and external supplier spend.

- **Back-office and support restructuring:**

  Approximately $22 million (24%) of the Expected Cost Synergies are expected to be generated from a reduction of duplicate corporate and corporate listing costs, management and supporting back-office and support activities and associated costs and the rationalisation of overlapping IT systems.

This is illustrated in the chart below.

Estimate of Expected Cost Synergies (A$m)[6]



2 This information has not been independently verified by ACL or provided by or on behalf of Healius.

3 Approximately $95 million of Expected Cost Synergies represents the mid-point of an estimated range of $78 million to $113 million, as described in section 7.4 of this Bidder's Statement.

4 Refer to section 7.4 of this Bidder's Statement for detailed information on the Expected Cost Synergies, including the basis for, and underlying assumptions supporting the Expected Cost Synergies.

5 If Successful Offer Completion occurs.

6 Expected Cost Synergies are expected to be progressively realised within four years of completion of the Proposed Merger.

Why You Should **ACCEPT** the Offer (continued)

The Expected Cost Synergies are confined to the Healius pathology business and pathology-related Healius Group functions only. Healius' Imaging business and divested Day Hospitals Business have been excluded from the Expected Cost Synergies. Given this, the reasons in this section entitled "***Why You Should Accept the Offer***" primarily relate to Healius' pathology business. As set out in more detail in section 6.3(h) of this Bidder's Statement, ACL intends to conduct a review of the strategic role of Healius' Imaging business following Successful Offer Completion.

The Expected Cost Synergies are expected to accrue as a direct result of the creation of the Merged Group, and ACL believes that similar cost savings could not be achieved on a standalone basis by either Healius or ACL. The realisation of these recurring Expected Cost Synergies is expected to lead to estimated one-off cash costs of approximately $70 million in total, which are expected to be incurred progressively over the four-year integration period commencing on Successful Offer Completion.

Detailed information on the Expected Cost Synergies (including the key assumptions underlying the Expected Cost Synergies) is set out in section 7.4. As discussed in more detail in that section, if ACL were to:

- declare the Offer free of the 90% Minimum Acceptance Condition; and
- acquire a Relevant Interest in more than 50%, but less than 90%, of Healius Shares on issue under the Offer,

ACL believes that it can be reasonably expected that it will be able to reach an agreement with Healius in relation to the operation of their respective businesses in a way which allows them to realise the Expected Cost Synergies that relate to the operation of their respective businesses (noting the limitations described in section 6.4 of this Bidder's Statement).

However, any Expected Cost Synergies relating to the costs which directly relate to Healius' continued listing on the ASX (including ASX listing fees and share registry costs, costs relating to the presence of minority Healius Shareholders, and corporate costs associated with the requirement to maintain a separate Healius Board and management team) will not be available in the circumstances described above.

Given this, in the scenario where ACL acquires more than 50% but less than 90% of Healius Shares on issue, ACL expects to be able to realise approximately $88 million of the Expected Cost Synergies within approximately five years of completion of the Proposed Merger. ACL expects that more than one-third of these Expected Cost Synergies ($32 million of $88 million) are to be captured in the first two years following completion of the Offer, and nearly two-thirds ($57 million of $88 million) are to be captured in the first three years following completion of the Offer. ACL also estimates that additional one-off tax and structuring costs of approximately $18 million to $23 million will be incurred as a result of implementing the arrangements necessary to achieve the Expected Cost Synergies in this scenario (as described above). The table below contains a comparison of the quantum, source and one-off integration costs of the Expected Cost Synergies in the alternative scenarios where:

- ACL acquires a Relevant Interest in 90% or more of Healius Shares on issue under the Offer (such that Successful Offer Completion Occurs); and
- ACL acquires a Relevant Interest in more than 50%, but less than 90%, of Healius Shares on Issue under the Offer.

Comparison of Expected Cost Synergies under different ownership thresholds

A$m	Laboratory consolidation	Collections and couriers	Procurement	Back office and support	Total Expected Cost Synergies	One-off costs to achieve the Expected Cost Synergies
ACL acquires 90% or more of Healius Shares	31	16	26	22	95	70
ACL acquires >50% but <90% of Healius Shares	31	16	24	17	88	88 – 93

The ACCC Clearance Condition requires the ACCC to provide unconditional clearance of the Proposed Merger. ACL has requested unconditional clearance of the Proposed Merger from the ACCC. ACL believes that it has strong arguments to support this request for unconditional clearance. In any event, ACL does not expect any material dis-synergies, including as a result of ACCC clearance in connection with the Proposed Merger.[7]

Section 7 contains detailed information on the Expected Cost Synergies and the Merged Group Pro Forma Historical Financial Information. PwCS has issued the Limited Assurance Opinion on the Merged Group Pro Forma Historical Financial Information, a copy of which is included in this Bidder's Statement at Annexure D. Healius Shareholders should read the Merged Group Pro Forma Historical Financial Information set out in section 7 and the Limited Assurance Opinion in detail, including the comments made by PwCS in relation to the scope and limitations of the Limited Assurance Opinion.

Ineligible Foreign Shareholders and Small Parcel Shareholders that accept the Offer will not receive ACL Shares. Instead, if they accept the Offer, they will be paid the net proceeds of the sale (on the ASX by the Nominee) of the ACL Shares that they would have otherwise been entitled to. See section 11.8 for more information. As Ineligible Foreign Shareholders and Small Parcel Shareholders will not receive ACL Shares under the Offer, they will not receive (or participate in) any of the expected or potential benefits of being an ACL Shareholder after the Proposed Merger described in this Bidder's Statement, including (but not limited to) the Expected Cost Synergies.

7 See section 10.1 for further information regarding ACCC clearance in respect of the Proposed Merger.

3 ACL BELIEVES THAT THE PROPOSED MERGER WILL DE-RISK AN OPERATIONAL PERFORMANCE TURNAROUND AT HEALIUS

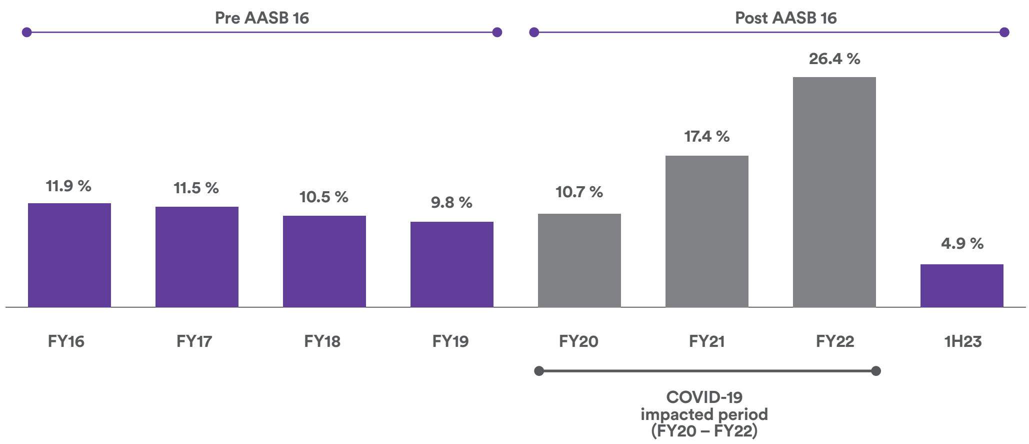
Healius Shareholders are expected to benefit from access to ACL's management, systems and capabilities in executing an operational performance turnaround at Healius.[8]

For several years, Healius has been the subject of underperformance and declining margins.

In the most recent reporting period (1H23), Healius reported its worst reported NPAT margin from continuing operations for the Healius Group in any financial reporting period in the last ten years.[9]

Prior to the COVID-19 pandemic, Healius' main business, its pathology division, reported four years of declining performance, with the segment's EBIT margin falling (2.1)% over that period.

Healius' Pathology business underlying EBIT margin



In 1H23, Healius announced that its pathology division delivered an underlying EBIT margin of 4.9%, significantly below the four years prior to COVID-19.

At the Healius Group level, in the period from FY21 to the end of 1H23, Healius' margin performance has lagged materially behind its competitors.[10] Healius' costs have increased from $735 million (7.7% EBIT margin) in 1H20 to $824 million (4.6% EBIT margin) in 1H23, culminating in Healius reporting a negative statutory EBIT of $(13.2) million for 1H23.

In the Healius 1H23 Investor Presentation, Healius announced that, in order to manage costs, it had commenced a cost reset for the Healius Group (**Healius Group Cost Reset**) where it expects to achieve the re-basing of Healius' overall group costs to FY20 levels on a go-forward basis from FY24 (on a run-rate basis).[11] Healius stated in the Healius 1H23 Investor Presentation that, following the Healius Group Cost Reset, Healius' 1H23 costs would have amounted to $766 million (down $58 million from the reported $824 million in actual costs).

8 However, if you are an Ineligible Foreign Shareholder or a Small Parcel Shareholder, you will not be entitled to receive ACL Shares under the Offer. Instead, if you accept the Offer, you will be paid the net proceeds of the sale (on the ASX by the Nominee) of the ACL Shares you would have otherwise been entitled to. See section 11.8 for more information. As Ineligible Foreign Shareholders and Small Parcel Shareholders will not receive ACL Shares under the Offer, they will not receive (or participate in) any of the expected or potential benefits of being an ACL Shareholder after the Proposed Merger described in this Bidder's Statement, including (but not limited to) the Expected Cost Synergies and the Potential Operational Improvement Benefit.

9 Comparative period excludes FY17 reporting period given significant non-cash impairment charge recorded primarily in relation to Healius' Medical Centres goodwill and underperforming sites.

10 Based on Healius' NPAT margin of 3.5% in FY21, 12.6% in FY22 and (3.3)% in 1H23, compared to the NPAT margins of ACL (13.2% in FY21, 17.9% in FY22 and 7.1% in 1H23) and Sonic (15.0% in FY21, 15.6% in FY22 and 9.4% in 1H23).

11 Healius management confirmed during the Q&A for its 1H23 results (on 27 February 2023) that the Healius Group Cost Reset would be achieved in FY24. A transcript of Healius' 1H23 results presentation, including Q&A, was prepared by Refinitiv and released on 27 February 2023. ACL's expectation that ACL is able to achieve the Potential Operational Improvement Benefit assumes that Successful Offer Completion occurs and that Healius' management had reasonable grounds for the confirmation during the Healius 1H23 results Q&A that the Healius Group Cost Reset is expected to be achieved in FY24.

As set out in the table below, the Healius Group Cost Reset implies a run-rate underlying EBIT margin of 11.3% which, on the basis of Healius' FY23 Average Broker Forecast, implies upside to EBIT of approximately $95 million (the **Potential Operational Improvement Benefit**).[12] ACL believes that ACL's management team has a greater ability to successfully drive this operational turnaround (and achieve the Potential Operational Improvement Benefit) for the reasons discussed below.

Potential Operational Improvement Benefit

Healius standalone financials		
1H23 underlying EBIT		$40m
Add: Cost-out savings		$58m
1H23 post Healius Group Cost Reset EBIT	A	**$98m**
1H23 revenue	B	$864m
1H23 post Healius Group Cost Reset EBIT margin	A / B	**11.3%**
Potential Operational Improvement Benefit		
FY23 revenue (FY23 Average Broker Forecast)		$1,720m
Implied FY23 EBIT at 11.3% margin		$195m
Less: FY23 EBIT (FY23 Average Broker Forecast), implying 5.8% margin		$(100)m
Potential Operational Improvement Benefit		**$95m**

Similar operational turnaround initiatives have been announced by Healius in the past. These initiatives have been impacted by material time delays and have failed to deliver the expected improvements in Healius' operational and financial performance, as described below:

- **Project Leapfrog:**

  In 2018, Healius (then Primary Health Care Limited) announced a $140 million investment to increase operational capacity in its existing medical centres, which was stated to "deliver material operational benefits as well as significantly enhanced financial performance".[13] The initiative was funded through an equity capital raising of $250 million, and targeted an average of $1 million of EBIT across all centres and a greater than 20% return on capital in three years (being 2021). In 1H20, Healius announced that it had paused further investment in Project Leapfrog in order to manage leverage levels and dividend payments. In FY20, Healius further announced that costs associated with Project Leapfrog were being transferred to discontinued operations and, following this, Healius has not announced any further updates on the remaining investment for Project Leapfrog or any resulting benefits from the project to the ASX.

12 The described impact to FY23 financial performance of Healius is illustrative to show the annualised EBIT contribution of the Potential Operational Improvement Benefit. Refer to Annexure A of this Bidder's Statement for details on the FY23 Average Broker Forecasts relating to Healius, including a summary of the selection criteria, number, range and date of the broker forecasts used to calculate the FY23 Average Broker Forecasts.

13 As stated on page 6 of Healius' (then Primary Health Care Limited) investor presentation titled "Growth Initiatives and Capital Raising" (released to the ASX on 20 August 2018).

- **Laboratory Information System (LIS):**

  In 2018, as part of the same equity capital raising mentioned above, Healius announced the funding of an additional $100 million investment program in a new LIS (**LIS Investment Program**). According to Healius' ASX announcements released in connection with the equity capital raising, the $100 million LIS Investment Program was to occur over five years (to 2023), with the new LIS to deliver an expected net benefit to Healius of approximately $20 million per annum once embedded in its business. Subsequently, in 2019, Healius announced that the LIS Investment Program would occur over a five-year timeframe, through to 2024. Following this, in 2020, Healius announced that the LIS Investment Program would be rolled into the SIP I that was announced in 2019. However, in 2021, Healius then announced that the investment in the new LIS would be a $90 million investment from 2022 to 2024, with net benefit to Healius now expected to be approximately $15 million to $20 million per annum. Since the first announcement of the LIS Investment Program in 2018, Healius has repeatedly reinvented the program, and restated the timing of delivery and the expected benefit, while providing minimal reporting to the ASX on the progress of its implementation. As at the Last Practicable Date, five years after the program was announced and expected to be mostly delivered, there had been no public announcement made by Healius stating that a new company-wide LIS is in place.

- **Sustainable Improvement Program Phase I (SIP I):**

  In 2019, Healius announced the SIP I to manage operating costs and inefficiencies across the Healius Group, with a target of $70 million in savings (representing 4-5% of Healius' cost base) over a 3-4 year period. In 2021, Healius announced that the SIP I delivered only $58 million of cost savings in its continuing operations, while $12 million of cost savings were achieved in "stranded costs" via the sale of Healius Primary Care.

- **Sustainable Improvement Program Phase II (SIP II):**

  In 2020, Healius announced an extension of the original SIP, named SIP II, to further manage operating costs,[14] but has, as at the Announcement Date, not demonstrated tangible improvements in operating margin. Healius' 1H23 underlying EBIT margin of 4.6% is (311) basis points below Healius' 1H20 underlying EBIT margin of 7.7%. Such margin deterioration does not support any purported gain from the savings achieved via SIP I and SIP II.

ACL believes that this historical underperformance in executing operational turnaround initiatives enhances the risk that Healius will not successfully achieve its Healius Group Cost Reset announced in the Healius 1H23 Investor Presentation.

As a further challenge, Healius is currently undergoing a period of significant management change. In December 2022, Healius announced the resignation of its former CEO, Dr. Malcolm Parmenter. Healius' newly appointed CEO, Maxine Jaquet, previously held the role of CFO at Healius from 2019 to 2023 and COO from 2021 to 2023, during which time she oversaw the company's financial and operational performance during a period of deteriorating margins and was responsible for the delivery of the SIP I, SIP II and the LIS Investment Program (discussed above), as well as the acquisition of Agilex Biolabs and the Day Hospitals Business (discussed in more detail in sub-section 5 of this section). Healius' new CFO, who has replaced Ms Jaquet, Paul Anderson, has no prior experience in the healthcare industry. It has also been reported in the media that Healius' Head of Pathology, John McKechnie, has notified Healius of his intention to retire.

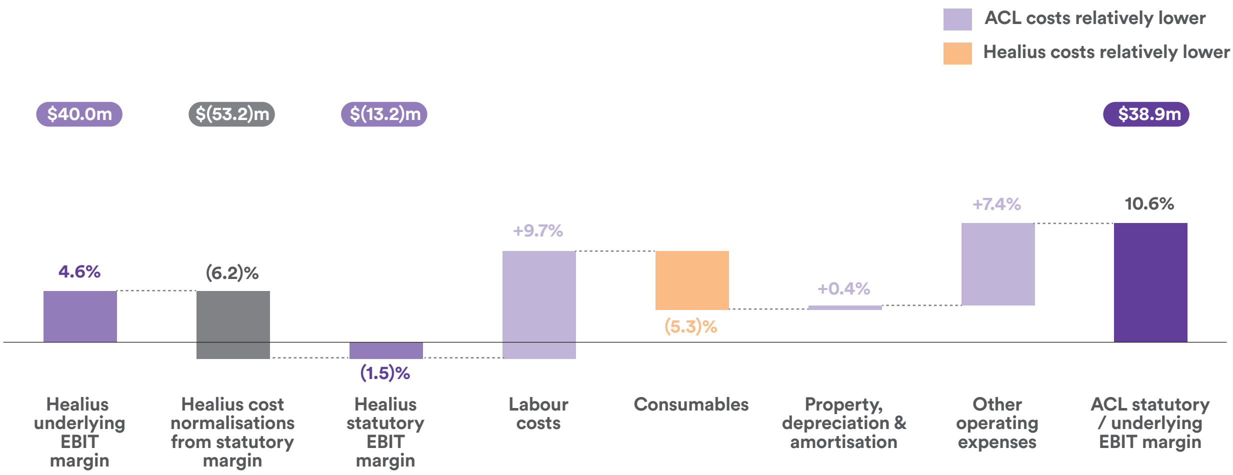
In contrast, since its formation in 2015, ACL has invested over $108 million in a broad range of initiatives which have successfully improved operational performance. This investment included implementing a single, national unified pathology system, one national Laboratory Information System (LIS) and an efficient unified laboratory network with state-of-the-art robotic equipment. In 2022, ACL successfully delivered a complex upgrade of the database underlying its core IT system to Oracle to enable further growth and digitisation.[15] These investments have underpinned a significant improvement in ACL's financial performance, with expanded EBIT margins reflecting ACL's increased scale and operating leverage. In 1H23, the first reporting period since ACL's listing on the ASX which is largely "post-COVID",[16] ACL achieved an EBIT margin of 10.6%, up +5.0% from its 5.7% EBIT margin reported in FY20, reflecting the successful results of these initiatives. By comparison, over the same period, Healius' underlying EBIT margin has declined by (1.3)% from 5.9% in FY20 to 4.6% in 1H23.

14 SIP II had the aim of delivering 300 bps of margin growth by FY23 in both Pathology and Imaging segments, on FY19 underlying EBIT margin.

15 ACL expects that its ongoing standalone capex outside of growth and acquisition capex will be in the order of $8 million - $10 million per annum.

16 1H23 is considered to be the first reporting period which is largely "post-COVID" on the basis that both Healius and ACL reported significantly reduced revenue contribution from COVID-19 testing revenue during this period in comparison to periods throughout FY20-FY22. ACL was listed on the ASX on 14 May 2021.

1H23 underlying EBIT ($ million) and EBIT margin bridge (%)



The above chart represents the difference between Healius' costs as a proportion of Healius' revenue and ACL's costs as a proportion of ACL's revenue in 1H23. In 1H23, ACL's labour costs as a percentage of revenue were 9.7% lower than Healius' and ACL's other operating expenses as a percentage of revenue were lower than Healius' by 7.4%. ACL believes that these components of superior cost management drive the majority of the difference between ACL and Healius' EBIT margins, which ACL has also achieved without excluding any costs as a normalisation adjustment in the determination of underlying EBIT. In 1H23, Healius excluded approximately $53 million of costs from its $(13.2) million statutory EBIT in order to report an underlying EBIT result of $40 million. On a revenue base of $864.1 million[17], this $53 million cost normalisation equates to a 6.2% uplift to Healius' margin. In comparison, ACL did not exclude any costs (and revenue and other income) as there were no normalisation adjustments applied to ACL's statutory EBIT for 1H23.

ACL believes that its superior cost performance is primarily driven by its experienced management and performance-driven culture, which is focused on operational best practice and excellence in customer and clinical service. Through ACL's successful implementation of its integrated LIS, ACL believes that it is able to achieve the economies of scale of a larger pathology operator by operating as a single laboratory. Additionally, ACL has experience in successfully managing costs in a manner which maintains doctor and patient relationships and a high quality of care. In managing costs during periods of change, such as the recent cost reduction targeting COVID-19-related costs, ACL believes that it has taken a clear, transparent and communicative approach that respects healthcare workers and provides certainty and clarity to all parties involved. To illustrate the level of experience of ACL's management, ACL's CEO, Melinda McGrath, has over 15 years of experience running and managing pathology companies and over 30 years of experience in the healthcare industry. ACL's CFO, James Davison, has 20 years of experience in pathology, and ACL's COO, Anthony Friedli, has over 25 years of business transformation experience. Members of ACL's broader senior management team have on average 15 years of experience in pathology and the team has been highly stable, with an average 8 years of tenure at ACL and its predecessors. 11 of the 12 members have been with the business for five or more years.

Given ACL's track record of improving operational performance, implementing initiatives and delivering successful cost savings, the ACL Board believes that ACL's management team will provide the Merged Group with the leadership and expertise required to successfully drive Healius' required operational turnaround. As ACL believes that Healius' executive management team is not well-equipped to successfully turn Healius' operational performance around (for the reasons discussed above) and that ACL has the ability to de-risk the operational performance turnaround at Healius, ACL believes that the Proposed Merger can deliver the Potential Operational Improvement Benefit of $95 million to the Merged Group's EBIT (calculated as set out above).

17 Being the underlying and reported revenue of the Healius Group for 1H23 set out on page 7 of the Healius 1H23 Report.

ACL expects that the realisation of the Potential Operational Improvement Benefit of $95 million to EBIT would be in addition to, and separate from, the Expected Cost Synergies (described in sub-section 2 of this section), and, subject to Successful Offer Completion occurring, is capable of being achieved in FY24, which is in line with the timing communicated by Healius' management. ACL's expectation is based on the assumption that Healius had reasonable grounds for publicly confirming that the Healius Group Cost Reset is expected to be achieved in FY24.[18]

If Successful Offer Completion occurs, ACL will provide the market with an updated view on timing of realisation of the Potential Operational Improvement Benefit once it's had an ability to assess Healius management's assumptions in respect of the Healius Group Cost Reset.

ACL notes that Ineligible Foreign Shareholders and Small Parcel Shareholders that accept the Offer will not receive ACL Shares. Instead, if they accept the Offer, they will be paid the net proceeds of the sale (on the ASX by the Nominee) of the ACL Shares that they would have otherwise been entitled to. See section 11.8 for more information. As Ineligible Foreign Shareholders and Small Parcel Shareholders will not receive ACL Shares under the Offer, they will not receive (or participate in) any of the expected or potential benefits of being an ACL Shareholder after the Proposed Merger described in this Bidder's Statement, including (but not limited to) the Expected Cost Synergies and the Potential Operational Improvement Benefit.

18 Healius management confirmed during the Q&A for its 1H23 results (on 27 February 2023) that the Healius Group Cost Reset would be achieved in FY24. A transcript of Healius' 1H23 results presentation, including Q&A, was prepared by Refinitiv and released on 27 February 2023. ACL's expectation that ACL is able to achieve the Potential Operational Improvement Benefit assumes that Successful Offer Completion occurs and that Healius' management had reasonable grounds for the confirmation during the Healius 1H23 results Q&A that the Healius Group Cost Reset is expected to be achieved in FY24.

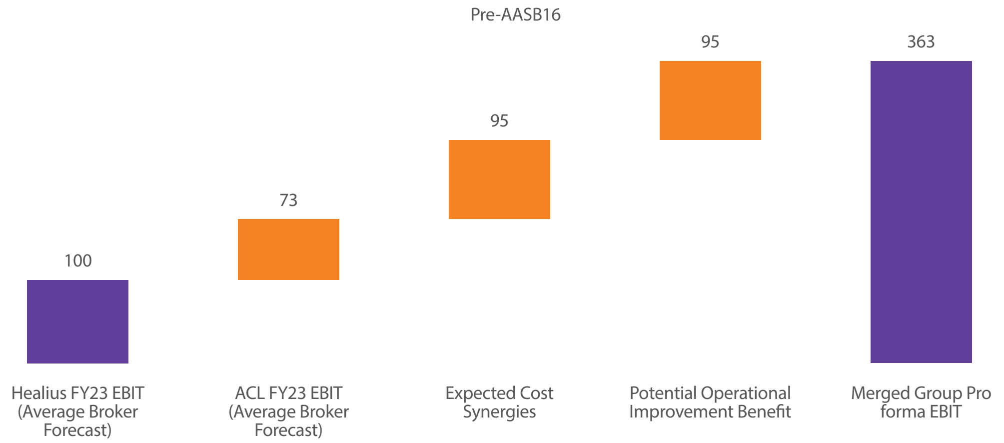
4 ACL BELIEVES THAT THE PROPOSED MERGER HAS THE POTENTIAL TO CREATE SIGNIFICANT VALUE FOR HEALIUS SHAREHOLDERS

ACL believes that the Proposed Merger presents the most compelling opportunity currently available to Healius Shareholders to derive material incremental value from their investment in Healius.

Value creation if ACL acquires 90% or more of Healius Shares and Successful Offer Completion occurs

If Successful Offer Completion occurs and if the Merged Group achieves the Expected Cost Synergies of approximately $95 million (discussed at sub-section 2 above) and the Potential Operational Improvement Benefit of approximately $95 million (discussed at sub-section 3 above), the combined EBIT of Healius and ACL would increase by approximately $190 million. If the Expected Cost Synergies and Potential Operational Improvement Benefit are added to the FY23 Average Broker Forecast EBIT for Healius and the midpoint of the ACL FY23 EBIT Guidance[19], this results in a potential pro forma EBIT of the Merged Group of $361 million (post AASB 16)[20] (**Potential Merged Group Pro Forma EBIT**), which is more than double the combined FY23 EBIT of Healius and ACL (based on the FY23 Average Broker Forecast EBIT for Healius and the midpoint of the ACL FY23 EBIT Guidance) on a standalone basis[21]. This is illustrated in the chart below.[22]

Potential Merged Group pro forma EBIT (A$m)



19 Based on the ACL FY23 EBIT Guidance (using the midpoint of the FY23 EBIT range, being $71 million) and the FY23 Average Broker Forecast of EBIT for Healius (being $100 million). Refer to section 1.6 for details of the ACL FY23 EBIT Guidance, including the key assumptions underlying it. Refer to Annexure A of this Bidder's Statement for details on the FY23 Average Broker Forecast in respect of Healius, including a summary of the selection criteria, number, range and date of the broker forecasts used to calculate the FY23 Average Broker Forecast.

20 Post AASB 16 financial measures post the application of the current lease accounting standard, AASB 16. AASB 16 removes the accounting distinction between operating and financial leases and requires recognition of most lease liabilities on the balance sheet, together with a related right of use asset (excluding short term leases with less than 12 months of tenure and leases relating to low value assets). As a result, the income statement shows lease expense as depreciation relating to the right of use asset and interest relating to the lease liability, rather than rent expense being shown as an operating expense. Lessor accounting remains similar to previous practice.

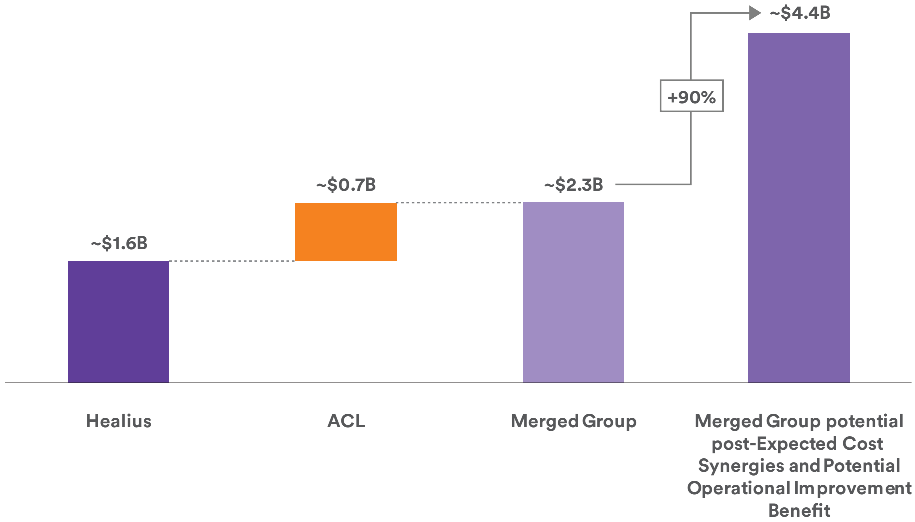
21 Based on the ACL FY23 EBIT Guidance (using the midpoint of the FY23 EBIT range, being $71 million) and the FY23 Average Broker Forecast of EBIT for Healius (being $100 million), which, combined, equates to forecast EBIT of $171 million. Refer to section 1.6 for details of the ACL FY23 EBIT Guidance, including the key assumptions underlying it. Refer to Annexure A of this Bidder's Statement for details on the FY23 Average Broker Forecast in respect of Healius, including a summary of the selection criteria, number, range and date of the broker forecasts used to calculate the FY23 Average Broker Forecast.

22 The Potential Merged Group Pro Forma EBIT of $361 million (post AASB 16) referred to above and in the chart below has been included for illustrative purposes. It assumes that the Expected Cost Synergies and Potential Operational Improvement Benefit are both achieved in FY23, but ACL notes that: (i) given the length of the Offer Period, it is likely that Successful Offer Completion (if it occurs) will not occur in FY23, (ii) ACL expects that the Expected Cost Synergies will take four years post completion to be fully realised, and (iii) Healius' management stated during the Healius 1H23 results Q&A that the Healius Group Cost Reset is expected to be achieved in FY24 (a transcript of Healius' 1H23 results presentation, including Q&A, was prepared by Refinitiv and released on 27 February 2023). The Expected Cost Synergies calculated on the basis of, and applying the assumptions, set out in sub-section 2 and section 7.4. The Potential Operational Improvement Benefit is calculated as set out in sub-section 3.

Why You Should **ACCEPT** the Offer (continued)

If the Potential Merged Group Pro Forma EBIT of $361 million is capitalised at the blended forward EV/EBIT multiple of Healius and ACL of 17.5x as at the Last Practicable Date,[23] the Merged Group has the potential to achieve an equity value of approximately $4.4 billion.[24] This represents a potential value uplift of approximately $2.1 billion relative to the combined equity value of each of Healius and ACL on a standalone basis as at the Last Practicable Date,[25] and corresponds to a 90% increase in the value per Healius Share implied by the Offer Consideration,[26] as set out in the chart below.

Potential Merged Group Equity Value



Category	Healius	ACL	Merged Group	Total Merged Group potential
FY23 EBIT (post AASB 16) *(A$m)*	100	71	171	361
EV / EBIT multiple *(x)*				17.5 x
EV (post AASB 16) *(A$m)*	3,142	1,051	4,193	6,328
Net debt (post AASB 16)[27] *(A$m)*	1,582	307	1,888	1,958
Equity value *(A$m)*	1,560	745	2,305	4,370
# of shares *(million)*[28]	574	203	**628**	**628**
Post-Results VWAP[29] *($)*	**2.72**	**3.66**		
Implied value per ACL Share *($)*			**3.66**	**6.96**
Implied value per Healius Share *($)*			**2.72**	**5.15**

23 Represents the blended forward EV/EBIT multiple of 17.5x as at the Last Practicable Date based on the post AASB 16 enterprise value and the Average Broker FY24 EBIT Multiples for Healius and ACL. ACL considers FY24 to be the most appropriate most appropriate reference period for evaluating the normalised forward multiple of the Merged Group as it aligns with Healius' public confirmation at its Q&A for the Healius 1H23 results (on 27 February 2023, a transcript of which is included in the transcript of Healius' 1H23 results presentation prepared by Refinitiv and released on 27 February 2023) as to the timing for run-rate cost savings to be achieved under the Healius Group Cost Reset. Enterprise value for Healius is based on the Post-Results Healius VWAP ($2.72), fully diluted Healius Shares outstanding of 574.5 million, and net debt (including lease liabilities) of $1,709 million as at 31 December 2022 less an adjustment of $127 million for proceeds from the Day Hospitals Sale. The enterprise value for ACL is based on the Post-Results ACL VWAP ($3.66), fully diluted ACL Shares outstanding of 203.1 million, and net debt (including lease liabilities) of $307 million as at 31 December 2022. ACL believes that the Merged Group is reasonably likely to trade at the blended multiple of 17.5x on the basis that it reflects a weighted average of the unaffected market valuations for Healius and ACL as at the Last Practicable Date (as set out in Annexure B). The blended multiple is within the range of the next twelve months (NTM) EV/EBIT multiples of the Health Care Facilities and Health Care Services sub-industries of the S&P/ASX 300 Health Care Index (excluding ACL and Healius). ACL encourages Healius Shareholders to read Annexure B and the specific risk relating to the blended forward EV/EBIT multiple set out in section 8.4(m) in conjunction with this section of the Bidder's Statement.

24 Potential Merged Group equity value of $4.4 billion calculated by capitalising the Potential Merged Group Pro Forma EBIT of $361 million (post AASB 16) at the blended FY24 EV/EBIT multiple of 17.5x (post AASB 16), less net debt including lease liabilities as at 31 December 2022 of $1,582 million for Healius and $307 million for ACL (less one-off costs to achieve the Expected Cost Synergies of $70 million). It assumes that the Expected Cost Synergies and Potential Operational Improvement Benefit are both achieved in FY23, but ACL notes that: (i) given the length of the Offer Period, it is likely that Successful Offer Completion (if it occurs) will not occur in FY23, (ii) ACL expects that the Expected Cost Synergies will take 4 years to be fully realised, and (iii) Healius' management confirmed during the Healius 1H23 results Q&A (on 27 February 2023, a transcript of which is included in the transcript of Healius' 1H23 results presentation prepared by Refinitiv and released on 27 February 2023) that the Healius Group Cost Reset is expected to be achieved in FY24. The Expected Cost Synergies are calculated on the basis of, and applying the assumptions, set out in sub-section 2 and section 7.4. The Potential Operational Improvement Benefit is calculated as set out in sub-section 3. ACL also encourages Healius Shareholders to read Annexure B and the specific risk relating to the blended forward EV/EBIT multiple set out in section 8.4(m) in conjunction with this section of the Bidder's Statement.

25 Combined standalone equity value calculated based on the Post-Results Healius VWAP and Post-Results ACL VWAP.

26 Based on the Post-Results Healius VWAP and Post-Results ACL VWAP, the Offer Consideration represents a nil premium merger. ACL believes that this time period is the most relevant as it reflects trading in ACL Shares and Healius Shares on the ASX following the release of the Healius 1H23 Report and is more representative of the relative trading values of Healius and ACL in an informed market, as explained in more detail in the section of this Bidder's Statement entitled "***Overview of the Offer***".

27 As of 31 December 2022. Total Merged Group potential includes incremental net debt for one-off costs to achieve of $70 million.

28 Based on last reported shares and dilutive securities outstanding for Healius and ACL as at the Last Practicable Date.

29 Based on Post-Results Healius VWAP and Post-Results ACL VWAP.

Of the $2.1 billion in aggregate potential value uplift for shareholders of the Merged Group, ACL estimates that between $1.3 billion and $1.6 billion is attributable to the net value of the Expected Cost Synergies, reflecting the Expected Cost Synergies of $95 million capitalised at the blended forward multiple of Healius and ACL.[30] The Expected Cost Synergies are expected to accrue as a direct result of the creation of the Merged Group, and ACL believes that similar savings could not be achieved on a standalone basis by either Healius or ACL.

ACL estimates that the potential Merged Group equity value of $4.4 billion also includes between $1.4 billion and $1.7 billion of "at risk" value contingent on the successful delivery of Healius' operational turnaround, calculated as the Potential Operational Improvement Benefit of $95 million capitalised at the blended forward multiple of Healius and ACL.[31] ACL believes that the Proposed Merger will de-risk an operational performance turnaround at Healius via access to ACL's management, systems and capabilities (as discussed at sub-section 3 above).

In addition to the Expected Cost Synergies and Potential Operational Improvement Benefit, ACL believes that the Merged Group will have prospects for a potential valuation multiple re-rating,[32] which may be supported by:

- an increase in the market's perception of the quality of the Merged Group, driven by the Merged Group's enhanced scale and capabilities and more attractive growth opportunities; and
- enhanced liquidity as a result of the potential entry into the S&P/ASX 100 Index, which ACL believes that the Merged Group will be approaching the threshold for inclusion over time, on the basis of the implied market capitalisation of the Merged Group (assuming achievement of the Expected Cost Synergies and Potential Operational Improvement Benefit).

In addition to the significant potential value creation of the Proposed Merger, the ACL Board believes that the Offer Consideration results in a fair distribution of value based on the relative contribution of Healius to the Merged Group. As shown in the chart below, the exchange ratio implied by the Offer Consideration is supported by the relative valuations of Healius and ACL based on Average Broker Target Prices[33] and ACL's fundamental analysis based on achieved revenue, earnings and cash flow in 1H23 (being the recent reporting period least impacted by the extraordinary impact of COVID-19). ACL believes these metrics are relevant given that:

- Average Broker Target Prices reflect the views of equity research analysts on where they expect the value of Healius and ACL to trade on a fully distributed basis over the next 12 months, and are considered to be an independent assessment of the trading value of each of Healius and ACL on a standalone basis; and
- the revenue, earnings and cash flow results achieved by ACL and Healius respectively (as displayed below) reflect an objective, realised view on the profitability contribution of each business as a performance-driven factor and, in ACL's view, fairly reflect the relative contribution that each of Healius and ACL would make to the Merged Group.

30 High value of $1.6 billion calculated by capitalising the Expected Cost Synergies of $95 million at the blended FY24 EV/EBIT multiple of 17.5x (based on the Post-Results Healius VWAP and Post-Results ACL VWAP). Low value of $1.3 billion calculated by tax effecting the Expected Cost Synergies of $95 million at a tax rate of 30% (being the Australian corporate tax rate), and then capitalising the post-tax Expected Cost Synergies at the blended FY24 P/E multiple of 20.3x for Healius and ACL (based on the Post-Results Healius VWAP and Post-Results ACL VWAP). The high and low net values both include a deduction for one-off costs to achieve the Expected Cost Synergies of $70 million. These figures assume that the Expected Cost Synergies are achieved in FY23, but ACL notes that: (i) given the length of the Offer Period, it is likely that Successful Offer Completion (if it occurs) will not occur in FY23, (ii) ACL expects that the Expected Cost Synergies will take 4 years to be fully realised. The Expected Cost Synergies calculated on the basis of, and applying the assumptions, set out in sub-section 2 and section 7.4. ACL also encourages Healius Shareholders to read Annexure B and the specific risk relating to the blended forward EV/EBIT multiple set out in section 8.4(m) in conjunction with this section of the Bidder's Statement.

31 High value of $1.7 billion calculated by capitalising the Potential Operational Improvement Benefit of $95 million at the blended FY24 EV/EBIT multiple of 17.5x (based on the Post-Results Healius VWAP and Post-Results ACL VWAP). Low value of $1.4 billion calculated by tax effecting the Potential Operational Improvement Benefit of $95 million at a tax rate of 30% (being the Australian corporate tax rate), and then capitalising the post-tax Potential Operational Improvement Benefit at the blended FY24 P/E multiple of 20.3x for Healius and ACL (based on the Post-Results Healius VWAP and Post-Results ACL VWAP). These figures assume that the Potential Operational Improvement Benefit is achieved in FY23, but ACL notes that: (i) given the length of the Offer Period, it is likely that Successful Offer Completion (if it occurs) will not occur in FY23 and (ii) Healius' management confirmed during the Healius 1H23 results Q&A that the Healius Group Cost Reset is expected to be achieved in FY24 (a transcript of Healius' 1H23 results presentation, including Q&A, was prepared by Refinitiv and released on 27 February 2023). The Potential Operational Improvement Benefit is calculated as set out in sub-section 3. ACL also encourages Healius Shareholders to read Annexure B and the specific risk relating to the blended forward EV/EBIT multiple set out in section 8.4(m) in conjunction with this section of the Bidder's Statement.

32 Valuation multiple re-rating refers to the potential for the Merged Group to trade at higher or lower P/E multiple after the Proposed Merger (assuming Successful Offer Completion occurs).

33 Refer to Annexure C of this Bidder's Statement for details on the Average Broker Target Prices for ACL and Healius, including a summary of the selection criteria, number, range and date of the broker target prices used to calculate the Average Broker Target Prices.

Why You Should **ACCEPT** the Offer (continued)

Relative contribution of Healius and ACL to the Merged Group

Reference metrics	Relative contribution to Merged Group (Healius / ACL)	Relevant metric: Healius	Relevant metric: ACL	Standalone value per share: Healius	Standalone value per share: ACL	Implied exchange ratio
ACL Offer	68 % / 32 %					0.74 x
Average Broker Target Prices	66 % / 34 %	$2.75	$4.04	$2.75	$4.04	0.68 x
1H23 EBITDA	64 % / 36 %	$177m	$100m	$0.31	$0.49	0.63 x
1H23 EBIT	51 % / 49 %	$40m	$39m	$0.07	$0.19	0.36 x
1H23 EBITDA less capex	58 % / 42 %	$134m	$96m	$0.23	$0.47	0.49 x

Healius ACL

ACL believes that the Offer also has a number of other benefits for Healius Shareholders should Successful Offer Completion occur, and that the Offer unlocks the potential for additional upside through Healius Shareholders' (other than Ineligible Foreign Shareholders and Small Parcel Shareholders') ongoing ownership of the Merged Group. Specifically, ACL expects that:

- on Successful Offer Completion (if it occurs), Existing Healius Shareholders will hold 68% (and Existing ACL Shareholders will hold 32%) of the ACL Shares (and, as a consequence, the Merged Group),[34] meaning that Healius Shareholders (collectively) will (compared to Existing ACL Shareholders) be the major beneficiary of any incremental value created by the Proposed Merger (as any such incremental value created will initially be shared between Healius Shareholders and ACL Shareholders in these relative proportions); and
- Healius Shareholders that accept the Offer will retain the opportunity to receive a control premium (as part of a control transaction in respect of ACL) at some time in the future after Successful Offer Completion.

Value creation if ACL acquires more than 50% but less than 90% of Healius Shares

As described in section 7.4, if ACL were to acquire a Relevant Interest in more than 50%, but less than 90%, of Healius Shares on issue under the Offer, then certain of the Expected Cost Synergies which directly relate to Healius' continued listing on the ASX may not be available. In these circumstances, ACL expects that the Expected Cost Synergies will be reduced to approximately $88 million. If ACL achieves the Expected Cost Synergies of $88 million and the Potential Operational Improvement Benefit of $95 million (discussed at sub-section 3 above) in these circumstances, ACL estimates that the potential pro forma EBIT of ACL (on a fully consolidated basis) would reduce to $354 million (**Potential ACL Consolidated Pro Forma EBIT**), as compared to the Potential Merged Group Pro Forma EBIT of $361 million. ACL also estimates that additional one-off tax and structuring costs of approximately $18 million to $23 million will be incurred as a result of implementing the arrangements necessary to achieve the Expected Cost Synergies in these circumstances (as described in section 7.4).

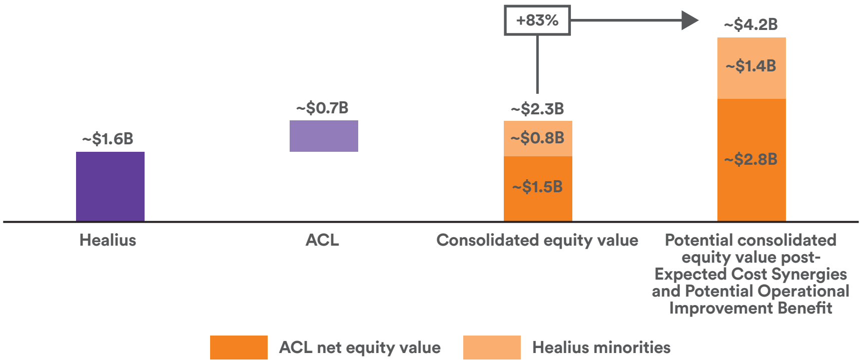
ACL expects that the Proposed Merger will still create significant value for Healius Shareholders in the circumstances where ACL acquires more than 50% but less than 90% of Healius Shares. If the Potential ACL Consolidated Pro Forma EBIT of $354 million is capitalised at the blended forward EV/EBIT multiple of Healius and ACL of 17.5x as at the Last Practicable Date,[35] there is the potential for ACL to achieve a consolidated equity value of approximately $4.2 billion

34 The assumptions that ACL has made in calculating these indicative Merged Group ownership percentages are set out in section 7.5 of this Bidder's Statement.

35 Represents the blended forward EV/EBIT multiple of 17.5x as at the Last Practicable Date based on the post AASB 16 enterprise value and the Average Broker FY24 EBIT Multiples for Healius and ACL. ACL believes that following the acquisition of more than 50%, but less than 90%, of Healius Shares on issue under the Offer, ACL is reasonably likely to trade at the blended multiple of 17.5x on the basis that it reflects unaffected market valuations for Healius and ACL as at the Last Practicable Date (as set out in Annexure B), weighted according to their relative EBIT contributions on a fully consolidated basis. The enterprise value for Healius is based on the Post-Results Healius VWAP ($2.72), fully diluted Healius Shares outstanding of 574.5 million, and net debt (including lease liabilities) of $1,709 million as at 31 December 2022 less an adjustment of $127 million for proceeds from the Day Hospitals Sale. The enterprise value for ACL is based on the Post-Results ACL VWAP ($3.66), fully diluted ACL Shares outstanding of 203.1 million, and net debt (including lease liabilities) of $307 million as at 31 December 2022. The blended multiple is within the range of the next twelve months (NTM) EV/EBIT multiples of the Health Care Facilities and Health Care Services sub-industries of the S&P/ASX 300 Health Care Index (excluding ACL and Healius). ACL encourages Healius Shareholders to read Annexure B and the specific risk relating to the blended forward EV/EBIT multiple set out in section 8.4(m) in conjunction with this section of the Bidder's Statement.

(including the minority interests of Healius Shareholders who do not accept the Offer).[36] This represents a potential value uplift of approximately $1.9 billion relative to the combined equity value of each of Healius and ACL on a standalone basis as at the Last Practicable Date,[37] and corresponds to an 83% increase in the value per Healius Share implied by the Offer Consideration. This is shown in the chart below, which for illustrative purposes assumes that ACL acquires a Relevant Interest in 50.1% of Healius Shares on issue under the Offer. ACL encourages Healius Shareholders to review the disclosures below this chart (including in relation to the risks that Healius Shareholders who do not accept the Offer and remain Healius Shareholders may not receive all of the benefits of the potential value uplift and potential value creation for Healius Shareholders set out below) in conjunction with this chart.

Potential ACL consolidated equity value if ACL acquires 50.1% of Healius Shares



Category	Healius	ACL	Consolidated equity value	Total potential consolidated equity value
FY23 EBIT (post AASB 16) *(A$m)*	100	71	171	354
EV / EBIT multiple *(x)*				17.5 x
EV (post AASB 16) *(A$m)*	3,142	1,051	4,193	6,205
Net debt (post AASB 16)[38] *(A$m)*	1,582	307	1,888	1,979
Consolidated equity value *(A$m)*	1,560	745	2,305	4,226
Minority interests *(A$m)*[39]			788	1,428
Net equity value *(A$m)*	1,560	745	1,526	2,799
# of shares *(million)*[40]	574	203	**416**	**416**
Post-Results VWAP[41] *($)*	2.72	3.66		
Implied value per ACL Share *($)*			**3.66**	**6.73**
Implied value per Healius Share *($)*			**2.72**	**4.98**

ACL expects (and, for the purpose of preparing the information in the chart above, has assumed) that any agreement between ACL and Healius in relation to the operation of their respective businesses (including by way of joint venture) for the purpose of realising the Expected Cost Synergies (as described in more detail in section 7.4) will achieve a distribution

36 Potential consolidated equity value of $4.2 billion calculated by capitalising the Potential ACL Consolidated Pro Forma EBIT of $354 million (post AASB 16) at the blended FY24 EV/ EBIT multiple of 17.5x (post AASB 16), less net debt including lease liabilities as at 31 December 2022 of $1,582 million for Healius and $307 million for ACL (less one-off costs to achieve the Expected Cost Synergies of $91 million). It assumes that the Expected Cost Synergies and Potential Operational Improvement Benefit are both achieved in FY23, but ACL notes that: (i) given the length of the Offer Period, it is likely that completion of the Offer will not occur in FY23, (ii) ACL expects that the Expected Cost Synergies will take approximately 5 years to be fully realised in circumstances where ACL acquires a Relevant Interest in more than 50%, but less than 90%, of Healius Shares on issue under the Offer, (iii) Healius' management confirmed during the Healius 1H23 results Q&A (on 27 February 2023, a transcript of which is included in the transcript of Healius' 1H23 results presentation prepared by Refinitiv and released on 27 February 2023) that the Healius Group Cost Reset is expected to be achieved in FY24. The Expected Cost Synergies are calculated on the basis of, and applying the assumptions, set out in sub-section 2 and section 7.4. The Potential Operational Improvement Benefit is calculated as set out in sub-section 3. ACL also encourages Healius Shareholders to read Annexure B and the specific risk relating to the blended forward EV/EBIT multiple set out in section 8.4(m) in conjunction with this section of the Bidder's Statement.

37 Combined standalone equity value calculated based on the Post-Results Healius VWAP and Post-Results ACL VWAP.

38 As of 31 December 2022. Total potential consolidated equity value includes a net debt deduction for one-off costs to achieve the Expected Cost Synergies of $91 million (representing $70 million of one-off costs to achieve the Expected Cost Synergies that are expected to be incurred if ACL acquires 90% or more of Healius Shares, plus the mid-point of the $18 million to $23 million of incremental one-off costs to achieve the Expected Cost Synergies that are expected to be incurred if ACL acquires more than 50% but less than 90% of Healius Shares).

39 Assumes the pro forma Healius Share price reflects a proportionate share of the potential $1.9 billion uplift in the consolidated equity value of ACL.

40 Based on last reported shares and dilutive securities outstanding for Healius and ACL as at the Last Practicable Date. Assumes ACL acquires 50.1% of Healius Shares on issue.

41 Based on Post-Results Healius VWAP and Post-Results ACL VWAP.

of the Expected Cost Synergies between ACL and Healius that is consistent with the pro forma ownership of the Merged Group implied by the Offer Consideration (that is, 68% for Healius and 32% for ACL, as described above).

On the basis of this assumption, the value creation for Healius Shareholders is independent of the proportion of Healius Shares acquired by ACL for levels between 50% and 90%. ACL expects, and has assumed, that the pro forma Healius Share price, and by extension the value of the Healius Shares held by minority Healius Shareholders, will reflect a proportionate share of the potential $1.9 billion uplift in the consolidated equity value of ACL. If ACL were to acquire more than 50.1% of the Healius Shares on issue, the increase in the number of ACL Shares on issue would be offset by a proportionate reduction in the value of the remaining Healius Shares held by minority Healius Shareholders, such that the value per Healius Share implied by the Offer Consideration is unchanged.

However, there is a risk that the terms of the agreement between ACL and Healius for the purpose of realising the Expected Cost Synergies referred to above do not ultimately achieve or reflect a distribution of the Expected Cost Synergies between ACL and Healius that is consistent with the pro forma ownership of the Merged Group implied by the Offer Consideration. As described in more detail in section 7.4, the terms of any such agreement will likely involve detailed negotiations between ACL and the independent Healius Directors (and may be required to be approved by minority Healius Shareholders). Given this, those terms may ultimately result in Healius Shareholders who do not accept the Offer receiving a greater or smaller share of the Expected Cost Synergies than under the pro forma ownership of the Merged Group described above.

In addition, in circumstances where ACL acquires more than 50% but less than 90% of Healius Shares, Healius Shareholders who do not accept the Offer will be subject to the risks associated with the retention of a minority stake in Healius, as described in section 8.4(j), which may adversely impact the value creation available to those Healius Shareholders. This is because the remaining Healius Shareholders will be in a minority position in a company (Healius) with a large controlling shareholder (ACL, in which Healius Shareholders will hold a majority of the shares immediately after completion of the Offer), which could cause:

- Healius Shares to trade at a lower EV/EBIT multiple than the blended forward EV/EBIT multiple of Healius and ACL described above; and/or
- Healius Shareholders to encounter a lower level of liquidity in Healius Shares than exists today.

If this occurs, or if ACL's expectations and assumptions regarding the distribution of the Expected Cost Synergies described above are incorrect or do not otherwise occur for the reasons outlined above:

- Healius Shareholders who do not accept the Offer may not receive all of the benefits of the potential value uplift and potential value creation for Healius Shareholders described above (including in the chart titled "Potential ACL consolidated equity value if ACL acquires 50.1% of Healius Shares" above); and/or
- any such benefits may not be shared on a proportionate basis between ACL Shareholders (including those Healius Shareholders that became ACL Shareholders by accepting the Offer) and those Healius Shareholders.

In particular, this may be the case if, after completion of the Offer:

- for the reasons described above, Healius Shares do not trade at a price that fully reflects the value per Healius Share implied by the potential consolidated equity value of the Merged Group set out in the chart titled "Potential ACL consolidated equity value if ACL acquires 50.1% of Healius Shares" above; but
- ACL Shares trade at a price that fully reflects the value per ACL Share implied by the potential consolidated equity value of the Merged Group set out in that chart.

In this regard, ACL notes that, based on the information and assumptions in respect of Healius' and ACL's substantial shareholders described in section 7.7, the potential consequences of Healius Shareholders holding a minority position described above are not expected to apply to ACL Shareholders after completion of the Offer.

General risks and limitations

Healius Shareholders that accept the Offer will also be subject to certain risks of the Offer and their investment in the Merged Group. A summary of these risks is set out in section 8 of this Bidder's Statement.

Ineligible Foreign Shareholders and Small Parcel Shareholders that accept the Offer will not receive ACL Shares. Instead, if they accept the Offer, they will be paid the net proceeds of the sale (on the ASX by the Nominee) of the ACL Shares that they would have otherwise been entitled to. See section 11.8 for more information. As Ineligible Foreign Shareholders and Small Parcel Shareholders will not receive ACL Shares under the Offer, they will not receive (or participate in) any of the expected or potential benefits of being an ACL Shareholder after the Proposed Merger described in this Bidder's Statement, including (but not limited to) the Expected Cost Synergies and the Potential Operational Improvement Benefit.

5 ACL HAS CONSISTENTLY DELIVERED SUPERIOR FINANCIAL PERFORMANCE TO HEALIUS

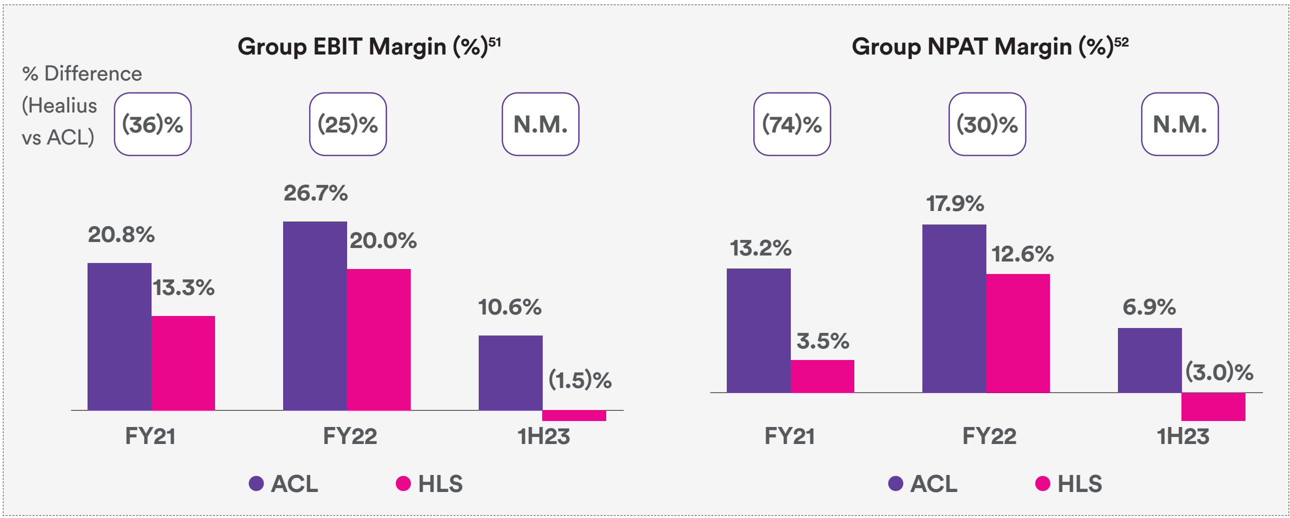
Since the time of ACL's listing on the ASX,[42] ACL has consistently delivered superior financial performance to Healius despite ACL being a smaller pathology business that does not have the equivalent benefits of scale that accrue to Healius. ACL believes that ACL's management team understands what is required to build a leading provider in the Australian pathology market. This is demonstrated by the below tables, which detail ACL management's ability to deliver superior performance to Healius in terms of (1) revenue growth, margins and profit; (2) capital allocation and investment; and (3) shareholder returns and balance sheet.

	Revenue growth, margins and profit	
	Healius	**ACL**
Revenue	✗ Non-COVID-19-related[43] underlying revenue growth (CAGR) from 1H20 to 1H23 of 0.1% Total revenue growth (CAGR) from 1H20 to 1H23 of 1.9%	✓ Non-COVID-19-related pro forma revenue growth (CAGR) from 1H20 to 1H23 of 6.4%[46] (organic growth excluding Medlab)[47] Total revenue growth (CAGR) from 1H20 to 1H23 of 11.9%
Pathology margin	✗ Pathology segment EBIT margin of 4.9% in 1H23 which ACL believes is overstated. ACL believes that this is not representative of the standalone segment performance as it does not include additional operating costs related to corporate functions, which are recorded in the Corporate segment. In 1H23, Healius reported an $8.5 million EBIT loss within its Corporate segment. If the loss incurred by Healius' Corporate segment is allocated to the Pathology segment in accordance with its contribution of 1H23 revenue, the resulting EBIT margin for Pathology would have been 3.9%[44]	✓ ACL delivered a 10.6% EBIT margin in 1H23, which takes into account all of ACL's corporate costs given ACL does not report a separate Corporate segment. ACL derives 100% of it's EBIT from pathology-related activities.
Group margin	✗ Material Healius Group margin decline compared to pre-COVID-19 levels (1H23 statutory EBIT margin of (1.5)%, down (681) basis points on 1H20), despite SIP I (in 2019) and SIP II (in 2021) being related to cost out projects (and associated cost normalisations) and $125 million of cost reduction announced under both programs[45]	✓ 1H23 ACL Group EBIT margin of 10.6%, up +892 basis points on 1H20 (pre-COVID-19). Delivered superior EBIT margins to Healius in all periods since ACL's listing on the ASX[48], without excluding the one-off costs of achieving cost out programs as normalisation adjustments.[49]
Costs	✗ From FY21 to 1H23, recorded $89.2 million of cost normalisations related to strategic and operational projects. Capitalisation of costs relating to COVID-19, IT and digital development	✓ Cost management capabilities embedded within normal operations through Chief Operating Officer function and not run as a specific process

42 Being the period between 14 May 2021 (being the date on which ACL listed on the ASX) and the end of 1H23.
43 Reported by Healius as "Pathology business as usual (BAU)".
44 Figures presented on an underlying basis given Healius does not report statutory segment results. In 1H23, Pathology segment revenue accounted for 75% of total revenue for Healius, as reported on p.21 of the Healius 1H23 Report.
45 In 2021, Healius announced that the SIP I delivered $58 million of annualised cost savings in its continuing operations. In 2023, Healius announced that SIP II delivered $67 million of annualised cost savings.
46 ACL pro forma revenue includes the historical revenue of SunDoctors as if the business had been owned by ACL from 1 July 2019. Refer to Section 1.5 for further details.
47 Medlab acquisition was announced to the market on 15 November 2021.
48 ACL was listed on the ASX on 14 May 2021.
49 Based on ACL's reported EBIT margin of 9.1% in FY20, 20.8% in FY21, 26.7% in FY22 and 10.6% in 1H23, compared to Healius'reported EBIT margin of 5.9% in FY20, 13.3% in FY21, 20.0% in FY22 and (1.5)% in 1H23.

Why You Should **ACCEPT** the Offer (continued)

Revenue growth, margins and profit		
	Healius	ACL
Guidance	✗ Missed guidance announced to the market in FY19 and FY20 (no guidance provided for FY21, FY22 or FY23)	✓ Materially outperformed forecasts contained in the Prospectus (no guidance for the post-prospectus period up to 1H23 was provided to the market)[50]



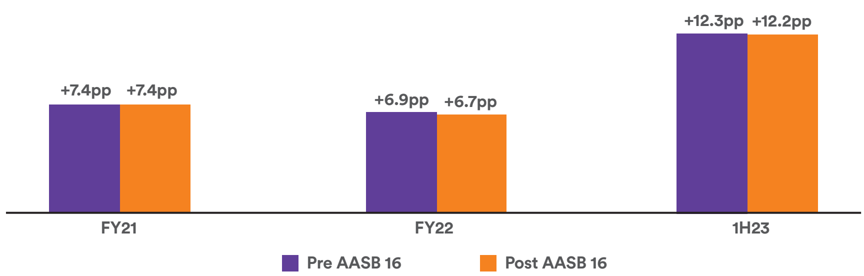
ACL's historical margin outperformance of Healius is not materially impacted by different approaches to AASB 16 lease accounting.

The charts below show:

- ACL's margin outperforms Healius' margin on a pre AASB 16 calculation of EBIT; and
- ACL's margin outperforms Healius' margin on a post AASB 16 calculation of EBIT.

Although Healius and ACL have adopted different approaches to the specific application of AASB 16 (primarily related to the determination of the term in leases with renewal options, where an option has historically been included by Healius but not included by ACL), ACL's outperformance of Healius' EBIT margin has been the same or greater on a pre AASB 16 basis compared to a post AASB 16 basis for each of FY21, FY22 and 1H23. The pre AASB 16 EBIT margin comparisons are fully inclusive of operating lease expenses and are not impacted by AASB 16 adjustments.

ACL EBIT Margin Outperformance Compared to Healius – Pre vs. Post AASB 16 (pp)[53]



50 For 1H22, ACL reported actual revenue of $538 million (vs. $307 million prospectus guidance), actual EBITDA of $239 million (vs. $83 million prospectus guidance), actual EBIT of $191 million (vs. $39 million prospectus guidance) and actual NPAT of $130 million (vs. $23 million prospectus guidance).

51 Figures presented on a statutory basis, except for ACL FY21 which is displayed on a statutory pro-forma basis to adjust for IPO costs incurred in this year. All figures on a post AASB 16 basis.

52 Figures presented on a statutory basis, except for ACL FY21 which is displayed on a statutory pro-forma basis to adjust for IPO costs incurred in this year.

53 Pre AASB 16 margin outperformance based on pre AASB 16 EBIT figures presented in sections 1.5(i) and 1.5(j) of this Bidder's Statement for ACL and sections 3.6(h) and 3.6(i) of this Bidder's Statement for Healius. Healius disclosed a reconciliation of the impact of AASB 16 in its FY20, FY21 and FY22 investor presentations (which Healius released to the ASX on 21 August 2020, 30 August 2021 and 30 August 2022, respectively). However, a similar reconciliation was not provided in the Healius 1H23 Investor Presentation. For the purpose of calculating Healius' 1H23 pre AASB 16 EBIT margin, the chart above assumes that Healius' 1H23 operating lease rentals under AASB 117 are proportionately consistent as a percentage of the right-of-use depreciation and interest included in the actual disclosures made by Healius in respect of FY20, FY21 and FY22.

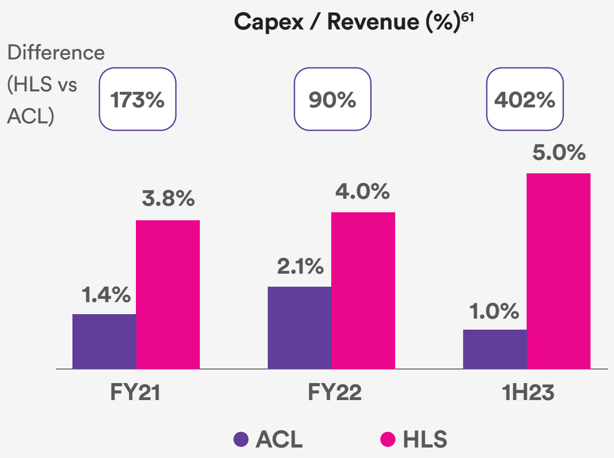
ACL's auditor issued an unqualified audit opinion for each of ACL's annual financial reports (see section 1.5(b)), and, based on publicly available information, ACL believes that its lease accounting practice is broadly in line with that adopted by Sonic. In its FY22 annual report,[54] Sonic stated that *"61% of the Group's leases have extension options of which 9% have been assessed as being reasonably certain to be exercised (these options have therefore been included in the calculation of the lease liability at the period end)"*. While Sonic operates a more diversified business than ACL (in addition to Sonic's pathology operations, Sonic's business includes radiology clinics and medical centres with different lease attributes), the substantial majority of leases with extension options are excluded from the calculation of its lease liability.

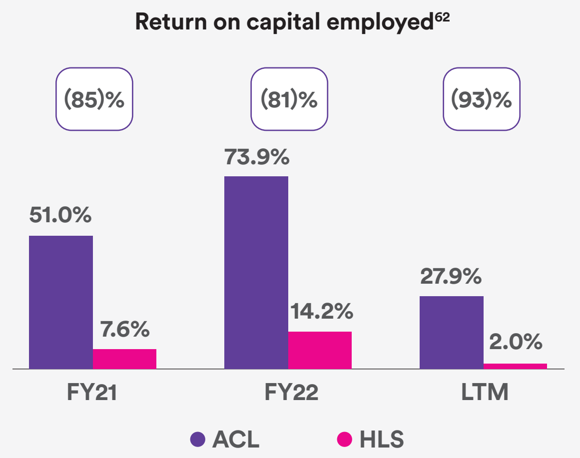
	Capital allocation and investment	
	Healius	**ACL**
Acquisition	✗ The Day Hospitals Business was agreed to be sold in December 2022 for a total potential consideration of $139 million (including $11.4 million in deferred consideration) despite being acquired for $122 million in October 2018, representing a gain on sale of only $17 million over 4 years (or $5 million excluding the deferred consideration, the receipt of which is subject to future performance of the Day Hospitals Business). The gain on sale does not reflect the capex investment of at least $13.4 million in the Day Hospitals Business during the period of Healius' ownership from FY19 to FY22	✓ Strong acquisition track record, completing and integrating 5 acquisitions over the past 7 years. Clear strategy communicated and executed regarding acquisitions, with a targeted focus on pathology

54 A copy of which was released to the ASX by Sonic on 20 September 2022.

Why You Should **ACCEPT** the Offer (continued)

Capital allocation and investment		
	Healius	**ACL**
Integration	✗ Recent acquisition of Agilex Biolabs at an implied forward acquisition multiple of 18.8x–21.5x CY22 EBITDA.[55] Since its acquisition, Agilex Biolabs has materially underperformed management forecasts. Only 14 months following the acquisition, Healius disclosed that Agilex Biolabs only achieved $2 million in FY22 EBITDA (compared to the expected $14 million - $16 million annual EBITDA range announced by Healius at the time of acquisition)[56], implying an EV / FY22 EBITDA purchase multiple of 151x. Healius management are now forecasting only $4 million in EBITDA for FY23 (implying a purchase EV / FY23 EBITDA ratio of 75x)[57] Given the disparity between the trading multiple of Healius compared with the acquisition multiple of Agilex Biolabs,[58] and Agilex Biolabs' underperformance in delivering its expected EBITDA, Healius' acquisition of Agilex Biolabs was value destructive to Healius Shareholders	✓ Most recent acquisition, Medlab, acquired at 6.2x FY21 EBITDA, with integration ahead of schedule. The performance of Medlab has materially exceeded forecasts (FY23 EBIT of greater than $20 million on a run-rate basis, compared to initial forecasts of $14.5 million)[60]
Investment	✗ Capex averaging 4.1% of revenue from FY21 to 1H23[59]	✓ Capex averaging 1.7% of revenue from FY21 to 1H23 due to ACL's conservative accounting policy, where costs are typically expensed as incurred rather than capitalised (providing a clear view of actual financial performance).





55 Based on $301.3 million EV purchase price and $14 million - $16 million estimated CY22 EBITDA for Agilex Biolabs that Healius announced to the ASX on 17 December 2021.
56 Healius announced the acquisition of Agilex Biolabs on 17 December 2021 and announced in the Healius 1H23 Investor Presentation that Agilex achieved approximately $2 million in FY22 EBITDA.
57 Based on Healius' acquisition of Agilex Biolabs for an EV of $301.3 million (announced to market by Healius on 17 December 2021) and FY22 EBITDA of $2 million and forecast FY23 EBITDA of approximately $4 million, as stated by on page 14 of the Healius 1H23 Investor Presentation.
58 The implied acquisition multiple of Agilex Biolabs (18.8x–21.5x CY22 EBITDA, as described above) is a higher NTM EV/EBITDA multiple than what Healius has traded at any time after the acquisition announcement (17 December 2021) to the Last Practicable Date.
59 Based on total capital expenditure, including maintenance and growth capex, disclosed to the ASX by Healius in this period.
60 As stated by ACL on page 3 of the ACL 1H23 Report.
61 Figures presented on a statutory basis, except for ACL FY21 which is displayed on a statutory pro-forma basis to adjust for IPO costs incurred in this year.
62 Return on capital employed is calculated as EBIT divided by the average capital employed (total assets – current liabilities) over the corresponding period. Figures presented on a statutory basis, except for ACL's return on capital employed for FY21, which is displayed on a statutory pro-forma basis to adjust for IPO costs incurred in this year. Last twelve months (LTM) displayed instead of 1H23, given the metric return on capital employed requires a whole year of EBIT to compare against the balance sheet items that comprise the capital employed. LTM is calculated as 2H22 and 1H23 EBIT divided by the average capital employed over this period.

	Shareholder returns and balance sheet	
	Healius	**ACL**
Dividend	✗ Dividend yield of 3.8%[63] from FY22 to 1H23, with only 34.4% of NPAT returned to Healius shareholders via dividend over this period.[64] Healius declared that it will not pay a dividend for 1H23	✓ Dividend yield of 15.6%[69] from FY22 to 1H23, with 59.4% of NPAT returned to ACL Shareholders via dividend over this period. Dividend guidance remains 50-70% of FY23 NPAT (1H23 dividend declared within this range)[70]
Return	✗ From 30 June 2021, underperformed the S&P/ASX 200 Health Care index by (23.5)% (on a total shareholder returns basis, including dividends)[65]	✓ From 30 June 2021, outperformed the S&P/ASX 200 Health Care index by 15.3% (on a total shareholder returns basis, including dividends)[71]
Balance sheet	✗ Constrained financial flexibility, with $551 million of net debt (excluding leases) as at 31 December 2022. This represents a gearing ratio of 3.0x which is close to Healius' stated bank covenant ceiling of 3.5x,[66] with only $27.5 million in EBITDA headroom remaining under current debt levels.[67] In announcing its 1H23 results, Healius stated that it would not pay a dividend for 1H23.	✓ Strong balance sheet with a net debt position of $50 million (excluding leases) as at 31 December 2022, representing a gearing ratio of 0.4x, which is well within ACL's stated bank covenant ceiling of 3.5x,[72] providing ACL with greater capital flexibility.
Capital	✗ Limited remaining debt headroom (beneath Healius' bank covenant ceiling) under current gearing ratio of 3.0x, which may mean that Healius is required to undertake equity capital raisings if Healius requires additional funding – ACL believes that this is Healius' most likely source of financing in these circumstances, and an equity capital raising may result in additional Healius Shareholder dilution if it is undertaken. Healius also undertook an on-market share buy-back during FY22-FY23 at an average VWAP of $3.85 per share,[68] while experiencing elevated leverage levels and falling profitability.	✓ ACL during FY22 and 1H23 used its profits to repay debt or to pay dividends to ACL Shareholders ensuring that ACL is undergeared and has the capacity to take advantage of organic and inorganic growth opportunities

63 For the period of 1 July 2021 to 31 December 2022. Dividend yield has been calculated by dividing the aggregate dividend per Healius Share declared (16 cents) by the VWAP of Healius Shares ($4.23) for this period.

64 For the period of 1 July 2021 to 31 December 2022. Healius completed $144.6 million of share buy-backs during this period which accounted for 53.9% of NPAT. However, these share buy-backs were linked to the sale of Healius Primary Care for cash proceeds of $483 million. Over this same period, Healius increased its net debt from $185.4 million (as at 30 June 2021) to $551.3 million (as at 31 December 2022).

65 Period from 30 June 2021 to the Last Practicable Date, using the closing price of Healius Shares on the ASX on the Last Practicable Date of $2.78, and the comparative performance of the S&P/ASX 200 Health Care index of (1.5)% over this same time period.

66 Healius gearing ratio bank covenant ceiling is < 3.5x, as reported on p.6 of the Healius 1H23 Report.

67 Healius' gearing ratio as at 31 December 2022 was calculated based on net debt (interest bearing liabilities less cash), excluding lease liabilities and underlying LTM EBITDA (pre AASB 16), as at 31 December 2022, as reported on page 6 of the Healius 1H23 Report. EBITDA headroom presented on a pre AASB 16 basis.

68 VWAP calculated by dividing the total consideration paid to buy back Healius Shares ($43.5 million) during the period from 30 March 2022 to 14 March 2023 by the total number of Healius Shares bought back by Healius (11.3 million) during that period.

69 For the period of 1 July 2021 to 31 December 2022. Dividend yield has been calculated by dividing the aggregate dividend per ACL Share declared by ACL (67 cents) by the VWAP of ACL Shares ($4.30) for this period.

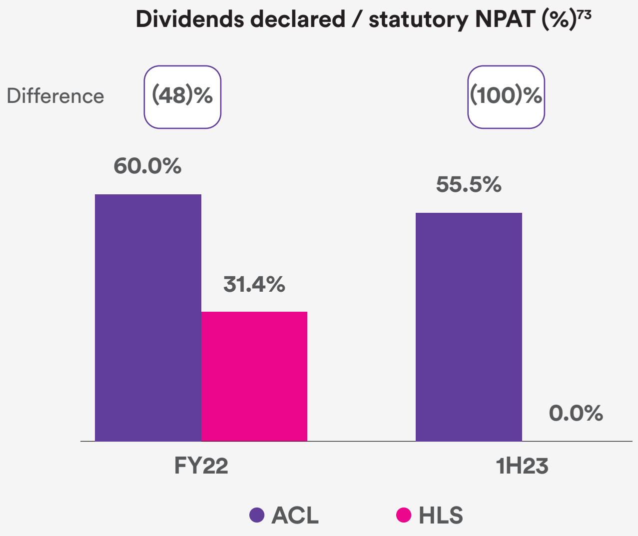
70 ACL declared a 7 cent dividend per ACL Share for the period of 1H23, representing 56% of 1H23 NPAT, as stated by ACL on page 3 of the ACL 1H23 Investor Presentation.

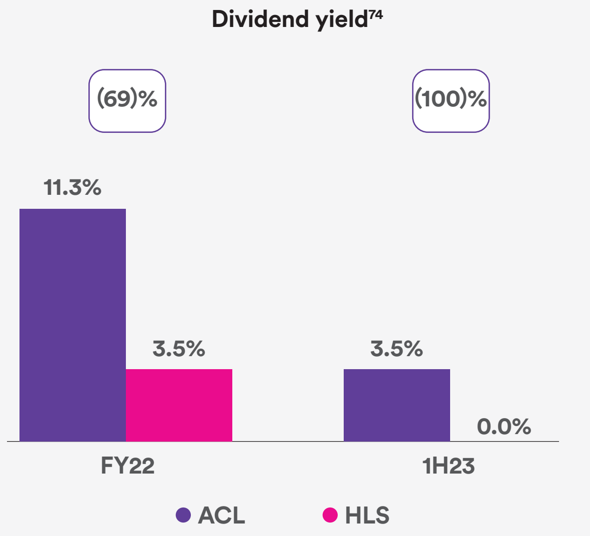
71 Period from 30 June 2021 to the Last Practicable Date, using the closing price of ACL Shares on the Last Practicable Date of $3.60, and the comparative performance of the S&P/ASX 200 Health Care index of (1.5)% over this same time period.

72 ACL's gearing ratio as at 31 December 2022 was calculated based on net debt (interest bearing liabilities less cash), excluding lease liabilities and LTM EBITDA (pre AASB 16), as reported on page 21 of ACL's 1H23 Investor Presentation.

Why You Should **ACCEPT** the Offer (continued)

Shareholder returns and balance sheet	Healius	ACL
Free cash flow	✗ Generated free cash flow (after capex, interest and lease payments) of 7.8% of revenue over FY21, FY22 and 1H23	✓ Generated free cash flow (after capex, interest and lease payments) of 12.1% of revenue over FY21, FY22 and 1H23





73 FY21 is not comparable (and therefore has not been included) given ACL's listing on the ASX occurred on 14 May 2021. Figures presented on a statutory basis.

74 Dividend yield for FY22 calculated as FY22 dividend divided by FY22 VWAP for each of Healius and ACL. Dividend yield for 1H23 calculated as interim annualised dividend divided by the price for an ACL Share or a Healius Share (as applicable) on the ASX as at close of trading on the Last Practicable Date. FY21 is not comparable (and therefore has not been included) given ACL's listing on the ASX occurred on 14 May 2021. Figures presented on a statutory basis.

6 THE MERGED GROUP IS EXPECTED TO DELIVER BETTER PATIENT AND DOCTOR OUTCOMES, AND DELIVER ENVIRONMENTAL BENEFITS

The combination of ACL and Healius is expected to create a more efficient and sustainable pathology provider in Australia, with an improved ability to provide high quality and accessible pathology services and a continued commitment to current bulk-billing practices.

By optimising the laboratory networks of Healius and ACL, ACL expects that the Merged Group will be able to enhance regional access, increase proximity to full-service laboratories and improve turnaround times by reducing the number of sendaway tests regionally.

ACL believes that the increased free cash flow and balance sheet strength that ACL expects will occur as a result of the creation of the Merged Group will support strategic investments in emerging advances in diagnostics (with international potential) as well as market-leading, front-end solutions to enhance doctor, patient and customer experience. On a pro forma LTM basis (for the 12 months ended 31 December 2022), the Merged Group had NPAT of $214 million (including the Expected Cost Synergies) and a gearing ratio of 1.9x.[75] It is expected that the Merged Group's enhanced strength in its financial profile will enable the Merged Group to accelerate investments, with the aim of enhancing and expanding the range of patient and doctor services that it provides, including:

- investment in bringing new pathology tests to Australia;
- enhancing personalised medicine applications and developments;
- fully automated, end-to-end paperless pathology solutions for enhanced doctor and patient experience, including real-time sample tracking and enhanced results personalisation; and
- creation of diagnostic centres of excellence around key areas (e.g. genetics and microbiology).

The combination of ACL and Healius is also expected to create a more environmentally sustainable business by reducing carbon emissions. By optimising the laboratory networks of Healius and ACL, ACL expects that the Merged Group will have a lower carbon emission profile than the standalone businesses do (when aggregated together) as at the date of this Bidder's Statement, with lab consolidations, reductions in purchased electricity and refrigerants expected to be gained. In addition, ACL has determined (based on a review of publicly available information about Healius (which has not been independently verified or provided by or on behalf of Healius)) that approximately:

- 45% of Healius' ACCs that are located in a metropolitan area are within approximately 100 metres of an ACL ACC; and
- 30% of Healius' ACCs that are located in a regional area are within approximately 5 kilometers of an ACL ACC,

and, accordingly, ACL expects the Merged Group's national courier network to be reduced by as much as 200 cars by consolidating logistic runs across the network. At 5,500kg of carbon emitted per car per year, it is expected that this would equate to 1,100 tonnes of carbon reduction on the environment. While the Proposed Merger is expected to deliver a more efficient courier network across the Merged Group, the Expected Cost Synergies do not assume any material change in the combined ACC footprint of the Merged Group in order to promote and maintain service levels.

75 See section 7.8 for the basis on which the Merged Group Pro Forma Historical Financial Information has been prepared (including the assumptions that have been made in its preparation).

Why You Should **ACCEPT** the Offer (continued)

7 ACL HAS A TRACK RECORD OF SUCCESSFULLY INTEGRATING ACQUISITIONS

ACL believes that the realisation of the Expected Cost Synergies and the Potential Operational Improvement Benefits, as well as the success of future inorganic growth opportunities, are de-risked by ACL's track record of integration and synergy delivery. Over the last seven years, ACL has successfully scaled its operations through the acquisitions of:

- Healthscope's Australian pathology business (2015);
- St John of God's pathology business (2016);
- Perth Pathology (2016);
- SunDoctors (2021); and
- Medlab Pathology (2021).

ACL's highly experienced project management team has consistently achieved or exceeded the planned synergies from these acquisitions over the past seven years, on time and on budget.

As outlined in section 7.4 of this Bidder's Statement, as at 31 December 2022, ACL has achieved $17 million of EBIT synergies via its integration of Medlab, exceeding synergy forecasts by $6.5 million, and with a further $1 million of outperformance expected to be realised. ACL achieved the synergies that were initially forecast to be realised over 12 months ahead of schedule. As a result, ACL acquired Medlab for an EV of 3.1x its current run-rate EBIT performance of greater than $20 million, driving significant value creation for ACL Shareholders.[76]

76 Medlab was acquired by ACL in 2021 for a purchase multiple of 6.2x FY21 EBITDA. Due to ACL's ability to drive outperformance in the business, ACL's acquisition of Medlab is now also equivalent to a purchase multiple of 3.1x its current run-rate EBIT performance. Run-rate EBIT refers to the expected performance of Medlab's EBIT over the course of FY23, calculated by annualising the business' EBIT performance to date.

8 CGT ROLL-OVER RELIEF MAY BE AVAILABLE

Healius Shareholders may benefit from CGT scrip for scrip roll-over relief if they accept the Offer. However, this benefit will only be available if ACL acquires 80% or more of the Healius Shares on issue under the Offer.

The Offer is subject to the 90% Minimum Acceptance Condition (see section 11.9(a) of this Bidder's Statement). If the 90% Minimum Acceptance Condition is satisfied (and the other Conditions in section 11.9 have been fulfilled or freed) before the relevant times specified in section 11.5(b), ACL expects that it will acquire at least 80% of the Healius Shares under the Offer, such that CGT scrip for scrip roll-over relief should be available to those Healius Shareholders whose Healius Shares are acquired by ACL under the Offer. However, as discussed in section 6, ACL reserves its right to declare the Offer free from the 90% Minimum Acceptance Condition (or any other Condition) but, as at the date of this Bidder's Statement, ACL has made no decision as to whether it will do so.

Please refer to section 9 of this Bidder's Statement for more information. This section of the Bidder's Statement contains a summary of the general Australian income tax, stamp duty and GST consequences of the Offer for Healius Shareholders. However, each Healius Shareholder's tax position is different and Healius Shareholders are strongly encouraged to seek their own independent tax advice regarding the specific tax consequences of the Offer, including the application and effect of income tax and other tax laws to their particular circumstances.

Overview of the Offer

What is ACL offering to buy?	ACL is offering to buy all Healius Shares on the terms set out in this Bidder's Statement. You may only accept this Offer in respect of all of the Healius Shares that you hold.
What will you receive if you accept the Offer?	If you accept the Offer, you will, subject to the satisfaction (or waiver) of the Conditions to the Offer, receive 0.74 ACL Shares for every 1 of Your Healius Shares. Based on the VWAP of Healius Shares and ACL Shares on the ASX for the period from (and including) 28 February 2023 (being the date after which Healius released its 1H23 Report to the ASX) to the Last Practicable Date (**Post-Results VWAP Period**) (being $2.72 in respect of Healius Shares (the **Post-Results Healius VWAP**) and $3.66 in respect of ACL Shares (the **Post-Results ACL VWAP**)), the Offer Consideration represents a nil premium merger. ACL has used the Post-Results Healius VWAP and the Post-Results ACL VWAP as the basis for statements in this Bidder's Statement describing the Offer as representing a nil premium merger. ACL believes that the trading in ACL Shares and Healius Shares in this period is more representative of the relative trading values of Healius in an informed market than share price comparisons in any prior period after ACL's listing on the ASX for the following reasons: • as disclosed in sub-section 3 of the section of this Bidder's Statement entitled "***Why You Should Accept the Offer***", ACL believes that 1H23 is the first reporting period which is largely "post-COVID" on the basis that both Healius and ACL reported significantly reduced revenue contribution from COVID-19 testing revenue in comparison to FY21 and FY22. The commencement of the Post-Results VWAP period is therefore the first time in over two years (as at the date of this Bidder's Statement) that the market has had clear reporting on the core, non-COVID pathology margins of Healius and ACL, without the distortionary impact of COVID-19 testing volumes, which led to temporarily elevated pathology margins for Healius and ACL in FY21 and FY22. Accordingly, ACL believes that any value comparison based on historical Healius Share and/or ACL Share prices prior to the release of the Healius 1H23 Report to the ASX (which, as discussed below, was released to the ASX after the ACL 1H23 Report) would not be an appropriate comparison; • over the last six months prior to the Last Practicable Date, the consensus broker forecast of Healius' FY23 EBIT was consistently downgraded following successive market updates by Healius on its deteriorating trading conditions, including a further downgrade following the release of the Healius 1H23 Report;[1] • after Healius released the Healius 1H23 Report to the ASX, the market was trading with the benefit of the information in the Healius 1H23 Report. Examples of new information contained in the Healius 1H23 Report include the suspension of its

1 The consensus broker forecast of Healius' FY23 EBIT declined by 58% from $231 million on 17 September 2022 (with a range of $191 million to $306 million) to $97 million (with a range of $34 million to $118 million) on the Last Practicable Date. Between 26 February 2023 (being the day prior to the release of the Healius 1H23 Report) and the Last Practicable Date, the consensus broker forecast of Healius' FY23 EBIT declined by 10% from $108 million (with a range of $87 million to $153 million) to $97 million. The consensus broker forecast of Healius' FY23 EBIT as at 17 September 2022, 26 February 2023 and the Last Practicable Date referred to above each represents the average of the forecasts of the brokers that covered Healius (of which there were 14 in total during this period) that had published broker reports for Healius within the 28 days before the relevant time (with none that satisfied this criterion excluded), as calculated by Bloomberg. As at the Last Practicable Date, Healius had not made an announcement to the ASX in which it stated that the Healius Board adopts or does not adopt any individual or average broker forecast or estimate for FY23 in respect of Healius.

What will you receive if you accept the Offer? (continued)	interim dividend, underlying and reported NPAT for 1H23, cashflow information for 1H23, further detail on net debt and gearing as at 31 December 2022, details of the Healius Group Cost Reset and information on the performance of Agilex Biolabs for 1H23. Following the announcement of the Healius 1H23 Report, there was a material decline in the trading price of Healius Shares on the ASX in the short-term from the levels prevailing in the months preceding the Healius 1H23 Report; and • at the time of the release of the Healius 1H23 Report to the ASX, ACL had already released the ACL 1H23 Report to the ASX, with the effect that the market was also trading with the benefit of the information in the ACL 1H23 Report during the period described above. ACL notes that, on 27 March 2023, Healius made an announcement to the ASX in which it included value comparisons of the Offer Consideration to the 1-month, 3-month and 6-month VWAPs of Healius Shares up to the Last Practicable Date. For the reasons set out above, ACL believes that these value comparisons (and any other value comparison based on historical Healius Share prices prior to the release of the Healius 1H23 Report to the ASX) are not appropriate. The Offer also represents: • a nil premium merger based on the 10-day VWAP (to and including the Last Practicable Date) of Healius Shares and ACL Shares on the ASX (being $2.73 in respect of Healius Shares and $3.69 in respect of ACL Shares); • a 4.2% discount to the closing price of Healius Shares on the ASX on the Last Practicable Date (being $2.78) based on the closing price of ACL Shares on the ASX on the Last Practicable Date (being $3.60).[2] If you are an Ineligible Foreign Shareholder or a Small Parcel Shareholder, you will not be entitled to receive ACL Shares under the Offer. Instead, if you accept the Offer, you will be paid the net proceeds of the sale (on the ASX by the Nominee) of the ACL Shares you would have otherwise been entitled to. See section 11.8 for more information. As Ineligible Foreign Shareholders and Small Parcel Shareholders will not receive ACL Shares under the Offer, they will not receive (or participate in) any of the expected or potential benefits of being an ACL Shareholder after the Proposed Merger described in this Bidder's Statement, including (but not limited to) the Expected Cost Synergies and the Potential Operational Improvement Benefit.
When will you receive the ACL Shares?	Generally, ACL will issue the ACL Shares to which you are entitled under the Offer on or before the earlier of: • one month after the Offer is accepted or one month after all of the Conditions have been freed or fulfilled (whichever is later); and • 21 days after the end of the Offer Period. Full details of when consideration will be provided are set out in section 11.7 of this Bidder's Statement. Ineligible Foreign Shareholders and Small Parcel Shareholders will be provided with the net proceeds of sale to which they are entitled under the Offer at a different time. See section 11.8 for more information.

2 On 20 February 2023, ACL announced that it had determined to pay a dividend in respect of 1H23 of $0.07 per ACL Share (**1H23 Dividend**). The record date for the 1H23 Dividend is 28 March 2023 and ACL Shares will commence trading on an ex-1H23 Dividend entitlement basis (that is, ACL Shares will commence trading without the right to be paid the 1H23 Dividend) on 27 March 2023 – both of these dates will occur before the commencement of the Offer Period and, therefore, Healius Shareholders that accept the Offer will not be entitled to be paid the 1H23 Dividend. Once the ACL Shares commence trading on an ex-1H23 Dividend entitlement basis, the trading price of ACL Shares on the ASX may fall, which may, in turn, affect the implied value of the Offer Consideration stated in this Bidder's Statement.

Will you need to pay brokerage or stamp duty on acceptances?	If Your Healius Shares are registered in an Issuer Sponsored Holding in your name and you deliver them directly to ACL, you will not incur any brokerage fees or be obliged to pay stamp duty in connection with your acceptance of the Offer. If Your Healius Shares are registered in a CHESS Holding, or if you are a beneficial owner whose Healius Shares are registered in the name of a broker, bank custodian or other nominee, you will not be obliged to pay stamp duty by accepting the Offer, but you should ask your Controlling Participant (usually your broker) or that nominee whether it will charge any transactional fees or service charges in connection with acceptance of the Offer.
When does the Offer close?	Unless the Offer is withdrawn in accordance with the requirements of the Corporations Act, the Offer closes at 7.00pm (Sydney time) on 29 September 2023, unless it is extended under the Corporations Act. ACL reserves the right, exercisable in its sole discretion, to extend the Offer Period in accordance with the Corporations Act. See section 11.2 for more information. The Offer Period is longer than an initial offer period for a takeover bid that is not subject to regulatory conditions under the Corporations Act because ACL expects that the ACCC clearance process for the Proposed Merger required to satisfy the ACCC Clearance Condition will take at least 6 months. See section 10.1 for more information on the ACCC clearance process. Given this, if you accept the Offer early and become unable to withdraw your acceptance, you will be unable to accept a competing proposal for Healius (if one arises) or otherwise deal with your Healius Shares for an extended period of time (relative to a takeover bid with a shorter offer period).
What risks are associated with the Offer?	You should carefully consider the risk factors that could affect the performance of ACL and the Merged Group before deciding whether to accept the Offer. A summary of the key risk factors is set out in section 8.
What are the tax implications if you accept the Offer?	You should consult your financial, tax or other professional adviser on the tax implications of acceptance of the Offer. However, section 9 contains a general summary of the likely Australian tax consequences for Healius Shareholders who accept the Offer.

Are there any conditions to the Offer?	The Offer is subject to a number of conditions, including (in summary form only): • **90% Minimum Acceptance Condition:** ACL acquiring a Relevant Interest in at least 90% (by number) of all of the Healius Shares (on a fully diluted basis); • **FIRB Condition:** either ACL receiving FIRB approval without conditions (or subject only to certain standard tax conditions), or FIRB ceasing to be empowered to make an order or decision in respect of the acquisition of the Healius Shares under the Offer; • **ACCC Clearance Condition:** ACCC confirming to ACL that it does not intend to conduct a public review of the acquisition of Healius Shares under the Offer, or that it does not intend to oppose, intervene or seek to prevent the acquisition of Healius Shares under the Offer (on an unconditional basis); • **no other regulatory action:** there being no other regulatory decisions, actions, audits, investigations or similar (other than by ASIC or the Takeovers Panel or FIRB or the ACCC) which would prevent ACL completing the acquisition of the Healius Shares or require divestment by ACL of any Healius Shares or material Healius assets; • **ACL Shareholder Approval Condition:** ACL receiving necessary ACL Shareholder approvals under ASX Listing Rule 7.1 for the issue of ACL Shares as Offer Consideration and, if required by the ASX, under ASX Listing Rule 11.1.2 to approve the acquisition of Healius Shares under the Offer, and such approval remaining valid until, and not expiring before, the end of the Offer Period; • **announcements regarding Healius' expected FY23 financial performance:** Healius not making a public announcement that (or to the effect that) its underlying EBIT, reported EBIT and/or profit for the year from continuing operations (in each case for FY23) will be, or is expected or likely to be, less than specified amounts; • **Healius' FY23 financial results:** Healius releasing its audited financial statements and annual report for FY23 and those documents stating (or otherwise showing) that the Healius Group's free cash flow less growth capex, underlying EBIT, reported EBIT and profit for the year from continuing operations (in each case for FY23) are no less, and the Healius Group's net debt plus current tax liabilities less current tax assets is no greater, than specified amounts; • **accounting policies:** Healius not making any voluntary changes to its accounting policies in preparing its audited financial statements for the Healius Group for FY23; • **Healius' post-FY23 EBIT margin:** Healius not publicly making certain statements regarding the Healius Group not achieving a specified EBIT margin after FY23; • **no ACL Competing Proposal:** no ACL Competing Proposal is made or announced by a Third Party or is otherwise received by ACL; • **equal access to information:** Healius providing ACL with equal access to information about the Healius Group and its businesses given or made available to another person in connection with certain acquisitions of voting power or interests in the business or assets of a Healius Group Member, or a merger or amalgamation with a Healius Group Member, or similar; • **no materially inaccurate public information:** ACL not becoming aware, and Healius not publicly disclosing, that any document filed or lodged by or on behalf of any Healius Group Member with ASX or ASIC contains a statement which is incorrect or misleading in any material respect (or from which there is a material omission) or that any financial result or metric stated in an annual report or half-year report in respect of the Healius Group was materially misstated;

Overview of the Offer (continued)

Are there any conditions to the Offer? (continued)	• **no material adverse change:** no material adverse change occurring (or, in certain cases, being disclosed or announced or becoming known to ACL) in the specified time period in respect of Healius, being certain occurrences or changes having, or being reasonably like to have, the effect of (a) a diminution in the value of the Healius Group's net assets by at least $90 million or (b) the Healius Group's free cash flow less growth capex, revenue or profit for the year from continuing operations in respect of a financial year after FY23 being less than the Healius Group's FY23 result; • **no market fall:** the S&P/ASX 200 Index not falling by 10% or more from the level of that index at close of trading on the trading day immediately prior to the Announcement Date and remaining at, or below, that level for at least two consecutive days; • **Prescribed Occurrences Condition:** none of the prescribed occurrences listed in section 652C of the Corporations Act occurring; • **no other material occurrences:** no other specified material occurrences occurring in relation to the Healius Group, being specified occurrences in relation to acquisitions or disposals, net debt plus current tax liabilities less current tax assets, disputes, ceasing to carry on business and acceleration of rights to benefits, termination payments, bonuses, retention payments and other incentives; • **no action in relation to Healius' billing practices:** there being no other regulatory decisions, actions, audits, investigations or similar in relation to a Healius Group Member's billing practices which would result in an amount in excess of $10,000,000 being payable by the Healius Group; • **Debt Covenants:** no breach of Debt Covenants by Healius occurring, nor any waivers, standstills or similar indulgences being granted or permitted by an applicable lender in respect of such a breach; • **no cessation of licenses, registrations, certifications or accreditations:** no breach of the terms and conditions of, or failure to renew or continue to hold, any licenses, certifications or accreditations required for Medicare billing eligibility; • **no litigation on foot or pending:** no litigation or proceedings being announced, commenced or threatened, nor any judgement or order being given or sought, against a Healius Group Member in excess (when aggregate with all such other litigation or proceedings, or judgements and orders) of $50,000,000; • **no regulatory action in respect of the conduct of the Healius Group's business:** there being no regulatory decisions, actions, audits or investigations specifically against, or otherwise specifically in relation to, any Healius Group Member which is publicly announced, or which is required to be publicly announced, except in connection with the Offer, and nothing occurs that results in, or is reasonably likely to result in, such decision, action, audit or investigation occurring; • **no distributions:** no distributions being announced, made, declared or paid by Healius except where such distributions in, or in respect of any half year or financial year do not exceed, and are not reasonably likely to exceed, 70% of the Healius Group's underlying NPAT for that half year or financial year (as the case may be); • **no change of control right exercised:** no change of control right being excercised which would require repayment of moneys borrowed by the Healius Group in excess of $30,000,000 or the interest of any Healius Group Member in certain material corporate structures being terminated or disposed of;

Are there any conditions to the Offer? (continued)	• **no issue of convertible securities, derivatives or other rights:** no securities, derivatives or other rights convertible into, or that may result in the issue of, Healius Shares being issued or granted (or agreed to be issued or granted) by Healius and otherwise no alteration to Healius' capital structure or rights attaching to Healius issued securities, derivatives or other rights occurring (other than pursuant to the issue of Healius Shares that come to be in the bid class between the Register Date and the end of the Offer Period in accordance with the terms of, or otherwise in connection with, Healius Options and/or Healius Rights, securities, derivatives or other rights that are on issue as at the Register Date); and • **treatment of Healius Rights and Healius Options:** all Healius Rights and Healius Options having either converted into Healius Shares or lapsed before the end of the Offer Period. ACL will make an announcement to the ASX if any of the Conditions are fulfilled or waived during the Offer Period. The Conditions are set out in full in section 11.9 of this Bidder's Statement. ACL recommends that Healius Shareholders read that section of the Bidder's Statement in full.
What happens if the conditions of the Offer are not satisfied or waived?	If the conditions of the Offer are not fulfilled or waived by the end of the Offer Period (or in the case of the Prescribed Occurrences Condition, at the end of the third Business Day after the end of the Offer Period), the Offer will lapse and your acceptance of the Offer (if any) will be void. See sections 11.10 to 11.12 of this Bidder's Statement for more information.
How do you accept the Offer?	You may only accept the Offer for all of Your Healius Shares and any acceptance of the Offer for fewer than all of Your Healius Shares will be treated as being for all of Your Healius Shares. **Issuer sponsored holdings** If Your Healius Shares are registered in an Issuer Sponsored Holding (such holdings will be evidenced by an 'I' appearing next to your holder number on the enclosed Acceptance Form), you may accept this Offer online or by using a physical Acceptance Form. • **Online acceptance:** To accept the Offer online, you must log in to https://events.miraqle.com/healius-takeover, follow the instructions, select the "Accept" option and submit your acceptance of the Offer before the Offer closes. • **Acceptance Form:** To accept the Offer using a physical Acceptance Form, you must complete and sign the Acceptance Form enclosed with this Bidder's Statement and return it to the address indicated on the form before the Offer closes. Alternatively, the complete and signed Acceptance Form may be returned via email to Takeover@linkmarketservices.com.au before the Offer closes. **CHESS holdings** If Your Healius Shares are registered in a CHESS Holding (such holdings will be evidenced by an 'X' appearing next to your holder number on the enclosed Acceptance Form), you may accept the Offer online, by using a physical Acceptance Form or by contacting your Controlling Participant. • Online acceptance: To accept the Offer online, you must log in to https://events.miraqle.com/healius-takeover, follow the instructions, select the "Accept" option and submit your acceptance of the Offer before the Offer closes.

Overview of the Offer (continued)

How do you accept the Offer? (continued)	• **Acceptance Form:** To accept the Offer using a physical Acceptance Form, you must complete and sign the Acceptance Form enclosed with this Bidder's Statement and return it to the address indicated on the form before the Offer closes. Alternatively, the complete and signed Acceptance Form may be returned via email to Takeover@linkmarketservices.com.au before the Offer closes. • **Contact your Controlling Participant:** Alternatively, you can accept the Offer by instructing your Controlling Participant (normally your broker) to accept the Offer on your behalf, before the Offer closes. **Participants** If you are a Participant, acceptance of this Offer must be initiated in accordance with Rule 14.14 of the ASX Settlement Operating Rules before the Offer closes. Full details on how to accept the Offer are set out in section 11.3 of this Bidder's Statement.
Can you accept the Offer for part of your holdings?	No. You cannot accept for part of your holding. You can only accept the Offer for ALL of Your Healius Shares. Any acceptance for fewer than all of Your Healius Shares will be treated as being for all of Your Healius Shares.
Can you revoke your acceptance of the Offer?	Once you have accepted the Offer, you will be able to revoke your acceptance at any time while the FIRB Condition has not been fulfilled (or waived). Once the FIRB Condition has been fulfilled (or waived), you will be unable to revoke your acceptance, except in limited circumstances in accordance with the Corporations Act. See section 11.5 for more information, including a summary of the circumstances where you are able to withdraw your acceptance of the Offer. ACL notes that the Offer Period is longer than an initial offer period for a takeover bid that does not have regulatory conditions under the Corporations Act because ACL expects that the ACCC clearance process for the Proposed Merger required to satisfy the ACCC Clearance Condition will take at least 6 months – see section 10.1 for more information on the ACCC clearance process. Given this, if you accept the Offer early and become unable to withdraw your acceptance, you will be unable to accept a competing proposal for Healius (if one arises) or otherwise deal with your Healius Shares for an extended period of time (relative to a takeover bid with a shorter offer period).
Is the Offer open to exercised Healius Options and/or Healius Rights?	The Offer extends to Healius Shares that are issued or otherwise come into existence during the period from the Register Date to the end of the Offer Period due to the conversion of, or exercise of rights attached to, other securities convertible into Healius Shares (including Healius Rights and Healius Options) that are on issue at the Register Date.

What if you are an Ineligible Foreign Shareholder or a Small Parcel Shareholder?	Ineligible Foreign Shareholders and Small Parcel Shareholders that accept the Offer will not receive ACL Shares. Rather, the ACL Shares that Ineligible Foreign Shareholders and Small Parcel Shareholders would have been entitled to receive will be issued to, and sold on the ASX by, the Nominee and the net proceeds attributable to each Ineligible Foreign Shareholder or Small Parcel Shareholder will be paid to them in accordance with section 11.7(f). Ineligible Foreign Shareholders and Small Parcel Shareholders should read section 11.8 which provides further information on Ineligible Foreign Shareholders, Small Parcel Shareholders and the Nominee sale process. ACL's determination of whether a Healius Shareholder is an Ineligible Foreign Shareholder or Small Parcel Shareholder is final. Depending on the Ineligible Foreign Shareholder or Small Parcel Shareholder's particular circumstances, an amount may be withheld by ACL from the (gross) cash proceeds and paid to the Commissioner of Taxation on account of foreign resident capital gains withholding tax (see sections 9.4 and 11.7 for more information). As Ineligible Foreign Shareholders and Small Parcel Shareholders will not receive ACL Shares under the Offer, they will not receive (or participate in) any of the expected or potential benefits of being an ACL Shareholder after the Proposed Merger described in this Bidder's Statement, including (but not limited to) the Expected Cost Synergies and the Potential Operational Improvement Benefit.
Can I sell my Healius Shares on-market during the Offer Period?	You may sell all, or some, of your Healius Shares on-market during the Offer Period, but you may incur brokerage or other transaction costs if you elect to do so. However, if you accept the Offer, you agree not to sell your Healius Shares to anyone other than ACL, and you will not be able to sell any of your Healius Shares on-market after the date on which you accept the Offer. However, once you have accepted the Offer, you will be able to revoke your acceptance at any time while the FIRB Condition has not been fulfilled (or waived). See section 11.5 for further information, including a summary of the circumstances where you are able to withdraw your acceptance of the Offer.
What happens if you do not accept the Offer?	You will remain a Healius Shareholder and will not receive the Offer Consideration under the Offer. If ACL becomes entitled to compulsorily acquire Your Healius Shares, it intends to proceed with Compulsory Acquisition. If Your Healius Shares are compulsorily acquired by ACL, it will be on the same terms (including the same consideration for each Healius Share acquired) as the Offer. Refer to sections 6.4 and 6.5 for details regarding ACL's intentions if ACL does not become entitled to compulsorily acquire Healius Shares.
What are the important dates?	The important dates are set out below: Date of the original Bidder's Statement — 20 March 2023 Date of this replacement Bidder's Statement — 14 April 2023 Date of the Offer — 21 April 2023 Offer scheduled to close (unless extended) — 7.00pm (Sydney time) on 29 September 2023 Note: The closing date for the Offer may change as permitted by the Corporations Act.

Overview of the Offer (continued)

Where do I go for further information?	For all queries in relation to the Offer, please contact the Offer Information Line on 1800 882 147 (from within Australia) or +61 1800 882 147 (from outside Australia) between 8.30am and 5.00pm (Sydney time), Monday to Friday. Please note that in order to comply with legal requirements, any calls to the above numbers will be recorded. Inquiries in relation to the Offer will not be received on any other telephone numbers of ACL or its advisers.
Important notice	The information in this section is a summary only of ACL's Offer and is qualified by the detailed information set out elsewhere in this Bidder's Statement. You should read the entire Bidder's Statement and the Target's Statement that Healius will shortly be sending to you before deciding whether to accept the Offer.

1. Profile of ACL

1.1 Overview of ACL

ACL is a leading provider of pathology services in Australia. ACL has laboratories and pathology collection centres in all Australian states and territories (except Tasmania) and is one of the largest private hospital pathology businesses nationally. ACL is also a leading provider of skin cancer care via the SunDoctors brand – operating 31 clinics across Queensland, New South Wales, South Australia and Victoria.

ACL is a company incorporated in Australia and is listed on the ASX (ASX Code: ACL). The fully diluted market capitalisation of ACL as at the Last Practicable Date was approximately $731 million.

1.2 Principal activities of ACL

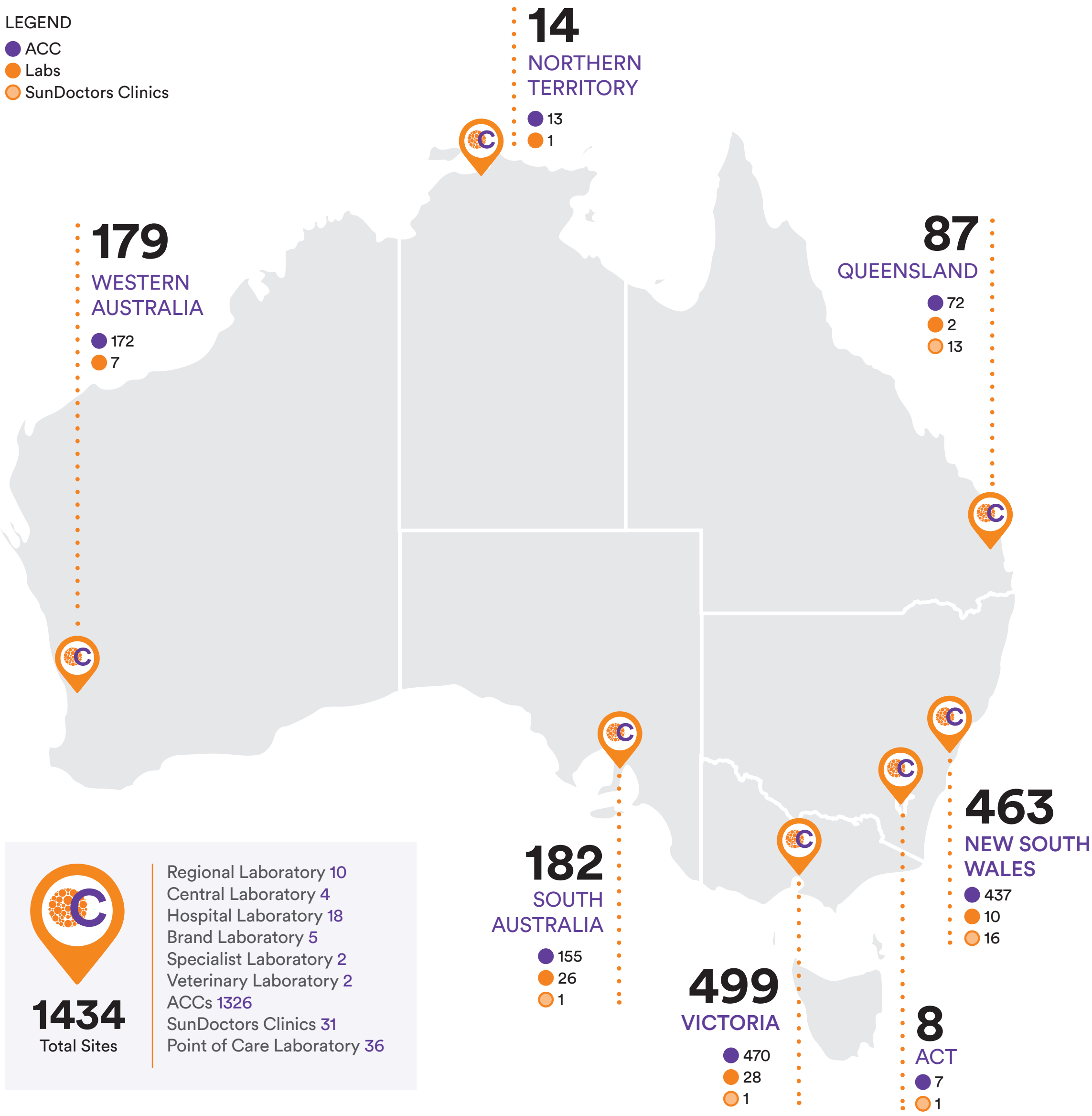
(a) Core operations

ACL operates a national network of 1,326 ACCs, 31 skin cancer clinics and 75 NATA–accredited laboratories and is underpinned by a national unified pathology information system, allowing the majority of tests, clinicians and laboratories to operate as one laboratory across the country. ACL's national footprint expanded in FY22, particularly in New South Wales and Queensland, with the acquisition of Medlab Pathology (Medlab) and integration of the sites into the ACL network.

Market position	• One of the largest private hospital pathology businesses nationally • Established position in community pathology across New South Wales, Victoria, Western Australia, South Australia and the Northern Territory, with a growing presence in Queensland and the Australian Capital Territory
ACCs	• 1,326 ACCs
NATA laboratories	• 75 accredited laboratories including four central laboratories
Hospitals	• Services over 90 hospitals, which include large–scale hospital facilities, day hospitals, acute care facilities, 24/7 emergency departments and smaller regional hospitals • Primary pathology provider to two of the three largest private hospital groups (Healthscope and St John of God Health Care (SJGHC) private hospitals), with exclusive contracts to provide onsite pathology services with the majority of these hospitals
Skin cancer clinics	• 31 specialist skin cancer clinics
Episodes per annum	• 12 million for the 12 months ended 30 June 2022
Pathologists and scientists	• Over 85 pathologists and over 500 scientists
FTE employees	• 3,171 as at February 2023

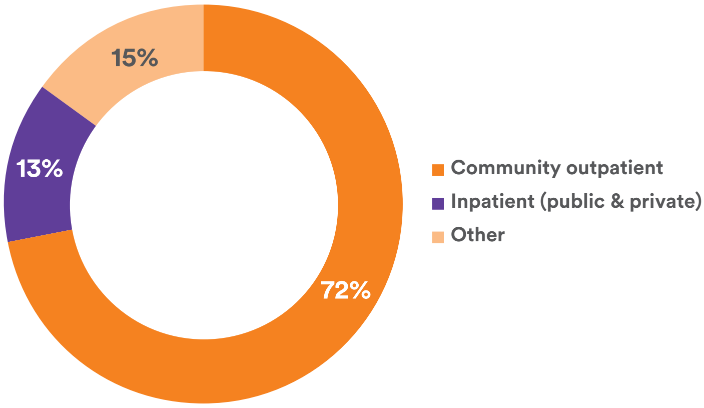
1. Profile of ACL (continued)

Key operational characteristics	• **Unified pathology system:** allows the majority of tests, clinicians and laboratories to operate as one national operating system across the country; • **Efficient unified laboratory network:** allows ACL to efficiently manage test turnaround times, specialisations and achieve the required scale to invest in equipment; • **Clinical centres of excellence:** allows ACL to attract, retain and provide training to high quality pathologists and scientists and manage changes in demand for specific testing; • **Digitally enabled platforms:** allows improved clinical outcomes, pathologist and scientist flexibility and operational efficiency; • **Focus on research, innovation and advocacy:** ensures ACL is at the forefront of developments and the introduction of new tests to the market; and • **Clinical governance and training:** ensures appropriate and consistent decision–making practices across the organisation of qualified professionals who are subject to continuing medical education.



ACL provides pathology services across the community (i.e. outpatient), hospital and other pathology segments. For the 12 months to 31 December 2022, ACL derived over 73% of its revenue from Medicare funding.

Revenue by segment (for 12 months to 31 December 2022)



Community (Outpatient) Pathology

For the 12 months to 31 December 2022, ACL derived 72% of its revenue from community pathology. ACL collects pathology samples from a network of 1,326 ACCs and 31 clinics. Approximately 86% of ACL's ACCs are co–located at medical centres. The remaining ACCs are either located at hospitals or specialist centres and approximately 8% are independent ACCs. ACL also operates 31 skin cancer clinics across Queensland, New South Wales, South Australia and Victoria. In addition to samples collected at ACCs and clinics, ACL sources pathology samples from general practitioners, specialists and patients who self–collect their samples.

Pathology Services to Hospitals

For the 12 months to 31 December 2022, ACL derived 13%[1] of its revenue from public hospitals and inpatient services to private hospitals in Australia.

ACL services over 90 hospitals which include large–scale hospital facilities, day hospitals, acute care facilities, 24/7 emergency departments and smaller regional hospitals.

ACL is a leading private provider of pathology services to private hospitals in Australia servicing 29 Healthscope and 15 SJGHC private hospitals. ACL has exclusive contracts to provide onsite pathology services with the majority of Healthscope and SJGHC hospitals.

ACL has contracts with four significant public hospitals, including Bendigo Health in Victoria, Barwon Health – University Hospital Geelong in Victoria, Northern Beaches Hospital in New South Wales (awarded in 2017) and the SJGHC Midland Hospital in Western Australia. ACL also provides pathology services to over 20 regional Victorian public hospitals.

Other Pathology

Other pathology services include:

- **veterinary pathology:** ACL, through the Gribbles Veterinary brand, provides pathology testing for veterinary clinics, production animals and zoos;
- **clinical trials pathology services:** ACL is a leading provider of pathology services to phase one clinical trials in Australia;
- **functional pathology:** ACL, through the BeFunctional brand, provides functional testing to investigate the functional, biochemical, nutritional, metabolic and hormonal status of patients. This division assists private health professionals, naturopaths and wellness clinics with scientifically based pathology tests;
- **commercial contracts:** ACL provides services to corporate organisations to comply with occupational health and safety regulations. These include drug testing and commercial COVID–19 testing; and
- **government contracts:** ACL has contracts with some state governments for specialised testing services such as drug and alcohol testing. ACL also provides pathology services to the Australian Department of Defence.

1 Includes private and public inpatients only.

(b) Key historical events

ACL originated from the aggregation of Healthscope's Australian pathology business (2015), SJGHC's pathology business (2016), Perth Pathology (2016), SunDoctors (2021) and Medlab (2021). Over the past seven years, ACL has improved its operational performance through investing in the integration and optimisation of these businesses.

2015	• Crescent Capital Partners acquired Healthscope's Australian pathology business • Rebranded business to Australian Clinical Labs • Installed new testing lab tracks at the Melbourne (Clayton) laboratory
2016	• Acquired SJGHC's pathology business • Acquired Perth Pathology • Introduced the Harmony Non–Invasive Prenatal Test
2017	• Installed new testing lab tracks at Perth (Osborne Park) and Sydney (Bella Vista) central laboratories • Established Project Management Office (**PMO**)
2018	• Opened new laboratories at Northern Beaches Hospital and Hawkesbury District Health Service in New South Wales • Expanded Malaysian data entry facility and back office services • Introduced Aspect Liquid Biopsy Test • Set up purpose–built clinical trials laboratory in Port Melbourne
2019	• Completed integration with laboratories operating on one Laboratory Information System • Opened new Adelaide (Adelaide Airport) central laboratory • Completed integration of ACL, SJGHC and Perth Pathology laboratories • Won national Australian Defence Force (**ADF**) contract and set up Canberra laboratory • Invested in centralised national rostering system and collection optimisation
2020	• Established accredited COVID–19 laboratories and pop–up collection centres • Implemented machine learning based reporting tools • Invested in digitisation of slides
2021	• Successful IPO • Acquisition and integration of SunDoctors, a group of skin cancer clinics and histopathology businesses • Opened new laboratory in Queensland, with a focus on clinical trials and molecular pathology • Acquisition of Medlab, one of Australia's largest independent pathology providers
2022	• Medlab integration and rebrand • Major expansion and lab equipment updates for the Bella Vista laboratory to manage additional Medlab pathology volumes • Expansion of Queensland lab to manage community, clinical trials and molecular volumes • Undertook complex technology upgrade to the Oracle Laboratory Information System to enable further efficiencies

(c) Corporate strategy

ORGANIC MARKET GROWTH

- Non-COVID pathology market forecast to grow ~4% to ~6% p.a. due to predictable and consistent drivers including growing and ageing population, increasing testing rates and scientific and technological advancements

STRATEGIC AQUISITIONS

- Acquisitions in specialist and general pathology

FOOTPRINT EXPANSION

- Increase position in New South Wales growth corridors
- Targeted growth in Queensland
- Provide additional services

EMBEDDED REVENUE OPPORTUNITIES

- Broaden general practitioner relationships
- Precision medicine
- SunDoctors
- Ramp up existing contracts
- Increased clinical trial revenue
- Commercial and other COVID-19 testing

OPERATIONAL PERFORMANCE IMPROVEMENTS

- Continuous improvement program
- Extract additional benefits from unified pathology system
- Opportunities from SunDoctors integration
- National connectivity drives best practice

In the medium term, ACL's objective is to achieve above market growth for both revenue and EBITDA through:

(i) **Embedded revenue opportunities**

ACL's embedded revenue opportunities driving growth relate to:

- **broadening general practitioner relationships:** ACL has established relationships with a number of large general practitioner groups across Australia. ACL's strategy is to continue to broaden these relationships and develop new relationships with general practitioner groups of scale;
- **precision medicine:** ACL's investment in research and development has enabled it to offer a comprehensive range of pharmacogenetic testing to clinicians and healthcare providers. This avenue presents a key growth opportunity as demand continues;
- **SunDoctors:** ACL acquired SunDoctors at the time that ACL listed on the ASX (in May 2021), and since then, has continued to expand the SunDoctors clinic network and the boutique histopathology service. Following the integration, ACL's focus is on growth opportunities for the clinic network and histopathology service offering;
- **ramp up of existing contracts:** ACL maintains long–term contracts to provide pathology services to a number of hospitals, including the Northern Beaches Hospital. As these hospitals expand, demand for ACL's services will increase in these growth corridors. ACL also maintains a contract with the ADF for the supply of pathology services and provides drug and alcohol testing for various government bodies (including police departments and the Department of Human Services);

1. Profile of ACL (continued)

- **increased clinical trial revenue:** ACL is a leading provider of pathology services to phase one clinical trials in Australia. There remains a significant opportunity to increase ACL's clinical trial revenue, particularly in Melbourne and Queensland; and
- **commercial and other COVID–19 testing:** ACL currently provides COVID–19 testing services to commercial clients across various industries including transport, mining and other corporates. ACL continues to experience demand for a number of commercial COVID–19 testing services.

(ii) **Operational performance improvements**

ACL's PMO team actively assesses projects to drive continuous business improvement and to extract additional benefits from the unified pathology system.

ACL's key operational achievements since the start of FY22 include:

- continued effort placed on electronic ordering and development of paperless pathology solution to streamline processes, improve accuracy, minimise manual labour and support enhanced customer experience. Technology is being rolled out for digital referrals for ACL's general practitioner (GP) customers (16% of referrals were digital in 1H23);
- route and logistics automation now largely completed, minimising kilometeres travelled, labour costs and environmental impact; and
- continued investment in upgrades to the core unified pathology system, including upgrading the underlying database to Oracle to support ACL's focus on digitisation and scalability into the future.

Following the the LIS upgrade in FY22, 100% uptime was achieved in 1H23 demonstrating the benefits from improved system reliability. There is capacity to scale the unified LIS materially going forward now in place.

(iii) **Footprint expansion**

ACL is focused on expanding its footprint both geographically and through additional services. These include:

- increasing its position in New South Wales growth corridors;
- targeted growth in Queensland; and
- providing additional services including broader veterinary services, functional medicine and investment in new tests.

(iv) **Strategic acquisitions**

Strategic acquisitions in specialist and general pathology and the expansion of ACL's footprint have been at the cornerstone of ACL's growth strategy since its inception. ACL has a demonstrated track record of acquiring and successfully integrating businesses into the ACL network, and outperforming the estimated synergy targets identified during integration planning.

Recent acquisitions include:

SunDoctors

At the end of FY21, ACL acquired SunDoctors, and since then, SunDoctors has successfully integrated with ACL to not only continue the expansion of the SunDoctors clinic network, but to also offer a boutique histopathology service.

ACL's focus is now on growth opportunities including expansion of the clinic network and histopathology service offering.

Medlab

In December 2021, ACL acquired the Medlab business, which was founded in 2001 and grew to be the fourth largest pathology provider in Australia. Based in New South Wales and Queensland, Medlab operated two NATA–accredited laboratories and over 280 ACCs.

Combining the Medlab business with ACL effectively doubled ACL's share of the New South Wales market which is the largest market by size in Australia. The Medlab acquisition also accelerated ACL's expansion into Queensland – Australia's third–largest market by size.

ACL initially expected to generate synergy benefits of more than $10 million, which were expected to take 18 to 24 months to be fully achieved on a run–rate basis. The majority of synergies were to be delivered from operational efficiencies, facility consolidation, laboratory capacity expansion and courier optimisation.

During the second half of FY22 and throughout the integration phase, ACL has been able to achieve the following outcomes:

- integration 12 months ahead of schedule;
- synergies greater than expected, materially achieved by 31 December 2022 (total run–rate EBIT of more than $20 million including synergies at the end of 1H23, compared to $14.5 million forecast at the time of ACL's acquisition of Medlab);
- consolidation of Medlab's Auburn laboratory into ACL's Bella Vista laboratory;
- consolidation of the three existing Queensland laboratories into one core laboratory and one histopathology laboratory;
- implementation of additional and upgraded laboratory equipment to manage new capacity and set up for future growth; and
- all laboratories now run on ACL's unified LIS.

There is a strong cultural alignment between the Medlab and ACL teams, illustrated by the successful retention of personnel, including key pathologists. The consolidated businesses are primed for additional growth in both New South Wales and Queensland.

1.3 ACL Directors

The ACL Directors as at the date of this Bidder's Statement and a brief description of their expertise, experience and qualifications are outlined below.

Name	Expertise, experience and qualifications
Michael Alscher *Non–Executive Chair* 7+ years at ACL 30+ years in healthcare	Mr Michael Alscher has over 30 years' experience of investing and working as a strategy consultant within the healthcare sector. Michael was appointed Chair of ACL's predecessor corporate vehicle, Clinical Laboratories Pty Ltd in 2015, following its acquisition by Crescent Capital Partners in 2015. Michael was appointed a Director of ACL on 19 December 2020 and Chair of ACL as part of the IPO process on 19 December 2020. Michael is the Managing Partner and founder of Crescent Capital Partners, a leading Australian private equity investment firm, specialising in high growth companies and certain industry sectors such as healthcare where Crescent Capital Partners is the largest private equity investor (by number of investments) in healthcare in Australia. Through Cresent Capital Partners, Michael has been investing in healthcare for over 18 years and has worked in healthcare as a strategy consultant prior to this period since 1992. Michael is the current Chair of Cardno Limited, National Dental Care Pty Limited, 24–7 Healthcare Pty Ltd, Emapta Holdco Pte Ltd and Green Leaves Early Learning Centres Pty Ltd and is a Non–Executive Director of Clearview Wealth Limited and Aurora Expeditions Holdings Pty Ltd. Michael's former director roles include Chair of Cover–More Group Limited and LifeHealthcare Group Limited and Director of Metro Performance Glass Limited, Intega Group Limited and National Hearing Care Pty Ltd. Prior to founding Crescent Capital Partners in 2000, Michael was a strategy consultant at Bain International and LEK Partnership as well as holding several senior operating roles. Michael holds a Bachelor of Commerce (Finance and Mathematics) Degree from the University of New South Wales.

1. Profile of ACL (continued)

Melinda McGrath ***Chief Executive Officer and Executive Director*** 7+ years at ACL 15+ years in pathology leadership 30+ years in healthcare	Ms Melinda McGrath has been the Chief Executive Officer and Executive Director of ACL's predecessor corporate vehicle, Clinical Laboratories Pty Ltd since 2015. Melinda was reappointed an Executive Director of ACL on 19 December 2020. Melinda has more than 30 years' experience in healthcare, with over 25 years of experience in chief executive roles and over 15 years of experience in pathology CEO roles. Melinda has designed and led the organisation's restructure and transformation, building ACL's scale and driving operational performance improvement while overseeing the integration of Healthscope's Australian pathology business, SJGHC's pathology business, Perth Pathology, SunDoctors and Medlab. She has also driven the establishment of one performance–oriented culture across the organisation, achieved cultural alignment and delivered one unified integrated pathology system. Melinda was CEO of QML Pathology (part of Healius (formerly Primary Health Care)) from 2008 to 2015, where she developed five QML brands as well as establised Tasmania Medical Laboratories. Prior to that, Melinda held various transformative chief executive roles at private regional and tertiary referral hospitals in Queensland including St Andrew's War Memorial Hospital, The Sunshine Coast Private Hospital and St Stephens Private Hospital. Melinda has held directorships at Metro North Hospitals and Health Service including Royal Brisbane, Prince Charles, Redcliffe, Caboolture and related health services, Geneseq Biosciences and a superannuation fund, UC Super. Melinda is a Director of Australian Pathology. Melinda holds a Bachelor of Human Movement Studies Degree and a Bachelor of Arts Degree from the University of Queensland, a Master of Business Administration from the University of Central Queensland, and a Certificate in Governance Practice from the Governance Institute of Australia.
Nathanial Thomson ***Non–Executive Director*** 5+ years at ACL 19+ years in healthcare	Mr Nathanial Thomson has been a Non–Executive Director of ACL's predecessor corporate vehicle, Clinical Laboratories Pty Ltd, since April 2018. Nathanial was reappointed a Non–Executive Director of ACL on 19 December 2020. Nathanial is a Partner at Crescent Capital Partners, a leading Australian private equity investment firm. Nathanial has over 20 years of experience in strategy consulting, private equity and investment banking and over 19 years' experience investing and consulting into the healthcare sector. Prior to joining Crescent Capital Partners, Nathanial worked as a consultant at McKinsey & Co. Nathanial is the current Chair of Clover Insurance, Executive Director of Cardno Limited and Non–Executive Director of National Dental Care Limited, Clearview Wealth Limited and 24–7 Healthcare Pty Ltd. Nathanial's former director roles include Deputy Chair of Cover–More Group Limited and Non–Executive Director of Metro Performance Glass Limited. Nathanial holds a Bachelor of Commerce Degree and Bachelor of Laws Degree from the University of Western Australia.

Andrew Dutton

Independent Non–Executive Director

Mr Andrew Dutton has been a Non–Executive Director of ACL since 28 April 2021. Andrew has 30 years of management, business development and technology experience across Australia, Asia and Europe.

Andrew is the current Chair of Land Registry Services and was recently an advisor to Financial Force APJ. He has had extensive CEO and Board experience globally and within Australia.

Andrew's former roles include Chair of NVOI Pty Ltd and SAI Global Pty Ltd, CEO at Land Registry Services and Integrated Research Limited and Managing Director of the Asia Pacific/Japan region for VMware Inc. He has also held senior executive positions at IBM, Computer Associates, BEA Systems Inc., Lendlease and Norwich Union Financial Services Group, including roles as CFO, CMO, CRO and Divisional Heads. At IBM, Andrew was elected to the Worldwide Senior Leadership Team.

Andrew holds a Bachelor of Science Degree from the University of Sydney and is a member of the Australian Institute of Company Directors.

Dr Leanne Rowe AM

Independent Non–Executive Director

30+ years in healthcare

Dr Leanne Rowe has been a Non–Executive Director of ACL since 28 April 2021.

Leanne is a clinical professor and medical practitioner with over 30 years of clinical experience in the public and private health systems across acute care, aged care, mental health and community health.

Leanne is currently Chair of Nexus Hospitals and a Presiding Member for Medical Panels Victoria. She has previously served on a wide range of boards as a Non–Executive Director including Japara Healthcare Limited, Medibank Private Limited, I–MED Radiology Network, the Medical Indemnity Protection Society, the Royal Australian College of General Practitioners, Barwon Health and beyondblue.

Leanne is a former Deputy Chancellor of Monash University and has been awarded a Doctor of Laws (Honoris Causa) for her services. Leanne has also received a Member of the Order of Australia for her services to medicine. Her other qualifications include a Doctor of Medicine, Bachelor of Medicine Degree and Bachelor of Surgery Degree, Fellowship of the Royal Australian College of General Practitioners and Fellowship of the Australian Institute of Company Directors.

Mark Haberlin

Independent Non–Executive Director

Mr Mark Haberlin has been a Non–Executive Director of ACL since 28 April 2021.

Mark has over 25 years of audit, risk management, capital transactions and mergers and acquisitions experience across industries including healthcare, real estate and financial services.

Mark is the Lead Independent Director and Chair of the Audit and Risk Committee of Abacus Property Group. Previously, Mark was the Chair of PwC Australia and PwC's Public Reporting Panel, as well as a Director of the European Australia Business Council and PwC Asia Pacific.

Mark holds a Bachelor of Science (Civil Engineering) (Honours) from Imperial College London and qualified as a Chartered Accountant in the United Kingdom.

1.4 Management team

As at the date of this Bidder's Statement, the senior management team of ACL comprises:

Name	Expertise, experience and qualifications
Melinda McGrath ***Chief Executive Officer and Executive Director*** 7+ years at ACL 15+ years in pathology leadership 30+ years in healthcare	See section 1.3
James Davison ***Chief Financial Officer*** 10+ years at ACL 20+ years in pathology	Mr James Davison joined Healthscope Limited (precursor to ACL) in 2011 and has been the Chief Financial Officer since 2015. James is responsible for the financial functions of ACL and has over 20 years of experience in the pathology industry. James has comprehensive experience across financial management, planning, reporting and governance. James also has significant experience in pathology acquisitions, divestments, restructures, operational efficiency improvements and cost–out programs. Prior to joining ACL, James held executive finance roles as General Manager Finance Pathology of Australia and International at Healthscope Limited, Chief Financial Officer at Australia Diagnostics Group and General Manager Finance at Mayne/Symbion Health and Primary Health Care (precursor to Healius). James has an in–depth knowledge of pathology in international markets including Singapore, Malaysia and New Zealand. James holds a Bachelor of Business Degree from Swinburne University of Technology and is a Certified Practicing Accountant.
Anthony Friedli ***Chief Operating Officer*** 7+ years at ACL 10+ years in healthcare	Mr Anthony Friedli joined ACL in 2016 as the Chief Operating Officer and Chief Executive Officer of Victoria. Anthony's responsibilities include leading business transformation on a national basis as well as driving best practice throughout the ACL Group. Anthony also oversees the human resources, shared services and business improvement functions across ACL. Anthony has over 25 years of experience in business transformation and over nine years of experience in pathology. Prior to joining ACL, Anthony was the Managing Director for Kepner–Tregoe Australia / NZ, a management consulting company specialising in business transformation. Anthony has also held management roles within the telecommunications, banking and manufacturing industries where he led transformation programs. Anthony holds a Bachelor of Engineering Degree from University of Technology Sydney and a Master of Business Administration (Finance/Strategy) from Macquarie Graduate School of Management. Anthony is a certified Six Sigma Master Blackbelt and qualified project manager.

Associate Professor Tony Landgren ***National Medical Director and Chief Pathologist*** 10+ years at ACL 30+ years in pathology	Associate Professor Tony Landgren has been the National Medical Director and Chief Pathologist since 2009. He is the Designated Person under the terms of ACL's accreditation with NATA and has executive responsibility for clinical governance, risk management, patient safety, regulatory compliance, quality and registrar training. Prior to joining ACL, Tony worked as an anatomical and forensic pathologist, medical administrator and commercial lawyer in private, public and academic practice in Queensland, New South Wales, Victoria and the United States. Tony graduated in Medicine and Law from the University of Melbourne then trained in anatomical and forensic pathology in Victoria. He is a fellow of the Royal College of Pathologists of Australasia, the Australasian College of Legal Medicine and is a member of the Royal Australian College of Medical Administrators. He is also a Barrister and Solicitor of the Supreme Court of Victoria specialising in biotechnology and health law. He holds academic positions at the University of Melbourne and was, for 12 years, the Chair of the Board of Education and Assessment and a Director of the Royal College of Pathologists of Australasia. He has been Chair of the board of RCPA QAP Pty Ltd and a Director of NATA.
Associate Professor Chris Barnes ***National Director of Clinical Pathology*** 7+ years at ACL 20+ years in pathology	Associate Professor Chris Barnes is the National Director of Clinical Pathology, having joined ACL in 2016. Prior to his appointment with ACL, he had been working as a consultant haematopathologist with Healthscope Pathology since 2009. Chris is a dual trained clinical and laboratory haematologist having received training at the Royal Children's Hospital and Royal Melbourne Hospital. Chris also trained at the Hospital for Sick Children in Toronto, Canada. He has a part time public hospital appointment at the Royal Children's Hospital where he is the Director of the Henry Ekert Haemophilia Treatment Centre. He has extensive clinical research interest and is principal investigator on 8 separate clinical trials based at the Murdoch Children's Research Institute. Chris has had numerous leadership positions including Chair of Medical Staff Association at the Royal Children's Hospital and Chair of Australian Haemophilia Directors Association. He is the current Chair of the Australian Bleeding Disorders Registry with the National Blood Authority and a Director of Melbourne Haematology and Melbourne Paediatric Specialists. Chris also has a Graduate Diploma in Business Administration. Chris' focus within ACL is the national supervision and management of clinical pathology disciplines including haematology, biochemistry, microbiology and immunopathology.
Sean Jackson ***Chief Information Officer*** 10+ years at ACL 25+ years in pathology IT	Mr Sean Jackson has been the Chief Information Officer for ACL since 2015 and joined Healthscope Limited (precursor to ACL) in 2011. Sean has more than 25 years of information related experience in the pathology industry that includes management, operations and application development. Prior to joining ACL, Sean was the Pathology IT Manager of Australia and International at Healthscope Limited, Chief Information Officer at Australian Diagnostics Group and National Software Development Manager (Pathology) at Healius. Sean commenced his career as a Programmer and Network Administrator at Barratt and Smith Pathology. Sean has successfully led the IT integration of all of ACL's acquisitions and has led transformation projects spanning multiple IT disciplines, including the provision of technology systems for start–up labs, digital transformation, major relocations, international technology diversification, team transformation, laboratory information system implementations, upgrades and laboratory acquisitions and divestments. Prior to commencing in the field of information technology, Sean studied Biotechnology at the University of Technology Sydney.

1. Profile of ACL (continued)

Joe Geran ***National Marketing Director*** 7+ years at ACL 19 years in pathology	Mr Joe Geran joined ACL in 2015 and is the National Marketing Director. Joe is responsible for revenue and marketing strategies nationally, along with managing ACL's brand portfolio. Joe has over 22 years of experience in healthcare including over 19 years of experience in pathology. Joe's former roles include National Sales and Marketing Executive for SDS Pathology (Healius (formerly Primary Health Care)) and Marketing / Metro Business Manager for QML Pathology (Healius (formerly Primary Health Care)). He has also worked for BUPA and International SOS. Joe's focus areas include revenue maximisation, strategy development, chronic disease management and the integration of technology in general practice, leveraging a deep understanding of ordering patterns of referrers and Medicare funding. Joe holds a Bachelor of Nursing Degree from Griffith University.
Chris Brownlow ***New South Wales and Australian Capital Territory CEO*** 10+ years at ACL 20+ years in pathology	Mr Chris Brownlow has been the Chief Executive Officer of New South Wales and the Australian Capital Territory since joining Healthscope Limited (precursor to ACL) in 2011. Chris has more than 20 years of healthcare experience which includes working in medical laboratories since 2002. Chris has held executive and senior management roles at Healthscope Limited, Symbion Health Limited, Healius (formerly Primary Health Care) and Mayne Health. Chris' focuses include strategy development and execution, leadership and change management. Chris has led a number of transformation projects including the design, accreditation and commissioning of new laboratories as well as major relocations, laboratory acquisitions, divestments and mergers. Most recently, Chris has been the executive lead responsible for integrating the Medlab business into ACL, with benefits achieved ahead of estimates and time. Chris has been a board member of NATA and is currently Vice President and Treasurer of Australian Pathology, the national peak body for private pathology in Australia. Chris holds a Bachelor of Business Degree from the University of Technology Sydney and is a member of the Australian Institute of Company Directors.

Shae Seymour ***Western Australia CEO*** 5+ years at ACL 18+ years in healthcare	Ms Shae Seymour joined ACL as Chief Executive Officer of Western Australia in 2018 to lead the Western Australian business through its integration and operational change program within ACL. In 2021, Shae assumed the role of Chief Risk Officer for ACL, reporting to the ACL Board on risk, governance and audit matters. Shae was the executive lead responsible for successfully integrating the Perth Pathology and SJGHC WA pathology businesses, a change which included a significant turnaround in both financial and clinical performance. Shae has over 18 years' experience in healthcare and hospital management and has held executive and senior management roles within the WA Department of Health as well as various commercial, contract and finance roles. Prior to joining ACL, Shae was the Executive Director of the Armadale Kalamunda Hospital Group. Shae's key interests include clinical and corporate governance, leadership and culture development, strategy execution and change management. Shae has advised on and led State–wide health reform initiatives as well as being involved in a number of transformation projects including emergency department reform across Western Australia and the commissioning of the Fiona Stanley Hospital. Shae holds Bachelor of Commerce, Bachelor of Science (Physiotherapy) and Bachelor of Social Science Degrees from Curtin University. Shae also completed the Harvard Business School Executive Program "Leading Health Care Delivery" in 2018 and is a member of the Australian Institute of Company Directors.
Eric Swayn ***South Australia and Northern Territory CEO*** 20+ years at ACL and Healthscope Limited	Mr Eric Swayn joined Healthscope Limited (precursor to ACL) in 1999 and has been the Chief Executive Officer of South Australia and the Northern Territory since 2015. Eric has over 20 years of experience in pathology, and has held various scientific and leadership roles across a number of metropolitan and regional community and hospital laboratories. Eric is a current Director of the National Association of Testing Authorities. Eric led the design and commissioning of the new Adelaide Airport central laboratory in 2018, and previously managed the successful consolidation of three Queensland laboratories into one state–of–the–art central laboratory for Healthscope. Eric's current role includes being the National Procurement Manager. During 2020, he was instrumental in setting up COVID–19 testing platforms in each of ACL's central laboratories across Australia. His former roles include State Manager for Healthscope Pathology in Queensland, South Australia and the Northern Territory, as well as managing a number of regional laboratories within both hospital and community settings. Eric holds a Bachelor of Applied Science Degree and a Graduate Certificate in Business Administration from the University of South Australia

1. Profile of ACL (continued)

Darren McKee *Victoria CEO* 6+ years at ACL 20+ years in healthcare	Mr Darren McKee joined ACL in 2016 and is the Chief Executive Officer of Victoria, with responsibility for more than 450 collection centres, laboratory operations, couriers, quality, business development and human resources. Alongside Anthony Friedli, Darren was the key executive lead in the integration of Healthscope's Australian pathology business and SJGHC's pathology business and subsequent restructuring and turnaround of the new ACL Victoria business. With 23 years' experience in the healthcare industry, Darren has also held senior management and leadership positions at GE Healthcare and Olympus Corporation prior to joining ACL. With expertise in the four stages of organisational life cycle, Darren has been instrumental to ACL's business transformation and growth, excelling at recognising business opportunities and delivering on their potential. Darren holds an Executive Master of Business Administration from the University of Sydney (AGSM), a Bachelor of Science (Medical Science) Degree from La Trobe University, and is a member of the Australian Institute of Company Directors, with particular interests in strategy, business transformation and organisational governance.
Rob Izzard *Commercial Pathology CEO* 2+ years at ACL 25+ years in healthcare	Mr Robert Izzard joined ACL in 2021 and is the Chief Executive Officer of ACL Commercial Pathology, managing ACL's non–Medicare businesses including SunDoctors, specialised clinical trials, Gribbles Veterinary Pathology and ACL's commercial pathology business. Rob is responsible for growing these businesses nationally. Rob has over 25 years of healthcare experience working in Australia and internationally for global organisations such as GE Healthcare, Stryker, Smith & Nephew and Abbott Laboratories. He has held a variety of roles spanning sales, marketing and operations. Rob has significant experience in the delivery and management of large projects, working as a senior Operational Leader at the Sydney 2000 Olympics. Rob has industry experience across a wide range of sectors including fast moving consumer goods, consulting, project management, pharmaceuticals, medical devices, healthcare services and pathology. Rob holds a Bachelor of Business Degree from CSU and has completed executive leadership training at the Harvard Business School in Cambridge, Massachusetts.

1.5 Historical financial information of ACL

(a) Overview

Details of the financial information for ACL included in this section 1.5 are set out below:

- the statutory historical financial information for ACL **(ACL Statutory Historical Financial Information)** comprises the:
  - o statutory historical consolidated income statements for ACL for the financial years ended 30 June 2020 (FY20), 30 June 2021 (FY21) and 30 June 2022 (FY22) and ACL's consolidated interim financial statements for the financial half years ended 31 December 2021 (1H22) and 31 December 2022 (1H23) **(ACL Statutory Historical Results);**
  - o statutory historical consolidated cash flows for ACL for FY20, FY21 and FY21, as well as 1H22 and 1H23 **(ACL Statutory Historical Cash Flows);** and
  - o statutory historical consolidated statement of financial position of ACL as at 31 December 2022 (**ACL Statutory Historical Statement of Financial Position**); and
- the pro forma historical financial information for ACL **(ACL Pro Forma Historical Results)** comprises the pro forma historical consolidated income statements for ACL for FY20, FY21, FY22 and for the 12 months ended 31 December 2022 (**LTM December 2022**), as well as 1H22 and 1H23, which are subject to adjustments as described below.

The ACL Statutory Historical Financial Information and the ACL Pro Forma Historical Results defined above collectively form the **ACL Historical Financial Information.**

(b) **Basis of preparation of ACL Historical Financial Information**

The ACL Historical Financial Information has been extracted from ACL's consolidated financial statements for FY20, FY21 and FY22 and ACL's consolidated interim financial statements for 1H22 and 1H23.

The consolidated financial statements of ACL for FY20, FY21 and FY22 were audited and the auditor issued unqualified audit opinions on each of these financial periods. The consolidated half year financial statements of ACL for 1H22 and 1H23 were reviewed by the same auditor, who issued an unqualified review opinion on each of these financial periods.

The ACL Pro Forma Historical Results have been derived from the ACL Statutory Historical Results outlined above and represent the pro forma historical financial results presented in ACL's FY21 and FY22 annual reports and include adjustments which reflect the impact of certain transactions as if they occurred on or before 1 July 2019. The ACL Pro Forma Historical Results reflect the impact of the pro forma adjustments applied in ACL's annual reports in FY21 and FY22, and as outlined in section 1.5(g) (which presents a reconciliation between the ACL Statutory Historical Results and the ACL Pro Forma Historical Results) have been prepared by ACL to illustrate the impact of the following:

- The acquisition of SunDoctors as if that acquisition had occurred on 1 July 2019.
- Application of the AASB 16 lease accounting standard (which came into effect in FY20) as if it had been applied by ACL from FY18 onwards.
- Removal of losses incurred from a discontinued business in FY20.
- Removal of non–recurring integration and transaction related expenses incurred by ACL with respect to the discontinued sale of ACL and subsequent refinancing of ACL in FY20 and FY21.
- Removal of the net impact of the non–recurring benefit of the JobKeeper Payments received by ACL from the Australian Government. This reflects the amount of the wage subsidy received from ACL to the extent it subsidised amounts earned and payable to qualifying staff in the period, net of the wage subsidy amounts paid to staff who were not working, or where wages of staff who worked were below the relevant minimum threshold. The net impact of the Jobkeeper Payments repaid by ACL in March 2021 have also been removed.
- Inclusion of ACL's estimate of the incremental annual costs associated with being a publicly listed company across all periods prior to the business listing in on the ASX in May 2021. These costs include ASX and share registry fees, Non–Executive Director remuneration, directors' and officers' insurance premiums, incremental remuneration for senior executives, investor relations costs, as well as annual general meeting and annual report costs.
- Removal of the income statement benefit of the recognition of carried forward income tax losses from prior financial years which was recorded in FY20, net of the inclusion of a pro forma income tax expense based on the effective income tax rate of 30% expected to be applicable going forward.
- Cumulative income tax effect of the applicable pro forma adjustments noted above, based on the pro forma effective income tax rate of 30% expected to be applicable going forward.

The ACL Pro Forma Historical Results have been included in this Bidder's Statement to assist with the comparability of ACL's historical performance across the financial period from FY20 to 1H23, particularly given the material impact of ACL's listing on 14 May 2021 and acquisition of SunDoctors in FY21. No pro forma adjustments have been applied to the ACL Statutory Financial Information subsequent to FY21.

The ACL Historical Financial Information in this section 1.5 relates to the ACL Group on a standalone basis and does not reflect any impacts of the Offer. The ACL Historical Financial Information is a summary only and the full financial statements, annual and interim reports for ACL for each financial period described below can be found in ACL's annual reports for the relevant periods, copies of which are available at https://investors.clinicallabs.com.au/.

(c) **ACL Statutory Historical Results for FY20, FY21 and FY22**

The tables in sections 1.5(c) and 1.5(d) summarise the ACL Statutory Historical Results for FY20, FY21, FY22 as well as 1H22 and 1H23.

	ACL Statutory Historical Results		
AUD in millions	**FY20**	**FY21**	**FY22**
Revenue	490.6	646.7	995.6
Other Income	29.0	(2.0)	1.6
Total revenue	**519.5**	**644.7**	**997.2**
Consumables	(87.0)	(119.6)	(207.6)
Labour costs	(237.5)	(249.7)	(314.0)
Property costs	(18.3)	(14.0)	(17.3)
Repairs and maintenance	(6.7)	(6.9)	(8.1)
IPO Transaction Costs	–	(17.4)	–
Acquisition related expenses	–	–	(7.4)
Insurance write off and associated costs	–	–	(1.6)
Other operating expenses	(44.7)	(40.5)	(68.5)
Total operating costs (excluding consumables)	**(307.2)**	**(328.5)**	**(416.9)**
Total operating costs	**(394.2)**	**(448.1)**	**(624.5)**
EBITDA	**125.3**	**196.6**	**372.7**
Depreciation	(11.3)	(10.2)	(12.1)
Depreciation of right-of-use assets	(66.6)	(77.9)	(93.7)
Depreciation	**(77.9)**	**(88.0)**	**(105.9)**
Amortisation of customer lists	–	(0.0)	(0.2)
EBIT	**47.4**	**108.5**	**266.6**
Net finance expense	(16.5)	(21.9)	(11.7)
Share of losses from equity accounted investments	(0.1)	–	–
PBT	**30.8**	**86.7**	**254.9**
Income tax expense	10.4	(26.3)	(76.5)
NPAT	**41.3**	**60.4**	**178.4**
Net (profit) attributable to non–controlling interests	–	(0.0)	(0.2)
Net Profit to members of Australian Clinical Labs Limited	**41.3**	**60.4**	**178.2**

(d) **ACL Statutory Historical Results for 1H22 and 1H23**

	ACL Statutory Historical Results	
AUD in millions	**1H22**	**1H23**
Revenue	538.0	360.3
Other Income	–	6.2
Total revenue	**538.0**	**366.5**
Consumables	(98.8)	(67.9)
Labour costs	(153.3)	(151.4)
Property costs	(7.4)	(8.0)
Repairs and maintenance	(3.5)	(4.0)
IPO Transaction Costs	–	–
Acquisition related expenses	(1.3)	(1.7)
Insurance write off and associated costs	–	(0.3)
Other operating expenses	(34.4)	(33.3)
Total operating costs (excluding consumables)	**(199.9)**	**(198.7)**
Total operating costs	**(298.7)**	**(266.7)**
EBITDA	**239.3**	**99.8**
Depreciation	(5.6)	(7.5)
Depreciation of right–of–use assets	(42.6)	(53.2)
Depreciation	**(48.1)**	**(60.7)**
Amortisation of customer lists	(0.1)	(0.1)
EBIT	**191.0**	**39.0**
Net finance expense	(6.1)	(6.2)
PBT	**184.9**	**32.8**
Income tax expense	(54.7)	(7.3)
NPAT	**130.3**	**25.5**
Net (profit) attributable to non–controlling interests	(0.1)	(0.1)
Net Profit to members of Australian Clinical Labs Limited	**130.2**	**25.4**

1. Profile of ACL (continued)

(e) **ACL Pro Forma Historical Results for FY20, FY21, FY22 and LTM December 2022**

The tables in sections 1.5(e) and 1.5(f) summarise the ACL Pro Forma Historical Results for FY20, FY21, FY22 and LTM December 2022, as well as 1H22 and 1H23. The ACL Pro Forma Historical Results are reconciled to the ACL Statutory Historical Results in Section 1.5(g).

	ACL Pro Forma Historical Results			
AUD in millions	**FY20**	**FY21**	**FY22**	**LTM Dec–22**
Revenue	522.8	674.4	995.6	817.9
Other Income	–	–	1.6	7.7
Total revenue	**522.8**	**674.4**	**997.2**	**825.7**
Consumables	(89.4)	(121.9)	(207.6)	(176.8)
Labour costs	(247.3)	(253.1)	(314.0)	(312.1)
Property costs	(14.0)	(14.8)	(17.3)	(18.0)
Repairs and maintenance	(6.8)	(7.0)	(8.1)	(8.5)
IPO Transaction Costs	–	–	–	–
Acquisition related expenses	–	–	(7.4)	(7.7)
Insurance write off and associated costs	–	–	(1.6)	(1.9)
Other operating expenses	(49.0)	(46.9)	(68.5)	(67.5)
Total operating costs (excluding consumables)	**(317.1)**	**(321.8)**	**(416.9)**	**(415.7)**
Total operating costs	**(406.5)**	**(443.7)**	**(624.5)**	**(592.4)**
EBITDA	**116.3**	**230.7**	**372.7**	**233.2**
Depreciation	(12.5)	(11.1)	(12.1)	(14.1)
Depreciation of right-of-use assets	(74.0)	(79.4)	(93.7)	(104.4)
Depreciation	**(86.5)**	**(90.5)**	**(105.9)**	(118.5)
Amortisation of customer lists	(0.2)	(0.2)	(0.2)	(0.2)
EBIT	**29.6**	**140.0**	**266.6**	**114.5**
Net finance expense	(12.9)	(13.2)	(11.7)	(11.8)
Share of losses from equity accounted investments	–	–	–	–
PBT	**16.7**	**126.8**	**254.9**	**102.7**
Income tax expense	(5.0)	(38.0)	(76.5)	(29.1)
NPAT	**11.7**	**88.7**	**178.4**	**73.6**
Net (profit) attributable to non-controlling interests	–	–	(0.2)	(0.1)
Net Profit to members of Australian Clinical Labs Limited	**11.7**	**88.7**	**178.2**	**73.5**

(f) **ACL Pro Forma Historical Results 1H22 and 1H23**

AUD in millions	ACL Pro Forma Historical Results 1H22	1H23
Revenue	538.0	360.3
Other Income	–	6.2
Total revenue	**538.0**	**366.5**
Consumables	(98.8)	(67.9)
Labour costs	(153.3)	(151.4)
Property costs	(7.4)	(8.0)
Repairs and maintenance	(3.5)	(4.0)
IPO Transaction Costs	–	–
Acquisition related expenses	(1.3)	(1.7)
Insurance write off and associated costs	–	(0.3)
Other operating expenses	(34.4)	(33.3)
Total operating costs (excluding consumables)	**(199.9)**	**(198.7)**
Total operating costs	**(298.7)**	**(266.7)**
EBITDA	**239.3**	**99.8**
Depreciation	(5.6)	(7.5)
Depreciation of right-of-use assets	(42.6)	(53.2)
Depreciation	**(48.1)**	**(60.7)**
Amortisation of customer lists	(0.1)	(0.1)
EBIT	**191.0**	**39.0**
Net finance expense	(6.1)	(6.2)
PBT	**184.9**	**32.8**
Income tax expense	(54.7)	(7.3)
NPAT	**130.3**	**25.5**
Net (profit) attributable to non-controlling interests	(0.1)	(0.1)
Net Profit to members of Australian Clinical Labs Limited	**130.2**	**25.4**

(g) Reconciliation of ACL Statutory Historical Results to the ACL Pro Forma Historical Results

The tables below provide a reconciliation of the ACL Statutory Historical Results to the ACL Pro Forma Historical Results after the application of AASB 16 at the NPAT level for FY20, FY21, FY22, LTM December 2022, 1H22 and 1H23.

AUD in millions	FY20	FY21	FY22	LTM Dec–22
Pro Forma NPAT	**11.7**	**88.7**	**178.4**	**73.6**
Acquisition of SunDoctors	(4.0)	(4.8)	–	–
AASB 16 impact	(1.1)	0.1	–	–
Historical acquisitions and divestments	(0.4)	–	–	–
One time items	(3.9)	(6.5)	–	–
Removal of JobKeeper Payments (received)/repaid	23.5	(5.7)	–	–
IPO debt facilities	(2.2)	(8.7)	–	–
Costs of the IPO	–	(17.4)	–	–
Public company costs	3.4	3.0	–	–
Tax loss carry forward (recognition and usage)	21.3	1.2	–	–
Tax impact of pro forma adjustments	(6.9)	10.5	–	–
Statutory NPAT	**41.3**	**60.4**	**178.4**	**73.6**

AUD in millions	1H22	1H23
Pro Forma NPAT	**130.3**	**25.5**
Acquisition of SunDoctors	–	–
AASB 16 impact	–	–
Historical acquisitions and divestments	–	–
One time items	–	–
Removal of JobKeeper Payments (received)/repaid	–	–
IPO debt facilities	–	–
Costs of the IPO	–	–
Public company costs	–	–
Tax loss carry forward (recognition and usage)	–	–
Tax impact of pro forma adjustments	–	–
Statutory NPAT	**130.3**	**25.5**

(h) **ACL Key Financial Metrics**

The table below sets out the key revenue, operating and financial metrics for ACL in FY20, FY21, FY22, 1H22 and 1H23.

	ACL Pro Forma		ACL Statutory	ACL Statutory	
AUD in millions	**FY20**	**FY21**	**FY22**	**1H22**	**1H23**
Revenue metrics					
Non-COVID-19 pathology revenue	486.2	517.1	556.4	258.2	**305.7**
COVID-19 pathology revenue	19.3	137.9	420.1	271.3	45.2
Clinic revenue	13.1	13.9	12.7	6.5	**6.7**
Other revenue	4.1	5.4	6.3	2.0	**2.7**
Total revenue	**522.8**	**674.4**	**995.6**	**538.0**	**360.3**
Other Income	–	–	1.6	–	**6.2**
Total Revenue and Other income	**522.8**	**674.4**	**997.2**	**538.0**	**366.5**
Revenue growth %					
Non–COVID–19 pathology revenue (%)		6%	8%		**18%**
Clinic revenue (%)		6%	(8%)		4%
Total non–COVID–19 revenue (%)		**6%**	**7%**		**18%**
COVID–19 pathology revenue (%)		**615%**	**205%**		**(83%)**
Total revenue (%)					
Pathology revenue (%)	97%	97%	98%	*98%*	**97%**
Clinic revenue (%)	3%	2%	1%	1%	2%

1. Profile of ACL (continued)

	ACL Pro Forma		ACL Statutory	ACL Statutory	
AUD in millions	**FY20**	**FY21**	**FY22**	**1H22**	**1H23**
Financial metrics					
Operating costs % of revenue and other income					
Consumables (%)	(17%)	(18%)	(21%)	(18%)	(19%)
Labour costs (%)	(47%)	(38%)	(31%)	(28%)	(41%)
Property costs (%)	(3%)	(2%)	(2%)	(1%)	(2%)
Repairs and maintenance (%)	(1%)	(1%)	(1%)	(1%)	(1%)
Other operating expenses (%)	(9%)	(7%)	(7%)	(6%)	(9%)
Total operating costs (excl. consumables) (%)	(61%)	(48%)	(42%)	(37%)	(54%)
Total operating costs (%)	**(78%)**	**(66%)**	**(63%)**	**(56%)**	**(73%)**
EBITDA margin (%)	22.2%	34.2%	37.4%	44.5%	27.2%
EBIT margin (%)	5.7%	20.8%	26.7%	35.5%	10.6%
NPAT margin (%)	2.2%	13.2%	17.9%	24.2%	7.0%
Capex % of Revenue	(1.8%)	(1.4%)	(2.1%)	(1.5%)	(1.0%)
Dividends*	–	42.0	107.0	24.2	14.1
Dividends % NPAT	0.0%	47.3%	60.0%	18.6%	55.4%
Statutory Free cash flow**	43.9	108.5	182.5	138.2	13.4
Statutory Free cash flow % Statutory NPAT**	106.4%	179.7%	102.3%	106.1%	52.4%

* Includes dividends declared

**Free cash flow is calculated from the statutory cash flow statement and is calculated as cash provided by operations less income tax paid, purchase of plant and equipment & principal portion of lease payments.

(i) Reconciliation of ACL Statutory Historical Results for FY20, FY21 and FY22 between AASB 16 and AASB 117

As outlined in section 1.5(b), the ACL Pro Forma Historical Results have been prepared on a consistent basis and are presented based on the estimated application of AASB 16 in all financial periods. The tables in sections 1.5(i) and 1.5(j) provide a reconciliation of the ACL Statutory Historical Results, both before and after the application of AASB 16.

	ACL Statutory Historical Results		
AUD in millions	**FY20**	**FY21**	**FY22**
EBITDA (AASB 16)	**125.3**	**196.6**	**372.7**
Less: Operating lease rentals (AASB 117)	(75.3)	(85.7)	(102.0)
EBITDA (AASB 117)	**50.0**	**110.9**	**270.7**
EBIT (AASB 16)	**47.4**	**108.5**	**266.6**
Add: Depreciation of Right of Use Asset (AASB 16)	66.6	77.9	93.7
Less: Operating lease rentals (AASB 117)	(75.3)	(85.7)	(102.0)
EBIT (AASB 117)	**38.7**	**100.7**	**258.3**
NPAT (AASB 16)	**41.3**	**60.4**	**178.2**
Add: Depreciation of Right of Use Asset (AASB 16)	66.6	77.9	93.7
Add: Interest expense on Lease liabilities (AASB 16)	12.4	11.0	10.3
Less: Operating lease rentals (AASB 117)	(75.3)	(85.7)	(102.0)
Pre tax impact NPAT (AASB 117)	**44.9**	**63.5**	**180.2**
Income tax impact	(1.1)	(1.0)	(0.6)
NPAT (AASB 117)	**43.8**	**62.6**	**179.6**

(j) Reconciliation of ACL Statutory Historical Results for 1H22 and 1H23 between AASB 16 and AASB 117

	ACL Statutory Historical Results	
AUD in millions	**1H22**	**1H23**
EBITDA (AASB 16)	**239.3**	**99.8**
Less: Operating lease rentals (AASB 117)	(47.1)	(57.2)
EBITDA (AASB 117)	**192.1**	**42.6**
EBIT (AASB 16)	**191.0**	**39.0**
Add: Depreciation of Right of Use Asset (AASB 16)	42.6	53.2
Less: Operating lease rentals (AASB 117)	(47.1)	(57.2)
EBIT (AASB 117)	**186.4**	**35.0**
NPAT (AASB 16)	**130.2**	**25.4**
Add: Depreciation of Right of Use Asset (AASB 16)	42.6	53.2
Add: Interest expense on Lease liabilities (AASB 16)	5.3	5.0
Less: Operating lease rentals (AASB 117)	(47.1)	(57.2)
Pre tax impact NPAT (AASB 117)	**131.0**	**26.4**
Income tax impact	(0.2)	(0.3)
NPAT (AASB 117)	**130.7**	**26.1**

1. Profile of ACL (continued)

(k) **ACL Statutory Historical Cash Flows for FY20, FY21 and FY22**

The tables in sections 1.5(k) and 1.5(l) present the ACL Statutory Historical Cash Flows for FY20, FY21 and FY22, as well as 1H22 and 1H23.

	ACL Statutory Historical Cash Flows		
AUD in millions	**FY20**	**FY21**	**FY22**
Cash Flows From Operating Activities			
Receipts from customers and government grants	507.9	662.0	990.2
Payments to suppliers and employees	(393.8)	(450.2)	(625.9)
Cash provided by operations	**114.1**	**211.7**	**364.3**
Interest received	0.0	0.1	0.0
Interest and costs of finance paid	(12.5)	(39.4)	(11.4)
Income tax paid	0.1	(18.6)	(68.9)
Net cash provided by operating activities	**101.7**	**153.9**	**284.1**
Cash Flows From Investing Activities			
Proceeds from sale of plant and equipment	0.1	0.1	0.3
Proceeds from disposal of investments	–	1.1	–
Purchase of plant and equipment	(9.4)	(9.5)	(21.3)
Inflows from/(payments for) business combinations (net of cash acquired)	(0.7)	2.3	(51.1)
Net cash used in investing activities	**(10.0)**	**(6.1)**	**(72.0)**
Cash Flows From Financing Activities			
Principal portion of lease payments	(60.9)	(75.1)	(91.7)
Proceeds from new shares issued net of transaction costs	–	146.3	–
Repayment of borrowings	–	(269.6)	(100.0)
Proceeds from borrowings	–	321.6	–
Payment for common control restructure	–	(216.0)	–
Dividends paid	–	(42.0)	(24.2)
Dividend paid to minority interest in controlled entities	–	–	(0.1)
Payment of promissory note	–	(12.5)	–
Payment for treasury shares	–	–	(4.9)
Net cash used in financing activities	**(60.9)**	**(147.4)**	**(220.9)**
Net (decrease)/increase in cash and cash equivalents	**30.9**	**0.4**	**(8.9)**
Foreign exchange differences on cash holdings	(0.1)	(0.0)	0.0
Cash and cash equivalents at the beginning of the year	4.1	34.8	35.2
Cash and cash equivalents at the end of the year	**34.8**	**35.2**	**26.4**

(l) ACL Statutory Historical Cash Flows for 1H22 and 1H23

	ACL Statutory Historical Cash Flows	
AUD in millions	**1H22**	**1H23**
Cash Flows From Operating Activities		
Receipts from customers and government grants	491.8	377.7
Payments to suppliers and employees	(288.8)	(291.5)
Cash provided by operations	**203.1**	**86.2**
Interest received	0.0	0.1
Interest and costs of finance paid	(5.9)	(6.1)
Income tax paid	(14.8)	(17.0)
Net cash provided by operating activities	**182.4**	**63.3**
Cash Flows From Investing Activities		
Proceeds from sale of plant and equipment	0.1	0.1
Proceeds from disposal of investments	–	–
Purchase of plant and equipment	(8.2)	(3.6)
Inflows from/(payments for) business combinations (net of cash acquired)	(60.4)	(0.1)
Net cash used in investing activities	**(68.5)**	**(3.7)**
Cash Flows From Financing Activities		
Principal portion of lease payments	(41.9)	(52.3)
Proceeds from new shares issued net of transaction costs	–	–
Repayment of borrowings	(55.0)	(17.0)
Proceeds from borrowings	–	83.0
Payment for common control restructure	–	–
Dividends paid	–	(82.7)
Dividend paid to minority interest in controlled entities	(0.0)	–
Payment of promissory note	–	–
Payment for treasury shares	(4.9)	(0.9)
Net cash used in financing activities	**(101.8)**	**(69.9)**
Net (decrease)/increase in cash and cash equivalents	**12.1**	**(10.3)**
Foreign exchange differences on cash holdings	0.0	0.0
Cash and cash equivalents at the beginning of the year	35.2	26.4
Cash and cash equivalents at the end of the year	**47.3**	**16.1**

(m) ACL Statutory Historical Statement of Financial Position as at 31 December 2022

The table below sets out the ACL Statutory Historical Statement of Financial Position as at 31 December 2022.

AUD in millions	**Dec–22**
Cash and cash equivalents	16.1
Trade and other receivables	75.6
Inventories	17.6

1. Profile of ACL (continued)

AUD in millions	Dec–22
Other assets	7.6
Current tax assets	4.7
Total current assets	**121.6**
Plant and equipment	53.7
Right of use assets	245.9
Intangible assets	165.3
Other assets	0.2
Deferred tax Assets	8.9
Non-current assets	**474.0**
Total assets	**595.6**
Trade and other payables	(40.1)
Lease liabilities	(97.3)
Provisions	(49.2)
Other Liabilities	(0.1)
Deferred consideration	(5.2)
Current tax liabilities	(0.1)
Total current liabilities	**(192.0)**
Lease liabilities	(159.9)
Borrowings	(65.9)
Provisions	(2.7)
Deferred tax liabilities	0.0
Total non-current liabilities	**(228.4)**
Total liabilities	**(420.4)**
Net assets	**175.1**
Issued capital	792.1
Reserves and other contributed equity	(776.1)
Retained earnings	158.9
Non-controlling interest	0.2
Total equity	**175.1**

1.6 ACL FY23 EBIT Guidance

(a) Basis of preparation of the ACL FY23 EBIT Guidance

The ACL FY23 EBIT Guidance in this section is based on:

- the recognition and measurement principles of Australian Accounting Standards effective for FY23;
- ACL's accounting policies, consistent with those applied by ACL in the consolidated financial statements for FY22 and consolidated half year financial statements for 1H23;
- the ACL Directors' assessment of the current economic and operating conditions; and
- the assumptions set out in section 1.6(b) below.

The ACL FY23 EBIT Guidance in this section is presented in an abbreviated form and does not contain all of the disclosures that are usually provided in financial statements or an annual report prepared in accordance with Australian Accounting Standards and the Corporations Act.

The ACL Directors believe that they have used reasonable care in preparing the ACL FY23 EBIT Guidance and believe that the assumptions set out in section 1.6(b) below are reasonable when taken as a whole.

Healius Shareholders are cautioned not to place undue reliance on the ACL FY23 EBIT Guidance. Prospective financial information, by its nature, is subject to uncertainties and unexpected events, many of which are outside the control of ACL or the ACL Directors. Any variation to the basis upon which the ACL FY23 EBIT Guidance has been prepared could be either materially positive or negative to the actual financial performance of ACL. The ACL Directors therefore cannot, and do not, guarantee the achievement of the ACL FY23 EBIT Guidance.

The ACL FY23 EBIT Guidance should not be regarded as a representation or warranty with respect to its accuracy or the accuracy of the assumptions set out in section 1.6(b) below, or that ACL will achieve, or is likely to achieve, any particular result. The ACL FY23 EBIT Guidance is forward–looking in nature and is subject to inherent risks and uncertainties (including the risks set out in section 8).

The actual results of Healius and/or ACL may differ from the forecast results set out in this Bidder's Statement. There is no certainty that the future financial performance of Healius or the Merged Group set out in this Bidder's Statement will be achieved.

Healius Shareholders should read the ACL FY23 EBIT Guidance having regard to the assumptions in section 1.6(b) and the sensitivity analysis in section 1.6(c) in conjunction with the key risks set out in section 8 of this Bidder's Statement.

(b) ACL FY23 EBIT Guidance

ACL expects that its EBIT for FY23 will be within the range of $68 million to $74 million.

Management commentary and assumptions underlying the ACL FY23 EBIT Guidance

The key, specific assumptions underlying the ACL FY23 EBIT Guidance are set out below. The assumptions below are a summary only and do not represent all factors that will affect the ACL FY23 EBIT Guidance. This information is intended to assist investors in assessing the reasonableness and likelihood of the assumptions occurring, and is not intended to be a representation that the assumptions will occur. These assumptions should be considered together with the more general assumptions and sensitivity analysis which follow, and the risk factors in section 8.

The ACL FY23 EBIT Guidance is based on the actual results of ACL for the eight months to 28 February 2023, together with the forecast performance of ACL for the four month period to 30 June 2023 (subject to the basis of preparation and limitations described in section 1.6(a) above and the assumptions described in this section 1.6(b)).

The ACL FY23 EBIT Guidance excludes the impact of one-off costs incurred by ACL related to this Bidder's Statement and the Offer (which include, but are not limited to, ACL's external transaction costs in connection with the Offer, including the fees payable to ACL's professional advisers set out in section 10.6).

Revenue Assumptions

COVID-19 revenue assumptions

COVID-19 episode volumes declined significantly in 1H23. When combined with reductions in average fee per episode as a result of MBS fee reductions in January 2022 and October 2022, COVID-19 revenues declined by $226.1 million (83.3%) compared to 1H22. The ACL FY23 EBIT Guidance assumes that COVID-19 pathology revenue for the remainder of FY23 will reflect:

- a further decline in COVID-19 episode volumes, representing a further decline of over 50% from COVID-19 episode volumes in 1H23 (i.e. no further COVID-19 outbreaks); and
- average fee per episode consistent with that achieved by ACL after the latest MBS price reduction in October 2022.

Non-COVID-19 revenue assumptions

Whilst total revenue declined in 1H23 due primarily to the decrease in COVID-19 episode volumes, non COVID-19 revenue increased by $47.5 million (18.3%) compared to 1H22. ACL expects this growth in non-COVID-19 pathology revenue to continue in 2H23, as non-COVID-19 pathology revenue continues to return to ACL's pre-COVID-19 underlying pathology growth rates across all states. The number of non-COVID-19 episodes is assumed to continue to increase from 1H23 to 2H23 (continuing the growth trajectory achieved from 1 January 2023), whilst average fee per episode in 2H23 is forecast to remain consistent with that achieved in the eight months to February 2023.

1. Profile of ACL (continued)

Operating Cost Assumptions

Operating costs for the remainder of FY23 are assumed to remain consistent with actual operating costs for the eight months to February 2023, with the exception of incremental EBA rate increases, which have been forecast to increase in line with the terms of ACL's EBAs.

The average number of FTEs is expected to remain consistent with February 2023 actuals.

General Assumptions

In addition to the specific assumptions listed above, the ACL FY23 EBIT Guidance is based on more general assumptions, including (but not limited to):

- no significant changes in prevailing economic conditions in the markets in which ACL operates;
- no significant changes in the competitive environment;
- no material loss or change in scope or pricing of ACL's existing public and private hospital contracts, or any other contract, agreement or arrangement relating to ACL's business;
- no material changes in Federal, State or Local Government legislation, tax legislation, regulatory requirements or government policy that will have a material impact on ACL's financial performance, cash flows, financial position and accounting policies;
- no material changes in the MBS schedule of rates for pathology tests;
- no material disruption to the continuity of operations of ACL nor other material changes in its business;
- ACL's accounting policies will remain consistent with those adopted for the most recent financial year;
- no changes in Australian Accounting Standards or other mandatory professional reporting requirements and the Corporations Act which may have a material effect on ACL's financial performance, financial position or cash flows;
- no change in taxation legislation which would have a material impact on ACL's financial performance, financial position or cash flows;
- no material acquisitions or divestitures of businesses, investments or assets;
- ACL maintains its ability to recruit and retain the personnel required to support future growth;
- no material industrial actions or other disturbances, environmental costs or claims;
- no change in the required superannuation guarantee charge;
- no material cash flow or income statement or financial position impact in relation to litigation (existing or otherwise);
- no material change in ACL's corporate or funding structure;
- none of the risks set out in section 8 occur, or if they do, none of them has a material adverse impact on ACL's operations;
- no loss of key personnel; and
- no significant changes in statutory, legal, or regulatory requirements that would have a material impact on ACL's operations.

(c) Sensitivity analysis

The FY23 EBIT Guidance is based on a number of estimates and assumptions, as described in section 1.6(b). These estimates and assumptions are subject to business, economic and competitive uncertainties and contingencies, many of which are beyond the control of ACL, the ACL Directors and ACL's management. These estimates and assumptions include future business decisions and opportunities, which are subject to change.

Investors should be aware that future events cannot be predicted with certainty and as a result, ACL's future financial performance can be expected to deviate, both positively and negatively, from the FY23 EBIT Guidance.

To assist investors in assessing the impact of these assumptions on the FY23 EBIT Guidance, a summary of the sensitivities of the impact on FY23 EBIT to a number of key variables is set out in the table below. The changes in the key variables set out in the sensitivity analysis are intended to provide a guide only and are not intended to be indicative of the complete range of variations that may be experienced. In particular, actual performance could be outside of the ranges shown.

Care should be taken in interpreting the sensitivity analysis. The sensitivity analysis treats each change in the specific assumption in isolation from the others, whereas in many cases changes may be interdependent, with associated changes having cumulative or offsetting impacts.

For example, to calculate the sensitivity to changes in pathology episodes, it has been assumed that there has been no change in costs except for consumables costs and that the product and geographic mix of episodes is consistent with what has been assumed in developing the FY23 EBIT Guidance.

In practice, changes in variables may offset each other or be additive, and it is likely that management would respond to any adverse change in one item to seek to minimise the net effect on ACL's financial performance and cash flows. The effect of such mitigation action is not necessarily linear and is excluded from the sensitivity analysis.

Sensitivity Analysis on ACL FY23 EBIT Guidance

	$71.0M midpoint of ACL FY23 EBIT Guidance		
AUD in millions	**Notes**	**-1%**	**+1%**
Impact to EBIT			
1% change in pathology episodes	2	(2.0)	2.0
1% change in pathology revenue per episode	3	(2.3)	2.3
1% change in consumables cost per episode	4	0.4	(0.4)
1% change in labour	5	1.0	(1.0)
1% change in other operating costs (ex consumables and labour)	6	0.3	(0.3)

Notes:

1. Sensitivities are considered on the midpoint ($71.0m) of the ACL FY23 EBIT Guidance range ($68m - $74m). This period reflects eight months of actual results to February 2023 and four months of forecasts.
2. Impact to the mid point of the ACL FY23 EBIT Guidance should the number of pathology episodes increase or decrease by 1%. Calculated post consumables costs, on the assumption that there is no change to the average pathology revenue per episode or consumables costs per episode from that assumed in the ACL FY23 EBIT Guidance, including the mix of COVID-19 and non COVID-19 epsiodes. Excluding consumables, all other operating costs are assumed to be fixed and hence it is assumed that they would not change based on a 1% increase or decrease in the number of pathology episodes.
3. Impact to the mid point of the ACL FY23 EBIT Guidance should the average pathology revenue per episode increase or decrease by 1%. Calculated on the assumption that there would be no change to the number of pathology episodes and hence the change in average pathology revenue would not be offset by any changes in consumables costs. Excluding consumables, all other operating costs are assumed to be fixed and hence it is assumed that they would not change based on a 1% increase or decrease in the number of pathology episodes.
4. Impact to the mid point of the ACL FY23 EBIT Guidance should consumables costs per episode increase or decrease by 1%. Calculated on the assumption that there would be no change to the number of pathology episodes, average revenue per episode or forecast operating costs (excluding consumables).
5. Impact to the mid point of the ACL FY23 EBIT Guidance should labour costs increase or decrease by 1%. It is assumed that all other operating costs would not change.
6. Impact to the mid point of the ACL FY23 EBIT Guidance should other operating expenses (excluding consumables and labour) increase or decrease by 1%. It is assumed that consumables and labour costs would not change.

1.7 Further information on ACL

As a company whose shares are quoted on ASX, ACL is a disclosing entity and, as such, is subject to regular reporting and disclosure obligations. Copies of all documents lodged with ASIC (not being documents referred to in section 1274(2)(a) of the Corporations Act) in relation to ACL may be obtained for a fee from, or inspected at, an office of ASIC.

A substantial amount of information concerning ACL has previously been notified to ASX and is available at ASX's website https://www2.asx.com.au/markets/trade-our-cash-market/announcements.acl, including information contained in ACL's financial report for the financial year ended 30 June 2022 (released on ASX on 10 August 2022), the ACL 1H23 Report (released to the ASX on 20 February 2023) and ACL's Prospectus.

The ASX announcements released by ACL between 10 August 2022 (being the date on which ACL's financial report for the financial year ended 30 June 2022 was released on ASX) and the date of this Bidder's Statement are listed in Annexure E.

Further information about ACL (including copies of its financial statements) may also be obtained from ACL's website at https://investors.clinicallabs.com.au/.

ACL will provide a copy of each of the following documents, free of charge, to any person on request between the date of issue of this Bidder's Statement and the date that the Offer closes:

(a) the annual financial report most recently lodged by ACL with ASIC;

(b) any half year financial report lodged with ASIC by ACL after the lodgement of the annual financial report referred to in paragraph (a) and before the lodgement of this Bidder's Statement with ASIC; and

(c) any documents used to notify ASX of information relating to ACL during that period in accordance with the ASX Listing Rules as referred to in section 674(1) of the Corporations Act.

2. Information on ACL Shares and ACL's other securities

2.1 ACL's issued securities

As at the date of this Bidder's Statement, the following securities are currently on issue in ACL.

Class	Number
ACL Shares (being fully paid ordinary shares)[1]	201,834,015
ACL Performance Rights	1,581,364
ACL Service Rights	1,058,527

See section 2.6 for further details relating to the ACL Performance Rights and ACL Service Rights.

See section 7.5 for details of the expected capital structure of the Merged Group if Successful Offer Completion occurs.

2.2 Recent trading in ACL Shares

ACL Shares are quoted on ASX. Set out below is a table showing relevant recent trading prices of ACL Shares on ASX:

Comparative trading price of ACL Shares	Price of ACL Shares
VWAP of ACL Shares on ASX for the 10 trading days up to and including the Last Practicable Date	$3.69
VWAP of ACL Shares on ASX for the 30 trading days up to and including the Last Practicable Date	$3.36
Highest trading price of ACL Shares in the four months up to and including the Last Practicable Date	$3.80
Lowest trading price of ACL Shares in the four months up to and including the Last Practicable Date	$2.87
Closing trading price of ACL Shares traded on ASX on 17 March 2023, being the last trading day in ACL Shares before the Announcement Date	$3.60
Closing trading price of ACL Shares traded on ASX on the Last Practicable Date	$3.60

2.3 Dividend history

The payment of a dividend by ACL is at the discretion of the ACL Board and is a function of a number of factors, including general business and financial conditions, ACL's cash flow including cash from operations, capital expenditure requirements, working capital requirements, potential acquisition and expansion opportunities, unusual or non-recurring items, taxation requirements and other factors that the ACL Board considers relevant.

Depending on the available profits and the financial position of ACL (and applicable legal requirements), it is the current intention of the ACL Board to pay interim dividends in respect of the financial half years ending 31 December and final dividends in respect of financial full years ending 30 June each year. The ACL Board targets a payout ratio of 50% to 70% of NPAT.

1 Inclusive of 1,330,743 ACL Treasury Shares.

For FY22, ACL declared total dividends of $0.53 per ACL Share (100% franked), and, as at the date of this Bidder's Statement, for the financial year ending 30 June 2023, ACL has declared total dividends of $0.07 per ACL Share (100% franked), in each case forming part of the total return to ACL Shareholders. The dividend history of ACL since ACL's admission to the official list of the ASX on 14 May 2021 is detailed below:

Ex date	Distribution amount (per ACL Share)	Franked
27 March 2023	$0.07	100%
23 August 2022	$0.41	100%
25 March 2022	$0.12	100%

2.4 Substantial holders of ACL Shares

As at the last trading date on the ASX prior to the date of this Bidder's Statement, the 'substantial holders' of ACL were:

Substantial holder	Number of ACL Shares held	Voting power[2]
Crescent Shareholders	60,793,029	30.1%
Ethical Partners Funds Management Pty Ltd	17,583,246	8.7%
Superannuation Funds Management Corporation of South Australia	12,206,607	6.0%

The holdings of ACL Shares (and voting power) in the table above are as disclosed to ACL by the ACL Shareholders in substantial holder notices on or before the last trading date on the ASX prior to the date of this Bidder's Statement. Information in respect of substantial holdings arising, changing or ceasing after this time, or in respect of which the relevant announcement containing such information is not available on ASX's website (www.asx.com.au), is not included above.

2.5 Rights and liabilities attaching to ACL Shares

The rights and liabilities attaching to the ACL Shares which will be issued as the consideration under the Offer are:

- detailed in the Constitution; and
- in certain circumstances, regulated by the Corporations Act, the ASX Listing Rules, the ASX Settlement Operating Rules and all other applicable laws and regulations.

The ACL Shares which will be issued as the consideration under the Offer will rank equally in all respects with existing ordinary shares in ACL. The main rights and liabilities attaching to the ACL Shares are summarised below. This summary is not exhaustive nor does it constitute a definitive statement of the rights and liabilities of ACL Shareholders.

(a) Meetings of ACL Shareholders and voting rights

At a general meeting of ACL, every ACL Shareholder present in person or by proxy, attorney or representative has one vote on a show of hands and, on a poll, one vote for each ACL Share held. On a poll, every member (or his or her proxy, attorney or representative) is entitled to vote for each fully paid ACL Share held and in respect of each partly paid ACL Share, is entitled to a fraction of a vote equivalent to the proportion which the amount paid up (not credited) on that partly paid ACL Share bears to the total amounts paid and payable (excluding amounts credited) on that ACL Share. Amounts paid in advance of a call are ignored when calculating the proportion. The chairperson does not have a casting vote.

Except where a resolution requires a special majority, questions arising at a general meeting must be decided by a majority of votes cast by the members present at the meeting.

2 Based on ACL Shares on issue as at the last trading date on the ASX prior to the date of this Bidder's Statement.

2. Information on ACL Shares and ACL's other securities (continued)

(b) Meetings and notices

Every ACL Shareholder is entitled to receive notice of and, except in certain circumstances, attend and vote at, general meetings of ACL and to receive all notices, accounts and other documents required to be sent to ACL Shareholders under the Constitution, the Corporations Act and the ASX Listing Rules. At least 28 days' notice of a meeting must be given to ACL Shareholders.

(c) Dividends

Subject to the Corporations Act, the Constitution and any special terms and conditions of issue, the ACL Directors may, from time to time, pay, resolve to pay, rescind or amend a decision to pay a dividend or declare any interim, special or final dividend as, in their judgement, the financial position of ACL justifies. The ACL Directors may fix the amount, time and method of payment of the dividends. The payment, resolution to pay, or declaration of a dividend does not require any confirmation by a general meeting.

(d) Transfer of shares

Subject to the Constitution and to any restrictions attached to any ACL Shares or classes of shares, ACL Shares may be transferred by proper ASTC transfer (effected in accordance with the ASX Settlement Operating Rules, the Corporations Regulations and the ASX Listing Rules) or by a written transfer in any usual form or in any other form approved by the ACL Board and permitted by the Corporations Act and the ASX Listing Rules. The ACL Directors may, in circumstances permitted under the ASX Listing Rules or the ASX Settlement Rules, decline to register a transfer of ACL Shares or apply a holding lock to prevent a transfer of ACL Shares. If the ACL Directors decline to register a transfer, ACL must give the party lodging the transfer written notice of the refusal and the reason for refusal.

(e) Issue of further shares in ACL

Subject to the Constitution, the ASX Listing Rules, the ASX Settlement Operating Rules and any special rights conferred on the holders of any ACL Shares or class of shares, the Directors may issue ACL Shares or grant options over unissued shares to any person and they may do so at such times and on the conditions they think fit. The shares may be issued with preferred, deferred or special rights, or special restrictions about dividends, voting, return of capital, participation in the property of ACL on a winding up or otherwise as the ACL Directors see fit.

(f) Winding up

If ACL is wound up, then subject to the Constitution and to the rights or restrictions attached to a class of shares, any surplus assets must be divided among ACL's members in proportion to the ACL Shares held by them (irrespective of the amounts paid or credited as paid on the ACL Shares), less any amounts which remain unpaid on these ACL Shares at the time of distribution.

(g) Alteration to the Constitution

The Constitution may only be amended in accordance with the Corporations Act, which requires a special resolution passed by at least 75% of ACL Shareholders present (in person or by proxy, attorney or representative) and entitled to vote on the resolution at a general meeting of ACL. ACL must give at least 28 days' written notice of its intention to propose a resolution as a special resolution.

(h) Alteration or variation of rights

Subject to the Corporations Act and the terms of issue of a class of shares, wherever the capital of ACL is divided into different classes of shares, the rights attached to any class of shares may be varied with:

- the written consent of the holders of at least three-quarters of the issued shares in the particular class; or
- the sanction of a special resolution passed at a separate meeting of the holders of shares in that class.

(i) ACL Shareholder liability for capital calls

The ACL Shares to be issued under the Offer will be fully paid ordinary shares. Accordingly, they are not subject to any calls for money or additional capital by ACL and, therefore, will not become subject to forfeiture under the Constitution.

(j) Sale of non-marketable parcels

In accordance with the Corporations Act, the ASX Listing Rules and the ASX Settlement Operating Rules, and provided that the procedures set out in the Constitution are followed, ACL may sell the ACL Shares of an ACL Shareholder who holds less than a marketable parcel of those ACL Shares. A marketable parcel of ACL Shares is defined in the ASX Listing Rules and is generally a holding of ACL Shares with a market value of at least $500.

2.6 ACL's equity incentive plan

As at the date of this Bidder's Statement, ACL has the LTVR Plan, which was approved by ACL Shareholders at ACL's annual general meeting held on 27 October 2021, in operation.

The rights that may be offered under the LTVR Plan consist of ACL Performance Rights, ACL Service Rights and share appreciation rights. ACL Performance Rights are rights to acquire an ACL Share under the terms of the LTVR Plan if the applicable performance conditions are satisfied (or otherwise waived in accordance with the LTVR Plan). ACL Service Rights are rights to acquire an ACL Share under the terms of the LTVR Plan if the applicable service related vesting conditions are satisfied (or otherwise waived in accordance with the LTVR Plan). Share appreciation rights are rights issued under the LTVR Plan with an exercise price greater than nil.

Each right entitles the holder to acquire one ordinary fully paid share in ACL. Rights do not carry dividend or voting entitlements. ACL Shares and restricted shares (being ACL Shares acquired by exercise of vested rights and which are subject to disposal restrictions) received following exercise of a right will be ACL Shares that carry dividend and voting entitlements.

The terms and conditions of the LTVR Plan are summarised in ACL's notice of annual general meeting released to the ASX on 24 September 2021. The number of rights issued under the LTVR Plan (being ACL Performance Rights and ACL Service Rights) as at the date of this Bidder's Statement is set out in section 2.1.

The acquisition of Healius Shares under the Offer and the issue of ACL Shares as consideration for the acquisition of Healius Shares to which the ACL Offer relates does not cause any of the ACL Performance Rights or ACL Service Rights (being the only rights issued under the LTVR Plan as at the date of this Bidder's Statement) to automatically vest before their scheduled vesting date.

3. Profile of Healius

3.1 Disclaimer

The information about Healius in this section 3 has been prepared based on a review of publicly available information (which has not been independently verified or provided by or on behalf of Healius). Subject to the Corporations Act, neither ACL nor any of its directors, officers or employees makes any representation or warranty, express or implied, as to the accuracy or completeness of such information.

The information on Healius and the Healius Group in this Bidder's Statement should not be considered comprehensive. Further information relating to Healius' business or Healius' securities may be included in the Target's Statement in relation to the Offer, which will be sent to you by Healius.

3.2 Overview of Healius

Healius is an Australian-based, ASX-listed healthcare services group which provides services across its Pathology, Imaging and Day Hospitals businesses. On the Last Practicable Date, Healius had a fully diluted market capitalisation of approximately $1.6 billion.

3.3 Overview of Healius' segments

The following table sets out an overview of each of Healius' businesses. Healius generates revenue from the provision of pathology services, provision of imaging services and hospital provider agreements negotiated between day hospitals and private health funds.

Operating segment	Activity	Sites	Brands
Pathology	Provider of pathology services, including anatomical pathology, clinical pathology, genomic diagnostics and veterinary pathology. In January 2022, Healius acquired Agilex Biolabs, a provider of bioanalytical laboratory services. As of Healius' FY22 results, the Pathology segment now includes the contribution from Agilex Biolabs.	2,087 ACCs 96 laboratories	Includes QML, Laverty, Dorevitch, Western Diagnostic Pathology, Genomic Diagnostics
Imaging	Provider of imaging services from stand-alone imaging sites, hospitals and medical centres. Offers full suite of modalities and services including X-ray, ultrasound, computerised tomography (CT), mammography, magnetic resonance imaging (MRI), nuclear medicine, positron emission tomography (PET) and interventional radiology (including treatment by spinal and joint injections).	146 imaging sites	Lumus

Operating segment	Activity	Sites	Brands
Day Hospitals	Operator of specialist short-stay hospitals and haematology/oncology clinics. Healius announced on 9 December 2022 (announcement dated 8 December 2022) that it had entered into a binding agreement to sell Montserrat Day Hospitals to Nexus Hospitals for an enterprise value of up to $138.6 million (including deferred contingent consideration of up to $11.4 million). Completion of the transaction is expected to occur in the first half of calendar year 2023.	11 day hospital sites	Montserrat Day Hospitals
Corporate	Corporate functions include the management of centralised support services and core corporate costs including strategy, capital and stakeholder management, group finance, treasury, property, legal, Healius Board costs and management incentives. These services and functions are utilised by all business segments.	N/A	N/A

3.4 Healius Directors and shareholding interests of Healius Directors

As at the date of this Bidder's Statement, the Healius Directors are as follows:

Name	Position	Date appointed as a Healius Director
Maxine Jaquet	Chief Executive Officer and Managing Director	1 March 2023
Jenny Macdonald	Non-Executive Chair	2 November 2020
Gordon Davis	Non-Executive Director	3 August 2015
Sally Evans	Non-Executive Director	21 August 2018
Professor John Mattick	Non-Executive Director	31 March 2022
Kathryn (Kate) McKenzie	Non-Executive Director	25 February 2021
Charles Taylor	Non-Executive Director	20 March 2023

3. Profile of Healius (continued)

As at the date of this Bidder's Statement, the following Healius Directors have direct or indirect interests in the following Healius Shares, Healius Options and Healius Rights granted by Healius:

Name	Number of Healius Shares	Number of Healius Options	Number and type of Healius Rights
Maxine Jaquet	368,017	3,335,611	41,066 Healius Service Rights
Jenny Macdonald	119,548	Nil	Nil
Gordon Davis	83,898	Nil	12,075 Healius Share Rights
Sally Evans	43,844	Nil	6,038 Healius Share Rights
Professor John Mattick	35,088	Nil	7,547 Healius Share Rights
Kathryn (Kate) McKenzie	17,008	Nil	Nil
Charles Taylor	Nil	Nil	Nil

3.5 Executive management

As at the date of this Bidder's Statement, the executive management team of Healius is as follows:

Name	Position	Experience at Healius	Biography[1]
Maxine Jaquet	Managing Director and Chief Executive Officer	7+ years (<1 year as Managing Director and CEO)	• Appointed CEO from 1 March 2023 • Appointed CFO in August 2019 and COO in January 2021 • Joined Healius in July 2015 as Group Director – Commercial and Chief Executive for Health & Co from March 2016 • Previously Head of Alliances for Qantas
Mr Paul Anderson	Chief Financial Officer	<1 year	• Appointed CFO as of 1 March 2023 • Held roles at KPMG, Aussie Home Loans, Network Ten (17+ years including roles as CFO, COO and CEO) and a media start-up company
John McKechnie	Chief Executive Pathology	35+ years	• Appointed the State operations manager of WDP in 1998 before joining the QML team in 2002 • Since 2015, when Melinda McGrath resigned from QML Pathology, has been the CEO of both QML Pathology and TML Pathology • It has been reported that John McKechnie has notified Healius of his intention to retire

1 The biographies of the Healius executive management team are based on publicly available information.

Name	Position	Experience at Healius	Biography[1]
Dr Phil Lucas	Chief Executive Imaging	<1 year	• Joined Healius as CEO Lumus Imaging in January 2023 • Over 25 years' experience, with particular interests in musculoskeletal Imaging and sports medicine Imaging • Previously a Director of PRP Diagnostic Imaging (a Crescent Capital Partners portfolio company from June 2020 until December 2022) for over 15 years and held positions as Clinical Lecturer at the University of New South Wales
Janet Payne	Group Executive Corporate Affairs	7+ years	• Appointed as Group Executive, Corporate Affairs in July 2015 • Previously head of investor relations at CIMIC Group and managed the Initial Public Offering and established investor relations at Qantas • Started her career at KPMG in London and Sydney
Rob Phipps	Group Executive People, Culture and Sustainability	<1 year	• Joined Healius in October≈2022 • More than 20 years' experience in HR and People & Culture functions globally • Prior to joining Healius, was Founder and Managing Director of Evolvefast, a boutique HR management consulting firm
Mark Neeham	Group Executive Government and External Affairs	7+ years	• Joined Healius in May 2015 from the Crosby|Textor Group where he was the group's Executive Director • Has worked in senior professional positions for political parties in Australia and the UK

3. Profile of Healius (continued)

Name	Position	Experience at Healius	Biography[1]
Prasad Arav	Group Executive Digital and Technology	1+ years	• Joined Healius in April 2021 and is currently the Group Executive for Digital and Technology • Over 20 years of experience in technology-focused executive roles and management consulting • Prior to joining Healius, Prasad was Chief Digital Officer and CIO for a health insurer and Chief Strategy Officer for a global technology company • Prasad is a graduate from the University of New South Wales and has also held senior consulting roles at McKinsey and KPMG

3.6 Historical financial information of Healius

(a) Overview

Details of the historical financial information for Healius included in this section 3.6 are set out below.

- the statutory historical financial information for Healius (**Healius Statutory Historical Financial Information**), comprises the:
  - statutory historical consolidated income statements for Healius for FY20, FY21 and FY22, as well as 1H22 and 1H23 (**Healius Statutory Historical Results**);
  - statutory historical consolidated cash flows for Healius for FY20, FY21 and FY21, as well as 1H22 and 1H23 (**Healius Statutory Historical Cash Flows**); and
  - statutory historical consolidated statement of financial position of Healius as at 31 December 2022 (**Healius Statutory Historical Statement of Financial Position**); and
- the underlying historical financial information for Healius (**Healius Underlying Historical Results**) comprises the pro forma historical consolidated income statements for Healius for FY20, FY21 and FY22, as well as 1H22 and 1H23, which reflect the adjustments as described in section 3.6(b) below.

The Healius Statutory Historical Financial Information and the Healius Underlying Historical Results defined above collectively form the **Healius Historical Financial Information**.

(b) Basis of preparation of Healius Historical Financial Information

The Healius Historical Financial Information has been extracted from Healius' consolidated financial statements for FY20, FY21 and FY22 and Healius' consolidated interim financial statements for 1H22 and 1H23.

The consolidated financial statements of Healius for FY20, FY21 and FY22 were audited, and the auditor issued unqualified audit opinions on each of these financial periods. The consolidated half year financial statements of Healius for 1H22 and 1H23 were reviewed by the same auditor, who issued an unqualified review opinion on each of these financial periods.

The Healius Underlying Historical Results represent the pro forma historical financial results for continuing operations as presented in Healius' FY21 and FY22 annual reports and half year financial statements for 1H22 and 1H23 which have been prepared by Healius to illustrate the impact of the following:

- Removal of the results of the discontinued operations;
- Removal of costs associated with the digital transformation of Healius' pathology business;
- Removal of costs associated with Corporate transactions

- Removal of Montserrat earn-out and settlement expense;
- Inclusion of transactions with discontinued operations; and
- Reclassification of grant income from Other Income.

Refer to section 3.6(d) below for a reconciliation between the Healius Underlying Historical Results and the Healius Statutory Historical Results.

The Healius Historical Financial Information in this section 3.6 relates to the Healius Group on a standalone basis and does not reflect any impacts of the Offer. The Healius Historical Financial Information is intended as a summary only and the full financial statements, annual and half-year reports for Healius for each period described below can be found at https://www.healius.com.au/invest-in-us/results-and-presentations/results/.

(c) Healius Statutory Historical Results for FY20, FY21 and FY22

The tables in sections 3.6(c) and 3.6(d) summarise Healius Statutory Historical Results for FY20, FY21, and FY22, as well as 1H22 and 1H23.

	Healius Statutory Historical Results		
AUD in millions	**FY20**	**FY21**	**FY22**
Revenue	1,557.0	1,900.7	2,336.2
Other income and gains	12.8	13.5	0.5
Employee benefits expense	(800.2)	(848.9)	(951.4)
Property expenses	(65.3)	(59.6)	(53.1)
Consumables	(198.5)	(270.6)	(316.7)
Repairs and maintenance	(27.0)	(29.1)	(30.5)
IT expenses	(37.6)	(42.7)	(48.3)
Insurance	(5.0)	(7.6)	(7.6)
Transaction and digital transformation costs	–	(15.4)	(21.0)
Short-term equipment hire	–	(8.5)	(35.7)
Other expenses	(129.4)	(129.1)	(126.5)
Depreciation	(39.8)	(38.1)	(44.5)
Depreciation – right of use assets	(163.0)	(195.4)	(219.7)
Amortisation of intangibles	(11.9)	(13.8)	(14.3)
Write-down of leased assets	–	–	–
Restructuring and termination costs	–	–	–
Earnings before interest and tax	**92.1**	**255.4**	**467.4**
Finance costs	(29.3)	(87.6)	(50.5)
Profit before tax	**62.8**	**167.8**	**416.9**
Income tax expense	20.6	(101.5)	(122.9)
Profit for the year from continuing operations	**83.4**	**66.3**	**294.0**
Gain/(loss) for the year from discontinued operations	(153.9)	(22.6)	13.9
Profit for the year	(70.5)	43.7	307.9
Attributable to:			
Equity holders of Healius Limited	**(70.5)**	**43.7**	**307.9**

3. Profile of Healius (continued)

In FY21, Healius sold Healius Primary Care (HPC) and announced its intention to divest Adora IVF and the Healius Day Surgeries businesses (together Adora). The results of both HPC and Adora prior to their divestment were reported by Healius as discontinued operations in FY20, FY21 and FY22.

(d) Healius Statutory Historical Results for 1H22 and 1H23

	Healius Statutory Historical Results	
AUD in millions	**1H22**	**1H23**
Revenue	1,314.0	864.1
Other income and gains	–	–
Employee benefits expense	(481.6)	(440.6)
Property expenses	(28.0)	(28.8)
Consumables	(168.0)	(114.5)
Repairs and maintenance	(14.4)	(15.7)
IT expenses	(22.7)	(23.3)
Insurance	(3.7)	(3.6)
Transaction and digital transformation costs	(11.8)	(9.7)
Short-term equipment hire	(23.2)	(2.8)
Other expenses	(70.2)	(58.6)
Depreciation	(20.3)	(21.4)
Depreciation – right of use assets	(103.9)	(107.5)
Amortisation of intangibles	(6.9)	(7.9)
Write-down of leased assets	–	(39.1)
Restructuring and termination costs	–	(3.8)
Earnings before interest and tax	**359.3**	**(13.2)**
Finance costs	(24.5)	(28.5)
Profit before tax	**334.8**	**(41.7)**
Income tax expense	(102.9)	15.8
Profit for the year from continuing operations	**231.9**	**(25.9)**
Gain/(loss) for the year from discontinued operations	1.3	(2.8)
Profit for the year	**233.2**	**(28.7)**
Attributable to:		
Equity holders of Healius Limited	**233.2**	**(28.7)**

On 8 December 2022, Healius announced the sale of its Montserrat Day Hospitals business (Montserrat) to Nexus hospitals. Montserrat was reported by Healius as discontinued operations within the 1H22 and 1H23 results but within continuing operations for FY20, FY21 and FY22.

(e) Healius Underlying Historical Results for FY20, FY21, FY22, 1H22 and 1H23

The tables below summarise Healius Underlying Historical Results by segment at the revenue, EBITDA and EBIT levels for FY20, FY21, and FY22, as well as 1H22 and 1H23. The Healius Underlying Historical Results are reconciled to the Healius Statutory Historical Results in section 3.6(f).

	FY20				
AUD in millions	**Pathology**	**Imaging**	**Day Hospitals**	**Other**	**Total**
Segment Revenue	1,160.1	376.7	37.4	0.1	1,574.3
Intersegment Sales	–	–	–	–	(1.9)
Underlying Revenue	**1,160.1**	**376.7**	**37.4**	**0.1**	**1,572.4**
Underlying EBITDA	**274.2**	**70.2**	**9.7**	**(10.4)**	**343.7**
Depreciation	(20.9)	(12.1)	(2.4)	(4.4)	(39.8)
Amortisation of Intangibles	(6.3)	(2.5)	–	(3.1)	(11.9)
Depreciation - right of use assets	(122.6)	(33.7)	(3.6)	(3.1)	(163.0)
Underlying EBIT	**124.4**	**21.9**	**3.7**	**(21.0)**	**129.0**

	FY21				
AUD in millions	**Pathology**	**Imaging**	**Day Hospitals**	**Other**	**Total**
Segment Revenue	1,452.1	406.9	49.5	6.8	1,915.3
Intersegment Sales	–	–	–	–	(2.2)
Underlying Revenue	**1,452.1**	**406.9**	**49.5**	**6.8**	**1,913.1**
Underlying EBITDA	**428.3**	**84.5**	**15.5**	**(14.5)**	**513.8**
Depreciation	(20.8)	(10.7)	(2.7)	(3.9)	(38.1)
Amortisation of Intangibles	(7.3)	(2.8)	–	(3.7)	(13.8)
Depreciation - right of use assets	(147.4)	(40.1)	(3.8)	(4.1)	(195.4)
Underlying EBIT	**252.8**	**30.9**	**9.0**	**(26.2)**	**266.5**

	FY22				
AUD in millions	**Pathology**	**Imaging**	**Day Hospitals**	**Other**	**Total**
Segment Revenue	1,890.4	393.9	48.7	6.5	2,339.5
Intersegment Sales	–	–	–	–	(1.8)
Underlying Revenue	**1,890.4**	**393.9**	**48.7**	**6.5**	**2,337.7**
Underlying EBITDA	**698.4**	**79.7**	**12.6**	**(19.9)**	**770.8**
Depreciation	(21.2)	(16.2)	(3.0)	(4.1)	(44.5)
Amortisation of Intangibles	(7.2)	(3.1)	–	(4.0)	(14.3)
Depreciation - right of use assets	(171.6)	(41.3)	(4.3)	(2.5)	(219.7)
Underlying EBIT	**498.4**	**19.1**	**5.3**	**(30.5)**	**492.3**

	1H22				
AUD in millions	**Pathology**	**Imaging**	**Day Hospitals**	**Other**	**Total**
Segment Revenue	1,112.3	199.6	–	3.4	1,315.3
Intersegment Sales	–	–	–	–	(0.2)
Underlying Revenue	**1,112.3**	**199.6**	–	**3.4**	**1,315.1**
Underlying EBITDA	**473.1**	**43.5**	**–**	**(12.6)**	**504.0**
Depreciation	(11.1)	(8.3)	–	(0.7)	(20.1)
Amortisation of Intangibles	(4.2)	(1.9)	–	(0.8)	(6.9)
Depreciation - right of use assets	(82.0)	(21.4)	–	(0.5)	(103.9)
Underlying EBIT	**375.8**	**11.9**	–	**(14.6)**	**373.1**

3. Profile of Healius (continued)

AUD in millions	Pathology	Imaging	Day Hospitals	Other	Total
	1H23				
Segment Revenue	649.5	212.8	–	2.0	864.3
Intersegment Sales	–	–	–	-	(0.2)
Underlying Revenue	**649.5**	**212.8**	–	**2.0**	**864.1**
Underlying EBITDA	**136.5**	**46.9**	**–**	**(6.6)**	**176.8**
Depreciation	(12.7)	(8.4)	–	(0.3)	(21.4)
Amortisation of Intangibles	(4.7)	(2.5)	–	(0.7)	(7.9)
Depreciation - right of use assets	(87.1)	(19.5)	–	(0.9)	(107.5)
Underlying EBIT	**32.0**	**16.5**	–	**(8.5)**	**40.0**

(f) Reconciliation of Healius Underlying Historical Results to Healius Statutory Historical Results for FY20, FY21, FY22, 1H22 and 1H23

The tables below provide a reconciliation of the Healius Underlying Historical Results to the Healius Statutory Historical Results for FY20, FY21, FY22, 1H22 and 1H23, at the revenue and EBIT levels.

AUD in millions	FY20	FY21	FY22	1H22	1H23
Total Underlying Revenue	**1,572.4**	**1,913.1**	**2,337.7**	**1,315.1**	**864.1**
Transactions with discontinued operations	(3.0)	(2.6)	(1.5)	(1.1)	–
Grant income recognised as other income	(12.4)	(9.8)	–	–	–
Total Statutory Revenue	**1,557.0**	**1,900.7**	**2,336.2**	**1,314.0**	**864.1**

AUD in millions	FY20	FY21	FY22	1H22	1H23
Total Underlying EBIT	**129.0**	**266.5**	**492.3**	**373.1**	**40.0**
Pathology digital transformation	(18.3)	(11.3)	(10.5)	(5.8)	(8.0)
Corporate transactions	–	(1.1)	(10.5)	(6.0)	(1.7)
Montserrat earn-out and settlement expense	(14.5)	(3.0)	–	–	–
Transactions with discontinued operations	8.5	4.3	(3.9)	(2.0)	(0.6)
Other (including impairments)	(12.6)	–	–	–	–
Restructuring & termination costs	–	–	–	–	(3.8)
Write-down (impairment of leased assets)	–	–	–	–	(39.1)
Statutory EBIT	**92.1**	**255.4**	**467.4**	**359.3**	**(13.2)**

(g) Healius Key Financial Metrics

The tables below set out the key revenue, operating and financial metrics for Healius in FY20, FY21, FY22, 1H22 and 1H23.

AUD in millions	Healius Statutory Historical FY20	FY21	FY22	Healius Statutory Historical 1H22	1H23
Revenue metrics					
Pathology revenue	1,160.1	1,452.1	1,890.4	1,112.3	649.5
Imaging	376.7	406.9	393.9	199.6	212.8
Day Hospitals	37.4	49.5	48.7	–	–
Other Revenue	0.1	6.8	6.5	3.4	2.0
Intersegment Sales	(1.9)	(2.2)	(1.8)	(0.2)	(0.2)
Total Underlying Revenue	**1,572.4**	**1,913.1**	**2,337.7**	**1,315.1**	**864.1**
Transactions with discontinued operations	(3.0)	(2.6)	(1.5)	(1.1)	–
Grant income recognised as other income	(12.4)	(9.8)	–	–	–
Total Statutory Revenue	**1,557.0**	**1,900.7**	**2,336.2**	**1,314.0**	**864.1**
Underlying Revenue growth %					
Pathology revenue		25%	30%		(42%)
Imaging		8%	(3%)		7%
Day Hospitals		32%	(2%)		n.a.
Underlying Revenue %					
Pathology revenue	74%	76%	81%	85%	75%
Imaging	24%	21%	17%	15%	25%
Day Hospitals	2%	3%	2%	0%	0%
Financial metrics					
Operating costs % of revenue					
Employee benefits expense	(51%)	(45%)	(41%)	(37%)	(51%)
Property expenses	(4%)	(3%)	(2%)	(2%)	(3%)
Consumables	(13%)	(14%)	(14%)	(13%)	(13%)
Repairs and maintenance	(2%)	(2%)	(1%)	(1%)	(2%)
IT expenses	(2%)	(2%)	(2%)	(2%)	(3%)
Insurance	(0%)	(0%)	(0%)	(0%)	(0%)
Transaction and digital transformation costs	0%	(1%)	(1%)	(1%)	(1%)
Short-term equipment hire	0%	(0%)	(2%)	(2%)	(0%)
Other expenses	(8%)	(7%)	(5%)	(5%)	(7%)
Total operating costs (excl. consumables) (%)	(68%)	(60%)	(55%)	(50%)	(72%)
Total operating costs (%)	**(81%)**	**(74%)**	**(68%)**	**(63%)**	**(86%)**
EBITDA margin (%)	19.7%	26.4%	31.9%	37.3%	14.3%
EBIT margin (%)	5.9%	13.4%	20.0%	27.3%	(1.5%)
NPAT margin (continuing operations) (%)	5.4%	3.5%	12.6%	17.6%	(3.0%)
Capex % of Revenue	(7.8%)	(3.9%)	(4.0%)	(3.3%)	**(5.0%)**
Dividends*	16.2	80.4	92.2	57.9	–

3. Profile of Healius (continued)

AUD in millions	Healius Statutory Historical FY20	Healius Statutory Historical FY21	Healius Statutory Historical FY22	Healius Statutory Historical 1H22	Healius Statutory Historical 1H23
Dividends % NPAT (continuing operations)	19.4%	121.3%	31.4%	25.0%	0.0%
Free cash flow**	98.5	249.3	278.8	200.9	21.1

* Free cash flow is calculated from the statutory cash flow statement and calculated as gross cash flow from operating activities less income tax paid, payment for property plant and equipment, payment for other intangibles and payment of lease liabilities

(h) Reconciliation of Healius Statutory Historical Results for FY20, FY21 and FY22 between AASB 16 and AASB 117[2]

The tables in sections 3.6(h) and 3.6(i) provide a reconciliation of the Healius Statutory Historical Results, both before and after the application of AASB 16.

AUD in millions	Healius Statutory Historical Results FY20	FY21	FY22
EBITDA (AASB 16)	**306.8**	**502.7**	**745.9**
Less: Operating lease rentals (AASB 117)	(179.5)	(217.9)	(242.2)
EBITDA (AASB 117)	**127.3**	**284.8**	**503.7**
EBIT (AASB 16)	**92.1**	**255.4**	**467.4**
Add: Depreciation of Right of Use Asset (AASB 16)	163.0	195.4	219.7
Less: Operating lease rentals (AASB 117)	(179.5)	(217.9)	(242.2)
EBIT (AASB 117)	**75.6**	**232.9**	**444.9**
NPAT (AASB 16)	**(70.5)**	**43.7**	**307.9**
Add: Depreciation of Right of Use Asset (AASB 16)	163.0	195.4	219.7
Add: Interest expense on Lease liabilities (AASB 16)	29.5	34.0	35.0
Less: Operating lease rentals (AASB 117)	(179.5)	(217.9)	(242.2)
Pre tax impact NPAT (AASB 117)	**(57.5)**	**55.2**	**320.4**
Income tax impact	(3.9)	(3.4)	(3.8)
NPAT (AASB 117)	**(61.4)**	**51.8**	**316.6**

(i) Reconciliation of Healius Statutory Historical Results for 1H22 and 1H23 between AASB 16 and AASB 117[3]

AUD in millions	Healius Statutory Historical 1H22	1H23
EBITDA (AASB 16)	**490.4**	**123.6**
Less: Operating lease rentals (AASB 117)	(114.4)	(117.6)
EBITDA (AASB 117)	**376.0**	**6.0**
EBIT (AASB 16)	**359.3**	**(13.2)**
Add: Depreciation of Right of Use Asset (AASB 16)	103.9	107.5
Less: Operating lease rentals (AASB 117)	(114.4)	(117.6)
EBIT (AASB 117)	**348.8**	**(23.3)**
NPAT (AASB 16)	**233.2**	**(28.7)**
Add: Depreciation of Right of Use Asset (AASB 16)	103.9	107.5
Add: Interest expense on Lease liabilities (AASB 16)	16.5	16.2
Less: Operating lease rentals (AASB 117)	(114.4)	(117.6)
Pre tax impact NPAT (AASB 117)	**239.2**	**(22.6)**
Income tax impact	(1.8)	(1.8)
NPAT (AASB 117)	**237.4**	**(24.5)**

2 Healius disclosed a reconciliation of the impact of AASB 16 vs AASB 117 at the EBITDA level in their FY20, FY21 and FY22 annual reports and investor presentations. A similar reconciliation was not provided in the 1H22 and 1H23 half year financial report. The table above assumes that 1H22 and 1H23 operating lease rentals under AASB 117 are proportionately consistent as a percentage of the right-of-use depreciation and interest included in the actual disclosures made by Healius in respect of FY20, FY21 and FY22.

3 Healius disclosed a reconciliation of the impact of AASB 16 vs AASB 117 at the EBITDA level in their FY20, FY21 and FY22 annual reports and investor presentations. A similar reconciliation was not provided in the 1H22 and 1H23 half year financial report. The table above assumes that 1H22 and 1H23 operating lease rentals under AASB 117 are proportionately consistent as a percentage of the right-of-use depreciation and interest included in the actual disclosures made by Healius in respect of FY20, FY21 and FY22.

(j) Healius Statutory Historical Cash Flows for FY20, FY21 and FY22

The tables in sections 3.6(j) and 3.6(k) present the Healius Statutory Historical Cash Flows for FY20, FY21 and FY22, as well as 1H22 and 1H23.

	Healius Statutory Historical		
AUD in millions	**FY20**	**FY21**	**FY22**
Cash Flows From Operating Activities			
Receipts from customers	1,899.9	2,129.6	2,456.2
Payments to suppliers and employees	(1,494.7)	(1,557.7)	(1,779.1)
Gross Cash flow from operating activities	**405.2**	**571.9**	**677.1**
Income tax paid	1.7	(46.0)	(90.3)
Net cash provided by operating activities	**406.9**	**525.9**	**586.8**
Cash Flows From Investing Activities			
Proceeds from sale of business (net of cash disposed)	-	459.3	28.2
Payment for property, plant and equipment	(49.3)	(48.4)	(81.4)
Payment for business acquired (net of cash received) – Agilex Biolabs	–	–	(290.7)
Payment for business acquired (net of cash received) – Axis Diagnostics	–	–	(12.6)
Payments for earn out, settlement and deferred consideration	–	–	(36.8)
Payment for Day Hospital practices and subsidiaries	(11.0)	–	–
Payment for Imaging healthcare professionals	(1.1)	(0.7)	–
Payment for Pathology healthcare practices and subsidiaries	(5.2)	(1.5)	–
Payment for other intangibles	(23.1)	(12.9)	(12.1)
Proceeds from the sale of property, plant and equipment and intangibles	0.1	1.1	3.7
Payment for Healius Primary Care (HPC) healthcare professionals – discontinued operations	(21.9)	(5.3)	–
Payment for Healius Primary Care (HPC) practices and subsidiaries – discontinued operations	(10.4)	(4.7)	–
Net cash used in investing activities	**(121.9)**	**386.9**	**(401.7)**
Cash Flows From Financing Activities			
Finance costs on interest-bearing liabilities	(27.5)	(21.9)	(13.0)
Interest paid on ineffective hedge close out	–	(11.3)	–
Interest paid on lease liabilities	(41.0)	(39.5)	(35.0)
Interest received	0.8	0.5	–
Payments for buyback of shares	–	(97.4)	(139.4)
Shares purchased for Long Term Incentive Plan	–	–	(22.1)
Proceeds from/(repayments of) borrowings	15.0	(555.7)	345.6
Payment of lease liabilities	(186.4)	(203.1)	(214.5)
Dividends paid	(21.2)	(56.3)	(98.1)
Net cash used in financing activities	**(260.3)**	**(984.7)**	**(176.5)**
Net (decrease)/increase in cash and cash equivalents	**24.7**	**(71.9)**	**8.6**
Cash and cash equivalents at the beginning of the year	119.7	144.5	72.7
Effect of exchange rate movements on cash held in foreign currencies	0.1	0.1	–
Cash and cash equivalents at the end of the year	144.5	72.7	81.3

3. Profile of Healius (continued)

(k) Healius Statutory Historical Cash Flows for 1H22 and 1H23

	Healius Statutory Historical	
AUD in millions	**1H22**	**1H23**
Cash flows from operating activities		
Receipts from customers	1,308.7	1,012.4
Payments to suppliers and employees	(900.4)	(764.3)
Gross cash flows from operating activities	**408.3**	**248.1**
Net income tax paid	(58.7)	(78.2)
Net cash provided by operating activities	**349.6**	**169.9**
Cash flows from investing activities		
Proceeds from sale of business - net of cash disposed	–	1.2
Proceeds from sale of property, plant and equipment and intangibles	0.7	26.8
Payments for property, plant and equipment	(37.2)	(35.1)
Payments for other intangibles	(5.6)	(7.9)
Payment for Imaging subsidiary acquired (net of cash acquired)	(12.6)	–
Montserrat Day Hospitals deferred consideration and settlement	(36.0)	(3.8)
Net cash (used in)/provided by investing activities	**(90.7)**	**(18.8)**
Cash flows from financing activities		
Finance costs paid on interest bearing liabilities	(6.7)	(11.3)
Interest paid on lease liabilities	(17.3)	(16.9)
Payments for buyback of shares	(100.8)	(5.2)
Shares purchased for Long Term Incentive Plan	(22.2)	(3.7)
Net proceeds from/(repayment of borrowings)	70.0	25.0
Dividends paid	(40.0)	(34.3)
Payment of lease liabilities	(105.9)	(105.8)
Net cash used in financing activities	**(222.9)**	**(152.2)**
Net increase/(decrease) in cash held	**36.0**	**(1.1)**
Cash at the beginning of the period	72.7	81.3
Cash at the end of the period	**108.7**	**80.2**

(l) Healius Statutory Historical Statement of Financial Position as at 31 December 2022

The table below sets out the Healius Statutory Historical Statement of Financial Position as at 31 December 2022.

AUD in millions	Dec-22
Cash	76.1
Receivables	167.7
Consumables	36.3
Tax assets	14.1
Assets held for sale	158.3
Total current assets	**452.5**
Goodwill	2,247.3
Right of use assets	1,021.5
Property, plant and equipment	173.6
Other intangible assets	72.8
Other financial assets	4.5
Deferred tax asset	87.3
Total non-current assets	**3,607.0**
Total assets	**4,059.5**
Payables	(200.8)
Deferred consideration	(1.6)
Tax liabilities	(2.4)
Provisions	(157.5)
Lease liabilities	(199.8)
Liabilities held for sale	(46.1)
Total current liabilities	**(608.2)**
Provisions	(18.9)
Interest-bearing liabilities	(631.5)
Lease liabilities	(957.6)
Total non-current liabilities	**(1,608.0)**
Total liabilities	**(2,216.2)**
Net assets	**1,843.3**
Issued capital	2,420.9
Treasury shares	–
Reserves	6.6
Accumulated losses	(584.2)
Total equity	**1,843.3**

3.7 Publicly available information on Healius

As a company whose shares are quoted on ASX, Healius is a disclosing entity and, as such, is subject to regular reporting and disclosure obligations. Copies of all documents lodged with ASIC in relation to Healius may be obtained for a fee from, or inspected at, an office of ASIC.

A substantial amount of information concerning Healius has previously been notified to ASX and is available at ASX's website https://www2.asx.com.au/markets/trade-our-cash-market/announcements.hls.

Further information about Healius (including copies of its financial statements) may also be obtained from Healius' website at: https://www.healius.com.au/.

4. Information on Healius' securities

4.1 Healius' issued securities

According to documents lodged by Healius with ASX as at the last trading date on the ASX prior to the date of this Bidder's Statement, the securities on issue in Healius are as follows:

Class	Number
Healius Shares (being fully paid ordinary shares that are quoted on the ASX)	569,528,709
Healius Performance Rights	4,655,806
Healius Options	34,774,330[1]
Healius Share Rights	25,660
Healius Employee Service Rights	221,426
Healius Service Rights	25,000

4.2 Healius employee incentive plans and incentive securities on issue

(a) **Healius Rights**

According to documents lodged by Healius with ASX as at the last trading date on the ASX prior to the date of this Bidder's Statement, there are:

- 4,655,806 Healius Performance Rights on issue;
- 25,660 Healius Share Rights on issue;
- 221,426 Healius Employee Service Rights on issue; and
- 25,000 Healius Service Rights on issue.

Healius Rights are subject to various performance-related, service-related and/or other time-based vesting conditions and do not have an exercise price.

To the extent that Healius Rights remain on issue after Successful Offer Completion, ACL intends to compulsorily acquire the remaining Healius Rights.

(b) **Healius Options**

According to documents lodged by Healius with ASX as at the last trading date on the ASX prior to the date of this Bidder's Statement, there are 34,774,330 Healius Options on issue.

Healius Options are subject to various performance-related vesting conditions and have an exercise price of $3.05.

To the extent that Healius Options remain on issue after Successful Offer Completion, ACL intends to compulsorily acquire the remaining Healius Options.

1 Options not "in the money", with a strike price of $3.05 and an expiry date of 3 March 2035.

4.3 Substantial holders of Healius Shares

Based on Healius' annual report for FY22 and substantial holder notices released to the ASX in respect of Healius on or before the last trading date on the ASX prior to the date of this Bidder's Statement, as at the last trading date on the ASX prior to the date of this Bidder's Statement, the 'substantial holders' of Healius were:

Substantial holder[2]	Number of Healius Shares held	Voting power
Perpetual Limited	70,792,460	12.4%
Australian Retirement Trust Pty Ltd as trustee for Australian Retirement Trust	49,164,963	8.6%
Tanarra Capital Australia Pty Ltd	45,549,533	8.0%
State Street Corporation	34,968,120	6.1%
Dimensional Entities	30,485,918	5.4%
Host-Plus Pty Limited as trustee of the Hostplus Pooled Superannuation Trust	29,956,561	5.3%
Mitsubishi UFJ Financial Group, Inc. and First Sentier Investors Holdings Pty Ltd	29,374,935	5.2%
Commonwealth Bank of Australia	29,214,808	5.1%
The Vanguard Group, Inc.	29,004,002	5.1%
ACL[3]	Nil	0.0%

4.4 Recent trading in Healius Shares

Healius Shares are quoted on ASX. Set out below is a table showing relevant recent trading prices of Healius Shares on ASX:

Comparative trading period price of Healius Shares	Price of Healius Shares
VWAP of Healius Shares on ASX for the 10 trading days up to and including the Last Practicable Date	$2.73
VWAP of Healius Shares on ASX for the 30 trading days up to and including the Last Practicable Date	$2.79
Highest trading price of Healius Shares in the four months up to and including the Last Practicable Date	$3.37
Lowest trading price of Healius Shares in the four months up to and including the Last Practicable Date	$2.61
Closing trading price of Healius Shares traded on ASX on 17 March 2023, being the last trading day in Healius Shares before the Announcement Date	$2.78
Closing trading price of Healius Shares traded on ASX on the Last Practicable Date	$2.78

4.5 Healius' recent dividend history

The dividend history of Healius during the last two years preceding the date of this Bidder's Statement is detailed below:

Ex date	Distribution amount (per Healius Share)	Franked
7 September 2022	$0.06	100%
24 March 2022	$0.10	100%
13 September 2021	$0.07	100%
25 March 2021	$0.07	100%

2 Including their related bodies corporate, controlled entities and/or associates (as identified in the applicable substantial holder notice).
3 Substantial holder notice released to the ASX by ACL pursuant to section 671B(1)(c) of the Corporations Act.

4.6 ACL's interests in Healius Shares

As at the date of this Bidder's Statement, ACL does not have any voting power in Healius and ACL does not have a Relevant Interest in any Healius Shares.

As at the date of the Offer (immediately before the first Offer was sent), ACL's voting power in Healius was 0% and ACL had a Relevant Interest in 0 Healius Shares.

4.7 ACL's dealings in Healius Shares

(a) **Previous four months**

Neither ACL nor any associate of ACL has provided, or agreed to provide, consideration for Healius Shares under any purchase or agreement during the four months before the date of this Bidder's Statement.

(b) **Period before Offer**

During the period starting on the date of this Bidder's Statement and ending on the date immediately before the date of the Offer, neither ACL nor any associate of ACL provided, or agreed to provide, consideration for Healius Shares under any purchase or agreement.

4.8 No collateral or other benefits

During the period of four months before the date of this Bidder's Statement, neither ACL nor any associate of ACL gave, or offered to give, or agreed to give a benefit to another person which was likely to induce the other person, or an associate of the other person, to:

- accept the Offer; or
- dispose of Healius Shares,

and which is not offered to all holders of Healius Shares under the Offer.

During the period from the date of this Bidder's Statement to the date before the date of the Offer, neither ACL nor any associate of ACL gave, or offered to give, or agreed to give, a benefit to another person which was likely to induce the other person, or an associate of the other person, to:

- accept the Offer; or
- dispose of Healius Shares,

and which is not offered to all holders of Healius Shares under the Offer.

4.9 No escalation agreements

Neither ACL nor any associate of ACL has entered into any escalation agreement in connection with the Offer that is prohibited by section 622 of the Corporations Act.

4.10 Offer extends to new Healius Shares

The Offer extends to Healius Shares that are issued or otherwise come into existence during the period from the Register Date to the end of the Offer Period due to the conversion of, or exercise of rights attached to, other securities convertible into Healius Shares (including Healius Rights and Healius Options) that are on issue at the Register Date.

5. Sources of Offer Consideration

5.1 Consideration under the Offer

The consideration for the acquisition of Healius Shares to which the ACL Offer relates will be satisfied by the issue of ACL Shares.

Ineligible Foreign Shareholders and Small Parcel Shareholders that accept the Offer will not receive ACL Shares. Instead, if they accept the Offer, they will be paid the net proceeds of the sale (on the ASX by the Nominee) of the ACL Shares that they would have otherwise been entitled to. See section 11.8 for more information.

5.2 ACL Shares as consideration

Based on the number of Healius Shares and Healius Incentive Securities on issue as at the date of this Bidder's Statement, and assuming that:

(a) acceptances are received by ACL in respect of all Healius Shares on issue as at the date of this Bidder's Statement; and

(b) all Healius Incentive Securities on issue as at the date of this Bidder's Statement are exercised and convert into new Healius Shares before the end of the Offer Period, and the holders of those new Healius Shares accept the Offer,

the maximum number of ACL Shares that will be issued as Offer Consideration under the Offer is 450.8 million.

5.3 Other costs

ACL will fund its transaction costs in connection with the Offer using its existing cash reserves.

6. ACL's intentions in relation to Healius

6.1 Introduction

This section sets out the intentions of ACL in relation to the following:

- the continued operation of Healius;
- any major changes to be made to the operation of Healius;
- the future employment of Healius employees; and
- the compulsory acquisition of Healius Shares and the removal of Healius from the official list of ASX.

ACL has formed the intentions set out in this section 6 based on ACL's review of publicly available information about Healius (which has not been independently verified by ACL or provided by or on behalf of Healius). ACL has not had access to, or conducted due diligence on, non-public information relating to Healius. Accordingly, ACL does not have detailed knowledge of all material information necessary to reach final decisions as to its intentions. ACL will only reach final decisions in light of the facts and circumstances at the relevant time and following completion of the review of Healius' operations referred to below.

Accordingly, the statements set out in this section 6 are statements of current intentions only and may vary as new information becomes available or circumstances change.

6.2 Overview and rationale for the Offer and summary of Expected Cost Synergies

The Offer is designed to enable a merger of ACL and Healius with the intention of creating what ACL believes will be Australia's leading pathology business, with greater scale, profitability and potential for expansion (see sub-sections 1 and 2 of the section of this Bidder's Statement entitled "***Why You Should Accept the Offer***" for further detail). The Merged Group is expected to benefit from increased financial and operational size and to be supported by the ACL management team's capabilities and track record of superior performance (see sub-sections 3, 4, 5 and 7 of the section of this Bidder's Statement entitled "***Why You Should Accept the Offer***" for further detail). ACL believes that patients of both ACL and Healius will benefit from the Merged Group's improved ability to provide high quality, accessible and bulk-billed pathology services as a result of the Proposed Merger (see sub-section 6 of the section of this Bidder's Statement entitled "***Why You Should Accept the Offer***" for further detail).

ACL expects that the creation of the Merged Group will generate significant synergies and create additional shareholder value (see sub-sections 2 and 4 of the section of this Bidder's Statement entitled "***Why You Should Accept the Offer***" for further detail). The immediate benefits of operating scale achieved by the Merged Group are expected to generate approximately $95 million of annual recurring pre-tax cost savings (being the Expected Cost Synergies), which are expected to be progressively realised within four years of completion of the Proposed Merger. The Expected Cost Synergies pertain to the key areas of laboratory consolidation, collection and courier networks, procurement benefits and back-office support and restructuring.

ACL believes that the Expected Cost Synergies could not be achieved on a standalone basis by Healius or ACL. The ability to capture these synergy benefits is expected to depend on, amongst other things, whether or not ACL is able to acquire 100% of the Healius Shares and the results of the operational review referred to in section 6.3(c).

Detailed information on the Expected Cost Synergies (including the key assumptions underlying the Expected Cost Synergies and the expected realisation of the Expected Cost Synergies if ACL were to declare the Offer free of the 90% Minimum Acceptance Condition and it were to acquire a Relevant Interest in more than 50%, but less than 90%, of Healius Shares on issue, including the basis on which ACL believes that the Expected Cost Synergies will be able to be realised in those circumstances) is set out in section 7.4 below.

6.3 Intentions on acquiring 90% or more of Healius Shares

This section 6.3 describes ACL's intentions if, at the end of the Offer Period, ACL:

- receives valid acceptances in respect of at least 75% (by number) of the Healius Shares; and
- acquires a Relevant Interest in at least 90% (by number) of the Healius Shares then on issue, and, therefore, is entitled to proceed to Compulsory Acquisition of the remaining Healius Shares.

(a) Compulsory acquisition of Healius Shares

If ACL and its associates collectively have a Relevant Interest in at least 90% (by number) of Healius Shares during or at the end of the Offer Period, ACL intends to give a notice pursuant to Part 6A.1 of the Corporations Act to compulsorily acquire all of the outstanding Healius Shares, even if Healius Shares to which those notices relate are issued after the Offer closes but before notices are given (pursuant to section 661A(4)(b) of the Corporations Act).

If ACL and its associates obtain a relevant interest in at least 90% (by number) of Healius Shares and a full beneficial interest in at least 90% (by value) of all securities issued by Healius that are either Healius Shares or convertible into Healius Shares, ACL will be entitled to compulsorily acquire any outstanding securities which are convertible into Healius Shares pursuant to Part 6A.2 of the Corporations Act (including the remaining Healius Rights).

Healius Shareholders should consult their legal advisors for a determination of their legal rights with respect to any compulsory acquisition.

The income tax consequences to a Healius Shareholder of a compulsory acquisition may differ from the income tax consequences to such Healius Shareholder accepting the Offer. See section 9 for a general overview of the Australian taxation implications for Healius Shareholders who dispose of their Healius Shares under the Offer.

(b) ASX listing

At the conclusion of the compulsory acquisition process, ACL intends to arrange for Healius to be removed from the official list of the ASX.

(c) Strategic review

ACL intends to conduct a strategic review of Healius' operations, assets and corporate structure following completion of the Offer. The review will use both qualitative and quantitative measures to evaluate Healius' performance, profitability and prospects and identify areas for improvement. As at the date of this Bidder's Statement, ACL does not have any specific intentions in relation to the outcomes of this strategic review but, as part of this review, ACL intends to focus on the following areas (amongst others):

- undertaking a general review of Healius' operations in order to remove duplications and integrate ACL's and Healius' organisational structures (including to achieve the Expected Cost Synergies, as described below);
- reviewing Healius' supplier relationships and refining the Merged Group's procurement strategies;
- leveraging best practice corporate processes and systems;
- evaluating brand strategy via the combination of ACL and Healius;
- assessment of synergy potential and implementation timetable; and
- review of the strategic role of Healius' Imaging (as described in section 6.3(h) below) and Agilex Biolabs businesses.

(d) Realisation of Expected Cost Synergies

As discussed above, ACL expects that the creation of the Merged Group will generate the Expected Cost Synergies, which are expected to be progressively realised within four years of completion of the Proposed Merger. The Expected Cost Synergies pertain to the key areas of laboratory consolidation, collection and courier networks, procurement benefits and back-office support and restructuring, as described in section 7.4.

As part of the strategic review described above and the integration of ACL's and Healius' businesses after the Proposed Merger, ACL will focus on establishing systems and processes that are designed to implement the changes to, and restructuring of, the Merged Group required to realise the Expected Cost Synergies as soon as practicable after Successful Offer Completion and within the 4-year period referred to above – see section 7.4 for more information.

(e) Efficient unified laboratory network

As a key strategic priority, ACL will explore moving the Merged Group onto a single, national LIS. This will enable the Merged Group to operate efficiently as a unified laboratory network, minimising turnaround times and maximising the capacity of its testing network. The Merged Group is expected to be able to benefit from ACL's prior experience with successful implementation of a unified laboratory network, supported by its investment in high-volume central laboratories.

6. ACL's intentions in relation to Healius (continued)

(f) Healius Board

Following the acquisition of Healius on Successful Offer Completion, ACL intends to replace all of the Healius Directors with nominees of ACL (as ACL expects that Healius will be a wholly-owned subsidiary of ACL).

ACL intends to review the composition of the board of the Merged Group and may consider the appointment of a number of current Healius Directors as ACL Directors. As at the date of this Bidder's Statement, ACL has not made any decisions as to whether any (and, if so, which) Healius Directors will be invited to join the ACL Board after Successful Offer Completion.

(g) Impact on Healius' executives and employees

As part of its strategic review, ACL expects to evaluate the future operation and management requirements of the Merged Group. Depending on the outcome of this review, there may be changes to the staffing requirements of the Merged Group.

The Merged Group is expected to have a balanced leadership team of talented individuals, representing its diversity, skillset, and ambitions. It is anticipated that the senior management team of the Merged Group will predominantly comprise members from ACL's current senior management team, and may include certain members of Healius' current senior management team. The leadership roles of the Merged Group will include:

- CEO (Chief Executive Officer)
- CFO (Chief Financial Officer)
- COO (Chief Operating Officer)
- CIO (Chief Information Officer)
- Group Medical Director
- State and National Operational Managers
- Investor Relations Manager
- Others as identified following review

ACL has not finalised the identity of the members of the ACL or Healius senior management teams who may form part of the Merged Group's remaining senior management team (including Merged Group functions).

As a result of the implementation of the above intentions and the outcome of ACL's general review of Healius' operations in order to remove duplications and to integrate ACL's and Healius' organisational structures (described above), it is possible that certain operational functions will become redundant. Where practicable, ACL expects to seek to minimise job losses through redeployment of the relevant employees into other parts of the Merged Group's operations. Should any redundancies or other changes to their employment arrangements occur, the relevant employees will be treated in accordance with their contractual and other legal entitlements.

(h) Review of the strategic role of Healius' Imaging business

ACL currently intends to conduct a strategic review of Healius' Imaging business when commercially practicable after Successful Offer Completion.

ACL does not expect any potential actions following a strategic review of Healius' Imaging business (if it proceeds) to have a material impact on Healius' pathology operations.

(i) Capital structure

The following table represents the effect of the Offer on ACL's capital structure based on ACL owning 100% and 50% respectively of Healius Shares on issue:

	100%		50%	
Name	**Number**	**%**	**Number**	**%**
ACL Shares on issue at the last trading date on the ASX prior to the date of this Bidder's Statement	203,143,163	32%	203,143,163	49%
New ACL Shares issued to Healius Shareholders	425,097,885	68%	212,548,942	51%
Total ACL Shares on issue after the Offer[1]	628,241,048	100%	415,692,105	100%

1 Calculated on the basis set out in section 7.7.

(j) Dividend policy

ACL currently intends to maintain a policy of paying out 50% to 70% of Merged Group's NPAT as a dividend, consistent with ACL's standalone dividend policy. The Merged Group is expected to seek to deliver consistent growth in dividends, reflective of its free cash flow growth. However, the payment of any dividend is at the discretion of the ACL Board and the amount of any dividend actually paid to ACL Shareholders may depend on a range of factors at the relevant time, including general business and financial conditions, cash flow, unusual or non-recurring items, capital expenditure requirements, working capital requirements, potential acquisition opportunities and taxation requirements.

6.4 Intentions on acquiring more than 50% but less than 90% of Healius Shares

ACL reserves its right to declare the Offer free from the 90% Minimum Acceptance Condition (or any other Condition). However, it has made no decision as to whether it will do so.

This section 6.4 describes ACL's intentions (as at the date of this Bidder's Statement) if it were to declare the Offer free of the 90% Minimum Acceptance Condition and if it were to acquire a Relevant Interest in more than 50%, but less than 90%, of Healius Shares on issue.

The ability of ACL to implement any of the intentions set out in this section 6.4 will be subject to, among other things:

- the legal obligations of the Healius Directors;
- the requirements of the Corporations Act relating to transactions between related parties; and
- potentially, the ASX Listing Rules relating to transactions between related parties (provided Healius remains listed on the ASX).

These shareholder protections may limit or modify the implementation of the intentions outlined below. As a result of those requirements, the approval of minority Healius Shareholders may be required for the implementation of some of the intentions outlined below.

Subject to the limitations described above, ACL's intentions for Healius as a part owned controlled entity are as follows:

(a) Directors

Subject to the Corporations Act and Healius' constitution, ACL intends to seek to replace some or all of the members of the Healius Board with ACL nominees and new independent directors so that ACL nominees constitute at least a majority of the members of the Healius Board. No decision has been made at this stage about the identity of the proposed nominees that would be appointed to the Healius Board or which current Healius Directors would be removed.

(b) Strategic review

If, following the Offer Period, Healius becomes a controlled entity, but not a wholly owned subsidiary, of ACL, it is the present intention of ACL to attempt to procure that the Healius Board implements the objectives outlined in sections 6.3(c), 6.3(g) and 6.3(h) above, to the extent possible and appropriate, noting the limitations described above.

In these circumstances, following the end of the Offer Period, ACL would continue to monitor the performance of Healius and, as appropriate, conduct a strategic review of Healius' structure, assets, business, personnel and operations. Following this process, the executive management of ACL may be enhanced or supplemented by Healius with a view to ensuring the Merged Group has the best possible skills and resources available to undertake its business.

Section 7.4 of this Bidder's Statement sets out detailed information on the Expected Cost Synergies, including the basis for, and underlying assumptions supporting the Expected Cost Synergies. ACL notes that in circumstances where Healius becomes a controlled entity but not a wholly-owned subsidiary of ACL, full realisation of the Expected Cost Synergies may not be available.

6. ACL's intentions in relation to Healius (continued)

However, ACL believes that the Expected Cost Synergies, if they are realised, will deliver significant commercial benefits to both ACL and Healius and that the realisation of most of the Expected Cost Synergies will be in the best interests of both ACL Shareholders and Healius Shareholders even when ACL only controls, but does not own 100% of, Healius. Therefore, if ACL were to:

- declare the Offer free of the 90% Minimum Acceptance Condition; and
- acquire a Relevant Interest in more than 50%, but less than 90%, of Healius Shares on issue under the Offer,

ACL believes that it can be reasonably expected that it will be able to reach an agreement with Healius in relation to the operation of their respective businesses in a way which allows them to realise the Expected Cost Synergies that relate to the operation of their respective businesses. As described in section 7.4 of this Bidder's Statement, ACL expects that such an agreement would include the following arrangements (on arm's length terms) between ACL and Healius, potentially through a joint venture between ACL and Healius:

- the establishment of shared courier networks to remove duplicate pickups and eliminate crossover in courier routes;
- the sharing of laboratory resources and infrastructure to improve efficiency rates, reduce fixed costs and optimise the laboratory footprint of Healius and ACL;
- the adoption of shared procurement strategies across consumables, repairs and maintenance, insurance and other external suppliers;
- the removal of duplicate back-office and support functions through the use of shared service arrangements and outsourcing; and
- the supply of certain IT services and infrastructure by Healius to ACL.

As described above, such an agreement will be subject to:

- the legal obligations of the Healius Directors;
- the requirements of the Corporations Act relating to transactions between related parties; and
- potentially, the ASX Listing Rules relating to transactions between related parties.

In particular, an agreement between ACL and Healius of the kind described above (including to establish a joint venture between ACL and Healius):

- will likely involve detailed negotiations between ACL and the independent Healius Directors (that is, Healius Directors that have not been nominated or appointed to the Healius Board by ACL) at the relevant time, acting on behalf of Healius and in the interests of Healius Shareholders as a whole; and
- may be required (including under the Listing Rules) to be approved at a general meeting of Healius, at which ACL (in its capacity as a Healius Shareholder) is not entitled to vote on the relevant resolution(s) (that is, approved by the required majority of minority Healius Shareholders).

However, any Expected Cost Synergies relating to the costs which directly relate to Healius' continued listing on the ASX (including ASX listing fees and share registry costs, costs relating to the presence of minority Healius Shareholders, and corporate costs associated with the requirement to maintain a separate Healius Board and management team) will not be available in the circumstances described above.

Given this, as discussed at section 7.4, ACL believes that it has a reasonable basis to expect that it can realise approximately $88 million of the Expected Cost Synergies detailed at section 7.4 in circumstances where ACL declares the Offer free of the 90% Minimum Acceptance Condition and ACL acquires a Relevant Interest in more than 50%, but less than 90%, of Healius Shares on issue under the Offer. There may, however, be delays while the terms of the arrangements described above are negotiated and implemented. Accordingly, the expected timeframe for the realisation of the Expected Costs Synergies in these circumstances is approximately five years after completion of the Offer. In addition to the approximately $70 million of estimated one-off cash costs that are expected to be incurred as part of the realisation of the Expected Cost Synergies (as described in section 7.4), ACL estimates that additional one-off tax and structuring costs of approximately $18 million to $23 million will be incurred as a result of implementing the arrangements described above.

More information on this is set out in section 7.4, and section 7.8(b)(ii) provides a summary of the effects on the Merged Group Pro Forma Financial Information (which includes the Expected Cost Synergies) if ACL were to declare the Offer free of the 90% Minimum Acceptance Condition and if it were to acquire a Relevant Interest in more than 50%, but less than 90%, of Healius Shares on issue.

(c) ASX listing

ACL intends, subject to satisfying the relevant requirements, to remove Healius from the official list of the ASX.

In relation to the removal of Healius from the official list of the ASX, ASX guidance indicates that the usual conditions that ASX would expect to be satisfied in order for it to approve the removal of Healius from the official list in the context of a successful takeover bid include:

- at the end of the Offer, ACL and its Related Bodies Corporate own or control at least 75% of the Healius Shares and the Offer has remained open for at least two weeks after ACL and its Related Bodies Corporate having attained ownership or control of at least 75% of the Healius Shares;
- the number of Healius Shareholders (other than ACL and its Related Bodies Corporate) having holdings with a value of at least $500 is fewer than 150; and
- Healius has applied for removal from the official list of the ASX no later than one month after the close of the Offer.

In these circumstances, the ASX will not usually require ACL to obtain Healius Shareholder approval for Healius' removal from the official list of the ASX.

In addition, the ASX may approve an application for Healius to be removed from the official list of the ASX with shareholder approval.

If Healius is removed from the official list of the ASX, there may be risks related to remaining as a minority shareholder in Healius. These include reduced or non-existent liquidity if shareholders wish to sell their Healius Shares.

(d) Further acquisition of interest in Healius

ACL may, at some later time, acquire further Healius Shares in a manner consistent with the Corporations Act and any other applicable laws.

It is possible that, even if ACL is not entitled to proceed to compulsory acquisition of minority holdings after the end of the Offer Period under Part 6A.1 of the Corporations Act, it may subsequently become entitled to exercise rights of general compulsory acquisition under Part 6A.2 of the Corporations Act; for example, as a result of acquisitions of Healius Shares in reliance on the "3% creep" exception in item 9 of section 611 of the Corporations Act. If so, it may exercise those rights.

(e) Dividend policy

ACL's view on the payment of dividends by Healius may be different to those of the Healius Board as at the date of this Bidder's Statement, which may result in their increase or decrease if ACL nominees constitute at least a majority of the members of the Healius Board after completion of the Offer. As at the date of this Bidder's Statement, no determination has been made by ACL regarding Healius' dividend policy after completion of the Offer in these circumstances.

6.5 Intentions for Healius if not controlled by ACL

ACL reserves its right to declare the Offer free from the 90% Minimum Acceptance Condition (or any other Condition). However, it has made no decision as to whether it will do so.

This section 6.5 describes ACL's intentions if it were to declare the Offer free of the 90% Minimum Acceptance Condition and if Healius does not become a controlled entity of ACL.

In that circumstance:

- ACL does not expect to be in a position to give effect to the intentions set out in sections 6.3 or 6.4 of this Bidder's Statement; and
- ACL's current intention is to continue to hold any stake in Healius with a view to maximising returns for its investment (this may result in ACL acquiring additional Healius Shares, to the extent permitted by law).

6.6 Limitations in giving effect to intentions

The ability of ACL to implement the intentions set out in this section 6 will be subject to the legal obligations of the ACL Directors to have regard to the interests of ACL and all ACL Shareholders, and the requirements of the Corporations Act and the ASX Listing Rules relating to transactions between related parties. ACL will only make a decision on the abovementioned courses of action following legal and financial advice in relation to those requirements.

7. Profile of the Merged Group

7.1 Information about the Merged Group in this section

This section 7 contains information on the Merged Group and the effects of the Offer on ACL. In particular, it contains the Merged Group Pro Forma Historical Financial Information (set out in section 7.8) and information on the Expected Cost Synergies (set out in section 7.4).

The Expected Cost Synergies (as referred to in the section of this Bidder's Statement entitled "***Why You Should Accept the Offer***", in particular sub-section 2) involve approximately $95 million of annual recurring pre-tax cost savings which are expected to be progressively realised within four years of completion of the Proposed Merger. The Merged Group Pro Forma Historical Financial Information has been prepared to reflect the Expected Cost Synergies, as described in section 7.4 and, accordingly, the applicable financial metrics included in this section 7 incorporate the Expected Cost Synergies. Detailed information on the Expected Cost Synergies (including the key assumptions underlying the Expected Cost Synergies) is set out in section 7.4.[1]

The Potential Operational Improvement Benefit (as referred to in the section of this Bidder's Statement **entitled** "***Why You Should Accept the Offer***", in particular sub-section 3), involving approximately $95 million of potential further identified upside to be achieved via potential operational uplift, is not included in the information about the Merged Group (including, but not limited to, the Merged Group Pro Forma Historical Financial Information) set out in this section 7. As such, the applicable financial metrics described in this section 7 do not incorporate the Potential Operational Improvement Benefit.

7.2 Overview of the Merged Group

ACL believes that the merger of ACL and Healius as a result of Successful Offer Completion will create a Merged Group that will become the largest pathology provider in Australia, with a more diversified and resilient financial profile than each of Healius and ACL as standalone entities.

As explained in more detail in the following sections of this section 7, if Successful Offer Completion occurs, the Merged Group would have delivered the following metrics on a pro forma basis*:*

- revenue of $2,656 million for the LTM period ending 31 December 2022;[2]
- EBIT of $358 million for the LTM period ending 31 December 2022, including the Expected Cost Synergies;[3]
- NPAT of $214 million for the LTM period ending 31 December 2022, including the Expected Cost Synergies;[4]
- leverage of 1.9x EBITDA (pre AASB 16) for the LTM period ending 31 December 2022 excluding the Expected Cost Synergies;[5] and
- market capitalisation of approximately $2.3 billion, excluding the Expected Cost Synergies.[6]

As detailed in section 7.8(c), including the Expected Cost Synergies, it is expected that the Merged Group would have delivered the following metrics on a pro forma basis:

- EBIT of $358 million for the LTM period ending 31 December 2022;[7] and
- NPAT of $214 million for the LTM period ending 31 December 2022.[8]

1 Section 7.4 also contains further information on the expected realisation of the Expected Cost Synergies if ACL were to declare the Offer free of the 90% Minimum Acceptance Condition and it were to acquire a Relevant Interest in more than 50%, but less than 90%, of Healius Shares on issue, including the basis on which ACL believes that the Expected Cost Synergies will be able to be realised in those circumstances.
2 Refer to section 7.8.
3 Refer to section 7.8.
4 Refer to section 7.8.
5 Refer to section 7.8.
6 Represents the sum of the standalone fully diluted market capitalisation of ACL as set out in section 1.1 and the standalone fully diluted market capitalisation of Healius as set out in section 3.2.
7 Refer to section 7.8.
8 Refer to section 7.8.

ACL believes that the Proposed Merger presents an attractive opportunity for both ACL and Healius Shareholders for the following reasons:

- **Strategic alignment of ACL and Healius:** The combination of ACL and Healius is expected to create a stronger, larger pathology group, becoming the largest pathology provider in Australia with increased financial size. The businesses' complementary networks are expected to provide a more diverse platform for growth and an improved ability to deliver efficient and high-quality pathology services to patients.
- **Leading pathology business nationally:** The Merged Group is also expected to have the largest ACC footprint nationally, with a leading position in pathology in each mainland state, which ACL expects will enable more efficient service delivery, largely through the removal of duplicated infrastructure and personnel.
- **Improved financial strength to capitalise on growth opportunities:** The Merged Group has a pro forma EBIT of $358 million (including the Expected Cost Synergies) and pro forma leverage of 1.9x (excluding the Expected Cost Synergies).[9] With the expected increase in financial size and larger, more flexible balance sheet, ACL expects that the Merged Group will have a stronger platform to pursue organic and inorganic growth opportunities, including accelerated investments in expanded patient and doctor services.
- **Access to significant synergies, creating additional shareholder value:** ACL expects that the Proposed Merger will generate approximately $95 million of annual recurring pre-tax cost savings to be realised within four years of completion of the Proposed Merger (being the Expected Cost Synergies).[10] The estimated net value of the Expected Cost Synergies, when capitalised at the blended multiple of ACL and Healius is between $1.3 billion and $1.6 billion.[11] The integration of the two businesses, and the go forward strategy of the Merged Group, is expected to be supported by ACL's operating model and management team which have a track record of successfully integrating acquisitions, including capturing synergies on or ahead of plan (as detailed in sub-sections 5 and 7 of the section of this Bidder's Statement entitled "***Why You Should Accept the Offer***").

7.3 Operations of the Merged Group

ACL expects that, if Successful Offer Completion occurs, the combination of ACL and Healius will result in a Merged Group with quality and accessible healthcare services, delivered across a national network of pathology and diagnostic imaging businesses.

Pathology

The Merged Group will become the largest pathology provider in Australia with more Approved Collection Centres (ACCs) nationally than any other pathology provider in the Australian market.[12] The Merged Group's pathology operations will include:

- approximately 171 laboratories;
- the largest number of ACCs in each mainland Australian State;
- approximately 3,400+ ACCs;
- approximately 24 brands; and
- 160+ hospitals services.

The Merged Group will also be the only pathology company in Australia with a comprehensive clinical trials offering from bioanalytical to phase 1 trials.

ACL's modern Approved Collection Centre network complements and enhances Healius' existing network, with the Merged Group's expanded footprint creating a more diverse growth platform across geography, hospitals and community practices.

9 For the LTM ending 31 December 2022. Refer to section 7.8 of this Bidder's Statement for details of the Merged Group Pro Forma Historical Financial Information.

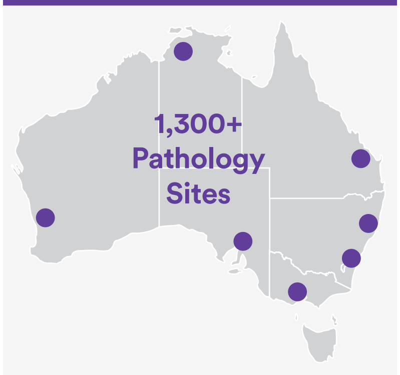
10 See sections 6.4(b) and 7.4 of this Bidder's Statement for further information on the expected realisation of the Expected Cost Synergies if ACL were to declare the Offer free of the 90% Minimum Acceptance Condition and it were to acquire a Relevant Interest in more than 50%, but less than 90%, of Healius Shares on issue, including the basis on which ACL believes that the Expected Cost Synergies will be able to be realised in those circumstances.

11 See subsection 4 of the section of this Bidder's Statement entitled "***Why You Should Accept the Offer***" for more information, including the basis for this calculation.

12 As at the time that the Merged Group is created.

7. Profile of the Merged Group (continued)

ACL

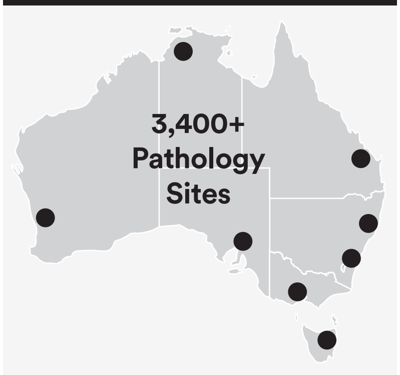


	Labs	Collection Centres
NSW/ACT	11	444
VIC	28	470
SA	26	155
NT	1	13
WA	7	172
QLD	2	72
TAS	0	0
Total	**75**	**1,326**

Healius

	Labs	Collection Centres
NSW/ACT	26	732
VIC	29	534
SA	1	33
NT	2	18
WA	10	205
QLD	26	543
TAS	2	22
Total	**96**	**2,087**

Merged Group



	Labs	Collection Centres
NSW/ACT	37	1,176
VIC	57	1,004
SA	27	188
NT	3	31
WA	17	377
QLD	28	615
TAS	2	22
Total	**171**	**3,413**

Imaging

The Merged Group will also provide a range of quality diagnostic imaging services under Healius' Lumus Imaging business, which operates a network of around 146 sites across the country including:

- 67 community centres;
- 50 medical centres; and
- 29 hospitals.

As discussed in section 6.3(h), ACL currently intends to review the strategic role of Healius' Imaging business when commercially practicable after Successful Offer Completion. ACL's current intentions are set out in section 6 and are based on ACL's review of publicly available information about Healius (which has not been independently verified by ACL or provided by or on behalf of Healius). ACL has not had access to, or conducted due diligence on, non-public information relating to Healius. Accordingly, ACL does not have detailed knowledge of all material information necessary to reach final decisions as to its intentions. ACL will only reach final decisions in light of the facts and circumstances at the relevant time and following completion of the review of Healius' operations described in section 6.

Discontinued operations

The sale of Healius' Day Hospitals Business, which operates 11 specialist short-stay hospitals and haematology/oncology clinics, is expected to complete in the first half of the 2023 calendar year.[13] On this basis, ACL does does not expect the Day Hospitals Business to form part of the Merged Group's continuing operations.

13 As announced to the ASX by Healius on 8 December 2022.

7.4 Potential synergies and other benefits

(a) Overview

The potential synergies and other benefits detailed in section 7.4(b) are prepared on the basis of Successful Offer Completion occurring, and ACL acquiring all of the Healius Shares. Section 7.4(c) addresses the potential synergies and other benefits in the scenario where ACL acquires more than 50% but less than 90% of Healius Shares, and Healius becomes a controlled entity but not a wholly-owned subsidiary of ACL. The potential synergies and other benefits described in this section are based on ACL's review of publicly available information about Healius, which has not been independently verified by ACL or provided by or on behalf of Healius.

The information presented in this section 7.4 is intended to assist Healius Shareholders in assessing the reasonableness of the assumptions underlying the potential synergies and other benefits described in this section 7.4 (and referred to elsewhere in this Bidder's Statement), as well as the likelihood of the potential synergies and other benefits occurring in the circumstances described above. This information is based on an assessment of current economic and operating conditions and is not intended to be a representation that the assumptions will occur. The key general assumptions adopted in preparing the potential synergies and other benefits described in this section 7.4 are as follows:

- no material changes in the competitive and operating environments of the Australian pathology industry in which ACL and Healius operate;
- no material changes in Federal, State or Local Government legislation, tax legislation, regulatory requirements or government policy that will have a material impact on ACL or Healius' financial performance;
- no material changes in the Medicare Benefits Schedule of rates for pathology tests;
- no material adverse impact from any further geographically isolated COVID-19 lockdowns and no further national or State based COVID-19 lockdowns;
- no material change in applicable accounting standards, other mandatory professional reporting requirements or the Corporations Act which will have a material impact on ACL or Healius' financial performance;
- no material change in the current pathology market expectations of the recovery in economic conditions and episode volumes post the COVID-19 pandemic, as relevant to the geographic markets in which ACL or Healius operate;
- no material loss or change in scope or pricing of ACL or Healius' existing public and private hospital contracts, or any other contract, agreement or arrangement relating to ACL or Healius' business;
- no material disruption to the continuity of operations of ACL or Healius nor other material changes in its business; and
- no material loss of key personnel and ACL and Healius maintain their ability to recruit and retain the personnel required to support future growth.

(b) Expected Cost Synergies if Successful Offer Completion occurs

ACL expects that the creation of the Merged Group will generate approximately $95 million of annual recurring pre-tax cost savings (being the Expected Cost Synergies).

The Expected Cost Synergies have been determined by ACL on the basis of the following assumptions:

- the Expected Cost Synergies are confined to the Healius pathology operations and pathology-related Healius Group functions only. Healius' Imaging business and soon to be divested Day Hospitals Business are excluded;
- no material change to the ACC footprint of the Merged Group or to the other business units or brands;
- the Healius corporate head office functions, roles, systems and costs will form part of the Proposed Merger and the Merged Group will adopt the Healius corporate systems, subject to review, given Healius' current scale;
- ACL is not required and/or does not agree to divest any material assets (whether before or after Successful Offer Completion), or give any undertaking that materially affects the operation of the Merged Group after Successful Offer Completion, as part of the ACCC clearance process the subject of the ACCC Clearance Condition;[14]
- a key strategic priority will be to move to a single national instance of LIS (described in section 6), and to consolidate to a single central laboratory in Victoria and Western Australia. However, these actions are not expected to be completed until more than four years post completion. As such, any potential synergies arising from these actions have not been included in the assessment of the Expected Cost Synergies; and

14 The ACCC Clearance Condition requires the ACCC to provide unconditional clearance of the Proposed Merger. ACL has requested unconditional clearance of the Proposed Merger from the ACCC. ACL believes that it has strong arguments to support this request for unconditional clearance. In any event, ACL does not expect any material dis-synergies, including as a result of ACCC clearance in connection with the Proposed Merger.

7. Profile of the Merged Group (continued)

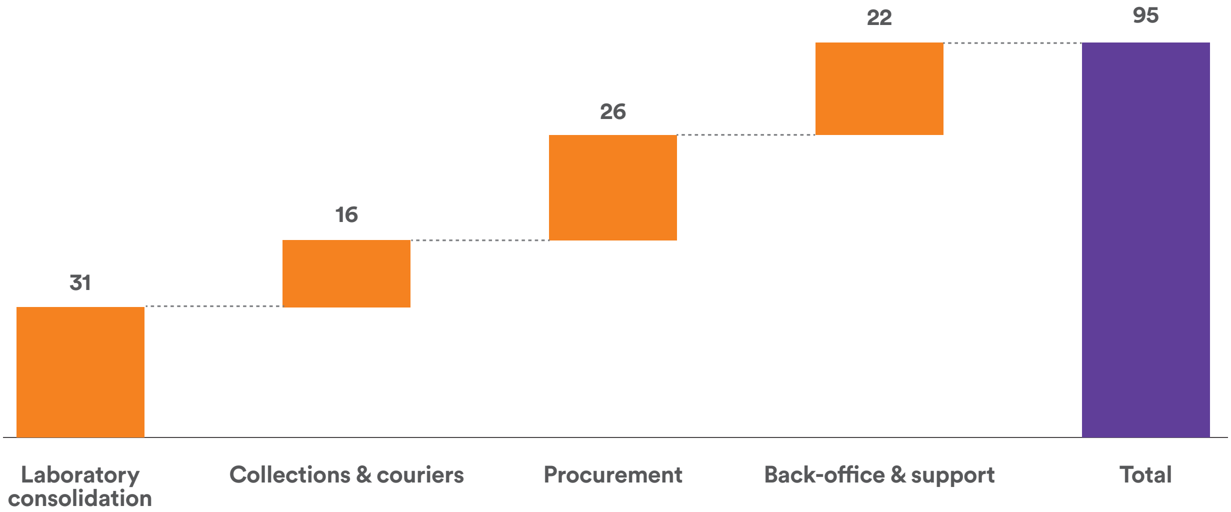
- the impacts of COVID-19 on the business in the past or going forward have been excluded. Any synergy savings from costs related to or driven by COVID-19 (for example, additional Molecular staff to support COVID-19 demand or COVID-19 related procurement purchases) have been considered a one-off benefit and have not been assumed to be a recurring synergy.

The Expected Cost Synergies of approximately $95 million represent the mid-point of the range of potential synergies of $78 million to $113 million that ACL estimates are achievable from integrating Healius and ACL, and which have been determined by ACL after undertaking a detailed review of ACL and Healius' costs.[15]

The Expected Cost Synergies pertain to the key areas set out below. The below-listed figures represent the mid-point of an estimated range for each category (set out in further detail below):

- **Consolidation of laboratories:** Approximately $31 million (33%) of the Expected Cost Synergies are expected to be generated from the consolidation of the Merged Group's laboratory footprint resulting in reduced labour and rent. The optimised network is expected to reduce the level of total fixed costs via consolidation of high volume, highly automated tests into single labs to improve utilisation. Further, optimised operational practice across the combined business is expected to increase efficiency.
- **Collection and courier network:** Approximately $16 million (17%) of the Expected Cost Synergies are expected to be generated from the consolidation of supervisory functions and rationalisation of overlapping routes where ACL and Healius are servicing the same locations. Additionally, the implementation of ACL's routing and telematics software into the Healius network is expected to align the efficiency of the network of the Merged Group to that of ACL.
- **Procurement benefits:** Approximately $26 million (27%) of the Expected Cost Synergies are expected to be generated from procurement savings across the Merged Group's consumables, repairs and maintenance, insurance and external supplier spend. Consolidation of volumes for overlapping consumables suppliers is expected to deliver better pricing negotiation power and result in volume-based discounts. Consolidation of repairs and maintenance services from the Merged Group scale and consolidation of combined corporate service costs such as insurance and professional services is expected to generate cost savings.
- **Back-office and support restructuring:** Approximately $22 million (24%) of the Expected Cost Synergies are expected to be generated from the consolidation of corporate and divisional executive and management roles into a single structure and a reduction of duplicated roles across back office and support functions (including finance, human resources, commercial and IT). Additionally, the consolidation and integration of the technology held by both ACL and Healius to remove duplicated systems and licenses, as well as the ability to reduce the corporate office portfolio for the Merged Group is also expected to generate cost savings.

Estimate of Expected Cost Synergies (A$m)[16]



15 Based on publicly available information about Healius (which has not been independently verified by ACL or provided by or on behalf of Healius).
16 Expected Cost Synergies are expected to be progressively realised within four years of completion of the Proposed Merger.

It is anticipated that the Expected Cost Synergies are to be progressively realised within four years of completion of the Proposed Merger, predominantly driven by the timing required to successfully integrate the laboratory network. ACL expects that approximately 30%, or $26 million of the Expected Cost Synergies (run-rate), are to be delivered in the first year post completion of the Proposed Merger, comprised of listing and corporate costs as well as some smaller laboratory consolidations. Further, within the first two years post completion of the Proposed Merger, ACL expects that more than half of the Expected Cost Synergies, or approximately $55 million, will be realised.

The Expected Cost Synergies are expected to accrue as a direct result of the creation of the Merged Group and ACL believes that the Expected Cost Synergies could not be achieved on a standalone basis by Healius or ACL. The realisation of these recurring Expected Cost Synergies is expected to lead to estimated one-off cash costs of approximately $70 million in total, which are expected to be incurred progressively over the four-year integration period commencing on Successful Offer Completion. These are largely driven by technology (approximately $28 million), severance payments (approximately $12 million), rebranding (approximately $10 million), site closure costs, external integration and legal support (approximately $14 million). A 10% contingency against the estimated costs has also been applied.

The Expected Cost Synergies have been quantified using actual information for ACL and publicly available information about Healius (which has not been independently verified by ACL or provided by or on behalf of Healius) for FY22. ACL management has compared the number of full time ACL employees and ACL operating costs between FY22 and the annualisation of the September to November period in 1H23 to understand any material movements and how they may impact the estimated Expected Cost Synergies, including excluding the impact of the Medlab integration. Based on the analysis conducted, ACL is not aware of any material changes in 1H23 that would materially negatively impact the Estimated Cost Synergies.

The ACL board expects that realisation of the Expected Cost Synergies will be supported by ACL's experienced management team, which possesses a strong track record of successfully integrating businesses into the ACL network and outperforming the synergy targets identified during integration planning.[17] Since 2015, ACL management has acquired and integrated five businesses. In respect of all of these post-acquisition integrations, ACL was able to achieve or exceed delivery of planned synergies on time and on budget. Examples of this include:

- **Acquisition of Medlab:** In November 2021, ACL acquired Medlab for $65 million.[18] ACL's initial synergy target was $10.5 million of synergies, which was expected to be achieved within 24 months of completion of the Medlab acquisition. This target was significantly exceeded with $17 million in synergies achieved by the end of 31 December 2022, only 12 months after completion, with $1 million in further savings expected to be achieved. Additional synergies were achieved by adopting a conservative approach to forecasting, with further savings realised across multiple cost categories such as labour, referred work and consumables. Medlab is now generating $21 million in annualised EBIT on a run-rate basis (as at 31 December 2022), implying a multiple of 3.1x on its acquisition price, supporting significant shareholder value creation for ACL Shareholders.
- **Acquisition of SJGHC's pathology business & Perth Pathology:** In late 2016, ACL acquired SJGHC's pathology business and Perth Pathology. ACL's initial synergy target was $17.1 million. This target was exceeded with $19.2 million of synergies achieved, $13.8 million of which was achieved within 18 months of acquisition, and the remaining achieved within the following year. ACL was able to achieve this synergy target through its consolidation of laboratories, the transition of the business onto a single unified LIS, as well as courier consolidation and consumables savings.

However, there is a risk that the expected benefits of the creation of the Merged Group, including the Expected Cost Synergies, may not be achieved in a timely manner, at all or to the extent expected by ACL (as set out above). Healius Shareholders should consider the risks set out in section 8, including, but not limited to, the risk in section 8.4(c)), in conjunction with this section 7.4.

(c) Expected Cost Synergies if ACL acquires more than 50% but less than 90% of Healius Shares

ACL notes that in circumstances where Healius becomes a controlled entity but not a wholly-owned subsidiary of ACL, full realisation of the Expected Cost Synergies may not be available.

17 Refer to sub-section 7 of the section of this Bidder's Statement entitled "***Why You Should Accept the Offer***".

18 $65 million of consideration consisted of $60 million upfront and $5 million deferred consideration.

7. Profile of the Merged Group (continued)

However, as discussed in section 6.4 of this Bidder's Statement, ACL believes that the Expected Cost Synergies, if they are realised, will deliver significant commercial benefits to both ACL and Healius and that the realisation of most of the Expected Cost Synergies will be in the best interests of both ACL Shareholders and Healius Shareholders even when ACL only controls, but does not own 100% of, Healius. Therefore, if ACL were to:

- declare the Offer free of the 90% Minimum Acceptance Condition; and
- acquire a Relevant Interest in more than 50%, but less than 90%, of Healius Shares on issue under the Offer,

ACL believes that it can be reasonably expected that it will be able to reach an agreement with Healius in relation to the operation of their respective businesses in a way which allows them to realise the Expected Cost Synergies that relate to the operation of their respective businesses. As described in section 6.4 of this Bidder's Statement, ACL expects that such an agreement would include the following arrangements (on arm's length terms) between ACL and Healius, potentially through a joint venture between ACL and Healius:

- the establishment of shared courier networks to remove duplicate pickups and eliminate crossover in courier routes;
- the sharing of laboratory resources and infrastructure to improve efficiency rates, reduce fixed costs and optimise the laboratory footprint of Healius and ACL;
- the adoption of shared procurement strategies across consumables, repairs and maintenance, insurance and other external suppliers;
- the removal of duplicate back-office and support functions through the use of shared service arrangements and outsourcing; and
- the supply of certain IT services and infrastructure by Healius to ACL.

However, as described in section 6.4 of this Bidder's Statement, such an agreement will be subject to:

- the legal obligations of the Healius Directors;
- the requirements of the Corporations Act relating to transactions between related parties; and
- potentially, the ASX Listing Rules relating to transactions between related parties.

In particular, an agreement between ACL and Healius of the kind described above (including to establish a joint venture between ACL and Healius):

- will likely involve detailed negotiations between ACL and the independent Healius Directors (that is, Healius Directors that have not been nominated or appointed to the Healius Board by ACL) at the relevant time, acting on behalf of Healius and in the interests of Healius Shareholders as a whole; and
- may be required (including under the Listing Rules) to be approved at a general meeting of Healius, at which ACL (in its capacity as a Healius Shareholder) is not entitled to vote on the relevant resolution(s) (that is, approved by the required majority of minority Healius Shareholders).

However, any Expected Cost Synergies relating to the costs which directly relate to Healius' continued listing on the ASX (including ASX listing fees and share registry costs, costs relating to the presence of minority Healius Shareholders, and corporate costs associated with the requirement to maintain a separate Healius Board and management team) will not be available in the circumstances described above.

Given this, ACL believes that it has a reasonable basis to expect that it can realise approximately $88 million of the Expected Cost Synergies in this section 7.4 in circumstances where ACL declares the Offer free of the 90% Minimum Acceptance Condition and ACL acquires a Relevant Interest in more than 50%, but less than 90%, of Healius Shares on issue under the Offer. There may, however, be delays while the terms of the arrangements described above are negotiated and implemented. Accordingly, the expected timeframe for the realisation of the Expected Costs Synergies in these circumstances is approximately five years after completion of the Offer. ACL expects that more than one-third of these Expected Cost Synergies ($32 million of $88 million) are to be captured in the first two years following completion of the Offer, and nearly two-thirds ($57 million of $88 million) are to be captured in the first three years following completion of the Offer. In addition to the approximately $70 million of estimated one-off cash costs that are expected to be incurred as part of the realisation of the Expected Cost Synergies (as described in section 7.4(b)), ACL estimates that additional one-off tax and structuring costs of approximately $18 million to $23 million will be incurred as a result of implementing the arrangements described above. The table below contains a comparison of the quantum, source and implementation costs of the Expected Cost Synergies in the alternative scenarios where:

- ACL acquires a Relevant Interest in 90% or more of Healius Shares on issue under the Offer (such that Successful Offer Completion Occurs); and
- ACL acquires a Relevant Interest in more than 50%, but less than 90%, of Healius Shares on Issue under the Offer.

Comparison of Expected Cost Synergies under different ownership thresholds

A$m	Laboratory consolidation	Collections and couriers	Procurement	Back office and support	Total Expected Cost Synergies	One-off costs to achieve Expected Cost Synergies
ACL acquires 90% or more of Healius Shares	31	16	26	22	95	70
ACL acquires >50% but <90% of Healius Shares	31	16	24	17	88	88 – 93

7.5 Effect of the Offer on the capital structure

The following table represents the effect of the Offer on ACL's capital structure based on ACL owning 100% and 50% (respectively) of Healius Shares on issue.

	100%		50%	
	Number	%	Number	%
ACL Shares on issue at the last trading date on the ASX prior to the date of this Bidder's Statement	203,143,163	32%	203,143,163	49%
New ACL Shares issued to Healius Shareholders	425,097,885	68%	212,548,942	51%
Total ACL Shares on issue after the Offer[19]	628,241,048	100%	415,692,105	100%

ACL expects that, immediately after Successful Offer Completion, Existing Healius Shareholders will hold 68% of the ACL Shares on issue, and Existing ACL Shareholders will own 32%, of the ACL Shares on issue (and, therefore, the Merged Group). In calculating these expected ownership percentages, ACL has assumed that:

(a) there are 203,143,163 ACL Shares on issue, including 1,330,743 ACL Shares held by ACL's employee incentive plan trustee in treasury (that is, for the purpose of satisfying the entitlements of the holders of ACL Performance Rights and/or ACL Service Rights to receive ACL Shares on exercise of those ACL Performance Rights and/or ACL Service Rights) (**ACL Treasury Shares**);

(b) the number of ACL Performance Rights and ACL Service Rights on issue are as set out in section 4.1 and:

(i) all ACL Performance Rights and ACL Service Rights vest, are exercised and convert into new ACL Shares before the end of the Offer Period;

(ii) all ACL Treasury Shares are used to satisfy the entitlements of the holders of ACL Performance Rights and/or ACL Service Rights to receive ACL Shares on exercise of those ACL Performance Rights and/or ACL Service Rights; and

(iii) new ACL Shares are issued to satisfy the entitlements of the holders of ACL Performance Rights and/or ACL Service Rights to receive ACL Shares on exercise of those ACL Performance Rights and/or ACL Service Rights that are not satisfied by the transfer of ACL Treasury Shares as described in paragraph (ii) above;

(c) ACL does not issue any new ACL Shares, ACL Performance Rights or ACL Service Rights (other than an issue of ACL Shares to Healius Shareholders under the Offer or an issue of ACL Shares to satisfy the entitlements of the holders of ACL Performance Rights and/or ACL Service Rights on issue (as described above) to be issued ACL Shares on exercise of those ACL Performance Rights and/or ACL Service Rights before the end of the Offer Period);

19 Calculated on the basis set out in section 7.7.

7. Profile of the Merged Group (continued)

(d) there are 574,456,601 Healius Shares on issue on the Register Date;

(e) the number of Healius Rights and Healius Options on issue on the Register Date are as set out in section 4.1 and all Healius Rights and Healius Options that are 'in-the-money' (that is, the exercise for those Healius Options is less than the Healius Share price implied by the Offer Consideration)[20] vest, are exercised and convert into new Healius Shares before the end of the Offer Period; and

(f) Healius does not issue any new Healius Shares, Healius Rights or Healius Options after the Register Date (other than an issue of Healius Shares to satisfy the entitlements of the holders of Healius Rights and/or Healius Options on issue on the Register Date to be issued Healius Shares on exercise of those Healius Rights and/or Healius Options).

If, however, the assumption in paragraph (e) above that all of the Healius Options that are not 'in-the-money' (that is, the exercise for those Healius Options is less than the Healius Share price implied by the Offer Consideration)[21] will not vest, be exercised and/or convert into new Healius Shares before the end of the Offer Period is incorrect and all such Healius Options vest, are exercised and convert into new Healius Shares before the end of the Offer Period, the:

- maximum number of ACL Shares that will be issued as Offer Consideration under the Offer is 450,830,889; and
- the number of ACL Shares that will be on issue immediately after Successful Offer Completion is 653,974,052.

7.6 Effect of the Offer on the ACL Board

As stated in section 6.3(d), if Successful Offer Completion occurs, ACL intends to replace all of the Healius Directors with nominees of ACL (as ACL expects that Healius will be a wholly-owned subsidiary of ACL).

The ACL Board currently comprises Michael Alscher, Andrew Dutton, Mark Haberlin, Melinda McGrath, Dr Leanne Rowe and Nathanial Thomson. Further information in relation to the ACL Directors is set out in section 1.3 of this Bidder's Statement.

ACL intends to review the composition of the board of the Merged Group and may consider the appointment of a number of current Healius Directors as ACL Directors. As at the date of this Bidder's Statement, ACL has not made any decisions as to whether any (and, if so, which) Healius Directors will be invited to join the ACL Board after Successful Offer Completion.

7.7 Effect of the Offer on the Merged Group's substantial holders

If Successful Offer Completion occurs and ACL acquires all of the Healius Shares for consideration comprising ACL Shares (on the basis described in section 5.2 above), there will be 628,241,048 ACL Shares on issue immediately after Successful Offer Completion, of which 425,097,885 ACL Shares (or 68%) will be held by Existing Healius Shareholders. If ACL acquires 50.1% of the Healius Shares under the Offer, there will be 415,692,105 ACL Shares on issue, of which 212,548,942 ACL Shares (or 51%) will be held by Existing Healius Shareholders.[22]

A list of the Merged Group's substantial holders if ACL acquires 100% of the Healius Shares under the Offer (based on shareholdings reported on or prior to the last trading date on the ASX prior to the date of this Bidder's Statement, and assuming these Healius Shareholders do not dispose of their Healius Shares other than pursuant to the Offer) is set out below:

Substantial holder	Number of Merged Group Shares held	Voting power[23]
Crescent Shareholders	60,793,029	9.68%
Perpetual Limited	52,386,420	8.34%
Australian Retirement Trust Pty Ltd ATF Australian Retirement Trust	36,382,073	5.79%
Tanarra Capital Australia Pty Ltd and its related entities	33,706,654	5.37%

20 Being $2.72 per Healius Share, based on the VWAP of ACL Shares on the ASX for the period from (and including) 28 February 2023 (being the date after which Healius released its 1H23 Report to the ASX) to the Last Practicable Date (being $3.66).

21 Being $2.72 per Healius Share, based on the VWAP of ACL Shares on the ASX for the period from (and including) 28 February 2023 (being the date after which Healius released its 1H23 Report to the ASX) to the Last Practicable Date (being $3.66).

22 The assumptions that ACL has made in calculating these indicative Merged Group ownership percentages are set out in section 7.5.

23 The assumptions that ACL has made in calculating these indicative Merged Group ownership percentages are set out in section 7.5.

7.8 Merged Group Pro Forma Historical Financial Information

(a) Overview

The Merged Group Pro Forma Historical Financial Information contained in this section 7.8 has been prepared to reflect the acquisition of all of the Healius Shares by ACL under the Offer and assumes that Successful Offer Completion occurs. The Merged Group Pro Forma Historical Financial Information is provided for illustrative purposes only and is prepared on the assumption that the Merged Group was formed on 1 January 2022. The Merged Group Pro Forma Historical Financial Information is presented in an abbreviated form and does not contain all of the presentation and disclosures that are usually provided in a financial report or statement prepared in accordance with the Corporations Act. It does not illustrate the financial position that may be contained in future financial statements of ACL (after Successful Offer Completion) and does not contain all of the disclosures required for a financial report under the Corporations Act.

The Merged Group Pro Forma Historical Financial Information should be read in conjunction with the risks set out in section 8, other information contained in the Bidder's Statement, the accounting policies of ACL and Healius as disclosed in their most recent respective annual reports and information disclosed by them to the ASX.

The Merged Group Pro Forma Historical Financial Information in this section 7.8 comprises:

- the aggregation of the following for LTM December 2022:
  - the ACL Statutory Historical Results (refer to sections 1.5(c) and 1.5(d)) adjusted to incorporate the adjustments for LTM December 2022 described below (**ACL Adjusted Historical Results**);
  - the Healius Statutory Historical Results (refer to sections 3.6(c) and 3.6(d)) adjusted to incorporate the adjustments for LTM December 2022 described below (**Healius Adjusted Historical Results**); and
  - the Expected Cost Synergies (refer to section 7.4(b) above),

  (**Merged Group Pro Forma Historical Results**); and

- the aggregation of the following as at 31 December 2022:
  - the ACL Statutory Historical Statement of Financial Position (refer to section 1.5(m)); and
  - the Healius Statutory Historical Statement of Financial Position (refer to section 3.6(l)),

  (**Merged Group Pro Forma Historical Statement of Financial Position**).

The Merged Group Pro Forma Historical Results and the Merged Group Pro Forma Historical Statement of Financial Position defined above collectively form the **Merged Group Pro Forma Historical Financial Information**.

(b) Basis of preparation of Merged Group Pro Forma Historical Financial Information

(i) Merged Group Pro Forma Historical Results

The Merged Group Pro Forma Historical Results for LTM December 2022 have been derived from the financial statements for ACL and Healius, and are subject to the adjustments, described below:

ACL Adjusted Historical Results

The unadjusted historical results of ACL for LTM December 2022 have been derived from the ACL consolidated financial statements for FY22 and consolidated interim financial statements for 1H22 and 1H23, as the aggregation of:

- the implied financial results for the 6 months ended 30 June 2022 (2H22), calculated as the difference between the financial results for FY22 and the financial results for 1H22; and
- the financial results for 1H23.

The following adjustments have been made to the unadjusted historical results of ACL as they relate to LTM December 2022:

- the inclusion of the estimated incremental full-year EBITDA impact of $5.0 million in synergies realised as part of the acquisition of Medlab ($17.7 million total estimated full year impact of Medlab synergies less $12.7 million estimated to have been realised to date in the unadjusted historical results of ACL in LTM December 2022);
- the inclusion of the estimated incremental full-year EBITDA impact of $1.9 million procurement cost savings following the renegotiation of a significant procurement contract ($4.7 million total estimated full year impact of procurement contract renegotiations less $2.8 million estimated to have been realised to date in the unadjusted historical results of ACL in LTM December 2022);

7. Profile of the Merged Group (continued)

- the removal of the net impact of non-recurring income and expenses associated with the acquisition and integration of Medlab and non-recurring insurance proceeds received ($1.5 million); and
- the tax impact of above adjustments calculated at ACL's effective tax rate.

Healius Adjusted Historical Results

The unadjusted historical results of Healius for LTM December 2022 have been derived from the Healius consolidated financial statements for FY22 and consolidated interim financial statements for 1H22 and 1H23, as the aggregation of:

- the implied financial results for the 6 months ended 30 June 2022 (2H22), calculated as the difference between the financial results for FY22 and the financial results for 1H22; and
- the financial results for 1H23.

The following adjustments have been made to the unadjusted historical results of Healius as they relate to LTM December 2022:

- the removal of the historical financial results of the Day Hospitals Business which were included within profit from continuing operations in the consolidated financial statements for FY22;
- the removal of $39.1 million in impairment charges recognised in Healius' Imaging segment in 1H23;
- the removal of $6.2m in "Corporate Transaction" costs excluded from the Healius Underlying Historical Results;
- the removal of $3.8 million in restructuring and termination costs excluded from the Healius' Underlying Historical Results;
- the tax impact of the above adjustments calculated at Healius' effective tax rate; and
- the removal of the post-tax historical financial results of other discontinued operations ($9.8 million loss).

Expected Cost Synergies

ACL expects that the creation of the Merged Group will generate approximately $95 million[24] of annual recurring pre-tax cost savings (being the Expected Cost Synergies), progressively realised within four years of completion of the Proposed Merger. The Merged Group Pro Forma Historical Results incorporate the Expected Cost Synergies as if the financial benefits expected to be derived from the Expected Cost Savings had been achieved by the Merged Group in the LTM December 2022. The estimated one-off costs of approximately $70 million in total (which are expected to be incurred progressively over the four-year integration period commencing on Successful Offer Completion) have not been included in the Merged Group Pro Forma Historical Results. Refer to section 7.4 for further details on Expected Cost Synergies, including key supporting assumptions, including further information on the expected realisation of the Expected Cost Synergies if ACL were to declare the Offer free of the 90% Minimum Acceptance Condition and it were to acquire a Relevant Interest in more than 50%, but less than 90%, of Healius Shares on issue, including the basis on which ACL believes that the Expected Cost Synergies will be able to be realised in those circumstances.

(ii) **Merged Group Pro Forma Historical Statement of Financial Position**

The Merged Group Pro Forma Historical Statement of Financial Position comprises the aggregation of the following at 31 December 2022:

- the ACL Statutory Historical Statement of Financial Position; and
- the Healius Statutory Historical Statement of Financial Position.

The ACL Statutory Historical Statement of Financial Position has been extracted from ACL's consolidated interim financial statements for 1H23.

The Healius Statutory Historical Statement of Financial Position has been extracted from Healius' consolidated interim financial statements for 1H23.

Unless otherwise stated, the Merged Group Pro Forma Historical Financial Information is presented on a post AASB 16 basis.

24 The Expected Cost Synergies of approximately $95 million represent the mid-point of the range of potential synergies of $78 million to $113 million that ACL estimates are achievable from integrating Healius and ACL, and which has been determined by ACL after undertaking a detailed review of Healius' costs. See section 7.4 for further detail.

The Merged Group Pro Forma Historical Results and the Merged Group Pro Forma Statement of Financial Position do not include the application of *AASB 3 Business Combinations* under the Offer (which would require the determination of the accounting acquirer and the assets and liabilities of the accounting acquiree to be recognised at fair value), as purchase price accounting is currently not able to be performed. The Merged Group has up to 12 months from completion of the Proposed Merger to complete its initial acquisition accounting.

In addition, the Merged Group Pro Forma Historical Financial Information assumes that there is no material impacts arising from any differences in the application of accounting policies between ACL and Healius. The impact of any such differences would only be able to be determined on Successful Offer Completion, or if ACL was provided with non-public information on Healius.

This profile of the Merged Group and its associated benefits detailed in this section 7.8 (including the Expected Cost Synergies) are prepared on the basis of Successful Offer Completion occurring, and ACL acquiring all of the Healius Shares.

ACL notes that in circumstances where Healius becomes a controlled entity but not a wholly-owned subsidiary of ACL, full realisation of the Expected Cost Synergies may not be available.

However, as discussed in section 7.4 of this Bidder's Statement, ACL believes that the Expected Cost Synergies, if they are realised, will deliver significant commercial benefits to both ACL and Healius and that the realisation of most of the Expected Cost Synergies will be in the best interests of both ACL Shareholders and Healius Shareholders even when ACL only controls, but does not own 100% of, Healius. Therefore, if ACL were to:

- declare the Offer free of the 90% Minimum Acceptance Condition; and
- acquire a Relevant Interest in more than 50%, but less than 90%, of Healius Shares on issue under the Offer,

ACL believes that it can be reasonably expected that it will be able to reach an agreement with Healius in relation to the operation of their respective businesses in a way which allows them to realise the Expected Cost Synergies that relate to the operation of their respective businesses. As described in section 7.4 of this Bidder's Statement, ACL expects that such an agreement would include the following arrangements (on arm's length terms) between ACL and Healius, potentially through a joint venture between ACL and Healius:

- the establishment of shared courier networks to remove duplicate pickups and eliminate crossover in courier routes;
- the sharing of laboratory resources and infrastructure to improve efficiency rates, reduce fixed costs and optimise the laboratory footprint of Healius and ACL;
- the adoption of shared procurement strategies across consumables, repairs and maintenance, insurance and other external suppliers;
- the removal of duplicate back-office and support functions through the use of shared service arrangements and outsourcing; and
- the supply of certain IT services and infrastructure by Healius to ACL.

However, as described in section 6.4 of this Bidder's Statement, such an agreement will be subject to:

- the legal obligations of the Healius Directors;
- the requirements of the Corporations Act relating to transactions between related parties; and
- potentially, the ASX Listing Rules relating to transactions between related parties.

In particular, an agreement between ACL and Healius of the kind described above (including to establish a joint venture between ACL and Healius):

- will likely involve detailed negotiations between ACL and the independent Healius Directors (that is, Healius Directors that have not been nominated or appointed to the Healius Board by ACL) at the relevant time, acting on behalf of Healius and in the interests of Healius Shareholders as a whole; and
- may be required (including under the Listing Rules) to be approved at a general meeting of Healius, at which ACL (in its capacity as a Healius Shareholder) is not entitled to vote on the relevant resolution(s) (that is, approved by the required majority of minority Healius Shareholders).

7. Profile of the Merged Group (continued)

However, any Expected Cost Synergies relating to the costs which directly relate to Healius' continued listing on the ASX (including ASX listing fees and share registry costs, costs relating to the presence of minority Healius Shareholders, and corporate costs associated with the requirement to maintain a separate Healius Board and management team) will not be available in the circumstances described above.

Given this, as discussed at section 7.4, ACL believes that it has a reasonable basis to expect that it can realise approximately $88 million of the Expected Cost Synergies in circumstances where ACL declares the Offer free of the 90% Minimum Acceptance Condition and ACL acquires a Relevant Interest in more than 50%, but less than 90%, of Healius Shares on issue under the Offer. There may, however, be delays while the terms of the arrangements described above are negotiated and implemented. Accordingly, the expected timeframe for the realisation of the Expected Costs Synergies in these circumstances is approximately five years after completion of the Offer. In addition to the approximately $70 million of estimated one-off cash costs that are expected to be incurred as part of the realisation of the Expected Cost Synergies (as described in section 7.4), ACL estimates that additional one-off tax and structuring costs of approximately $18 million to $23 million will be incurred as a result of implementing the arrangements described above.

In addition, in the event that at the end of the Offer Period ACL only controls 50.1% of the Healius Shares and ACL is determined to be the accounting acquirer, ACL would consolidate Healius for accounting purposes and recognise its assets and liabilities at fair value with a minority interest in both its statement of profit and loss and its statement of financial position. Both net profit and equity attributable to ACL Shareholders would therefore be lower if these circumstances resulted from the completion of the Offer in the circumstances described above.

PwCS has issued the Limited Assurance Opinion on the Merged Group Pro Forma Historical Financial Information, a copy of which is included in this Bidder's Statement at Annexure D. Healius Shareholders should read the Merged Group Pro Forma Historical Financial Information set out in this section 7.8 and the Limited Assurance Opinion in detail, including the comments made by PwCS in relation to the scope and limitations of the Limited Assurance Opinion.

ACL has not had access to, or conducted due diligence on, non-public information relating to Healius. Accordingly, ACL does not have detailed knowledge of all material information necessary to reach final decisions as to its intentions. ACL will only reach final decisions in light of material facts and circumstances at the relevant time and following completion of the review of Healius' operations referred to below.

Accordingly, the statements set out in this section 7.8 are statements of current intentions only and may vary as new information becomes available or circumstances change.

(c) **Merged Group Pro Forma Historical Results**

The table below summarises the Merged Group Pro Forma Historical Results for LTM December 2022, along with the reconciliation of the Merged Group Pro Forma Historical Results at the net profit to members level to reported net profit to members (derived from the unadjusted historical results of ACL and the unadjusted historical results of Healius).

	Merged Group Pro Forma Results LTM Dec-22			
AUD in millions	**ACL Adjusted Historical Results**	**Healius Adjusted Historical Results**	**Expected Cost Synergies**	**Merged Group**
Revenue	817.9	1,838.1	–	2,656.0
Operating Costs	(576.2)	(1,422.5)	92.5	(1,906.2)
EBITDA	**241.7**	**415.6**	**92.5**	**749.8**
Depreciation	(14.1)	(42.6)	–	(56.7)
Depreciation of right-of-use assets	(104.4)	(219.0)	3.4	(320.0)
Depreciation	**(118.5)**	**(261.6)**	**3.4**	**(376.7)**
Amortisation of customer lists	(0.2)	(15.3)	–	(15.5)
EBIT	**123.0**	**138.7**	**95.9**	**357.6**
Net finance expense	(11.8)	(54.5)	0.2	(66.1)
Profit before income tax	**111.2**	**84.2**	**96.1**	**291.5**
Income tax expense	(31.7)	(17.3)	(28.8)	(77.8)
Merged Group Pro Forma NPAT	**79.5**	**66.9**	**67.3**	**213.7**
Net (profit) attributable to non-controlling interests	(0.1)	–	–	(0.1)
Merged Group Pro Forma Net Profit to members	**79.4**	**66.9**	**67.3**	**213.5**
Reconciliation of Merged Group Pro Forma Net Profit				
Merged Group Pro Forma Net Profit to members	**79.4**	**66.9**	**67.3**	**213.5**
Acquisition, Divestment and Integration costs	(7.7)	–	–	(7.7)
Corporate Transactions	–	(6.2)	–	(6.2)
Restructuring & termination costs	–	(3.8)	–	(3.8)
Medlab synergies	(5.0)	–	–	(5.0)
Renegotiated procurement benefits	(1.9)	–	–	(1.9)
Montserrat Day Hospitals	–	5.3	–	5.3
Write down (impairment of leased assets)	–	(39.1)	–	(39.1)
Non-recurring other income	6.2	–	–	6.2
Tax impact of pro forma adjustments	2.5	13.1	–	15.7
Other discontinued operations	–	9.8	–	9.8
Merged Group Unadjusted Net Profit to members	**73.5**	**46.0**	**67.3**	**186.7**

7. Profile of the Merged Group (continued)

(d) **Merged Group Pro Forma Historical Statement of Financial Position**

The table below summarises the Merged Group Pro Forma Historical Statement of Financial Position at 31 December 2022, reflecting the aggregation of the ACL Statutory Historical Statement of Financial Position and the Healius Statutory Historical Statement of Financial Position given the Offer Consideration is comprised solely of ACL Shares.

	Merged Group Pro Forma Historical Statement of Financial Position 31 December 2022		
AUD in millions	**ACL Statutory Historical Statement of Financial Position**	**Healius Statutory Historical Statement of Financial Position**	**Merged Group Pro Forma Statement of Financial Position[1]**
Cash and cash equivalents	16.1	76.1	92.2
Trade and other receivables	75.6	167.7	243.3
Inventories	17.6	36.3	53.9
Other assets	7.6	–	7.6
Current tax assets	4.7	14.1	18.8
Assets held for sale	–	158.3	158.3
Total current assets	**121.6**	**452.5**	**574.1**
Plant and equipment	53.7	173.6	227.3
Right of use assets	245.9	1,021.5	1,267.4
Intangible assets	165.3	2,320.1	2,485.4
Other assets	0.2	4.5	4.7
Deferred Tax Assets	8.9	87.3	96.2
Non-current assets	**474.0**	**3,607.0**	**4,081.0**
Total assets	**595.6**	**4,059.5**	**4,655.1**
Trade and other payables	(40.1)	(200.8)	(240.9)
Borrowings	–	–	–
Lease liabilities	(97.3)	(199.8)	(297.1)
Provisions	(49.2)	(157.5)	(206.7)
Deferred consideration	(5.2)	(1.6)	(6.8)
Current tax liabilities	(0.1)	(2.4)	(2.5)
Other liabilities	(0.1)	–	(0.1)
Liabilities held for sale	–	(46.1)	(46.1)
Total current liabilities	**(192.0)**	**(608.2)**	**(800.2)**
Lease liabilities	(159.9)	(957.6)	(1,117.5)
Borrowings	(65.9)	(631.5)	(697.4)
Provisions	(2.7)	(18.9)	(21.6)
Deferred consideration	–	–	–
Deferred tax liabilities	0.0	–	0.0
Total non-current liabilities	**(228.4)**	**(1,608.0)**	**(1,836.4)**
Total liabilities	**(420.4)**	**(2,216.2)**	**(2,636.6)**
Net Assets	**175.1**	**1,843.3**	**2,018.4**

AUD in millions	Merged Group Pro Forma Historical Statement of Financial Position 31 December 2022		
	ACL Statutory Historical Statement of Financial Position	Healius Statutory Historical Statement of Financial Position	Merged Group Pro Forma Statement of Financial Position[1]
Issued capital	792.1	2,420.9	3,213.0
Reserves and other contributed equity	(776.1)	6.6	(769.5)
Retained earnings	158.9	(584.2)	(425.3)
Non-controlling interest	0.2	-	0.2
Total Equity	**175.1**	**1,843.3**	**2,018.4**

Note: Net Debt (calculated as cash and cash equivalents, less Borrowings) for ACL at 31 December 2022 was $49.8m and $555.4m for Healius, aggregating to Merged Group pro forma net debt position of $605.2m at 31 December 2022.

7.9 Forecast financial information for the Merged Group

The ACL Board has given consideration as to whether a reasonable basis currently exists to produce forecast financial information in relation to the Merged Group (other than the Expected Cost Synergies). On the basis that, as at the date of this Bidder's Statement, ACL only has access to publicly available information about Healius (which has not been independently verified or provided by or on behalf of Healius), the ACL Board has concluded that any such forecast financial information would have the potential to be misleading and a reasonable basis does not exist for producing such financial forecasts that would be sufficiently meaningful and reliable.

7.10 Funding requirements for the Merged Group

As at the date of this Bidder's Statement, ACL intends to retain its and Healius' debt facilities that are in place as at the date of this Bidder's Statement and utilise those debt facilities to meet the funding requirements for the Merged Group in the short to medium term after Successful Offer Completion.

However, as discussed in section 8.4(g) below, a change in control of Healius as a result of the Offer may trigger an obligation on one or more Healius Group Members to repay moneys borrowed under the applicable facility or the terms of the debt facility may be varied including, but not limited to, because a "review event" (or provision with a substantially the same effect) has occurred or been triggered or enlivened under the debt facility.

It is a Condition of the Offer that, between the Announcement Date and the end of the Offer Period, no person exercises or states an intention to exercise any rights under a Healius Group debt facility which results or could reasonably be expected to result in moneys borrowed by one or more Healius Group Members in excess of $30,000,000 being or becoming repayable (see section 11.9(w) of this Bidder's Statement).

As mentioned elsewhere in this Bidder's Statement, ACL reserves its right to declare the Offer free from that Condition but, as at the date of this Bidder's Statement, ACL has made no decision as to whether it will do so. If that Condition described is breached as a result of the circumstances described above but Successful Offer Completion nonetheless incurs (because ACL has chosen not to rely on that breach), ACL's intention as at the date of this Bidder's Statement is to engage with the relevant debt financier with a view to obtaining the debt financier's consent to the Proposed Merger and/or a waiver of the relevant right(s) of the debt financier under the relevant debt facility. If ACL is unable to obtain such a consent and/or waiver from the debt financier, ACL intends to put in place alternative debt financing for the Merged Group as soon as practicable after Successful Offer Completion. Having regard to the prevailing debt market conditions as at the date of this Bidder's Statement and that ACL expects that the Merged Group will have a materially lower level of gearing than Healius had at the end of 1H23 (see the "***Why You Should Accept the Offer***" section of this Bidder's Statement), ACL believes that it will be able put such debt financing in place on reasonable terms and conditions

7. Profile of the Merged Group (continued)

7.11 Disclaimer

The financial information presented in this section 7 in relation to Healius has been prepared by ACL using publicly available information that has not been independently verified or provided by or on behalf of Healius.

ACL has relied on the information contained in Healius' consolidated financial statements for FY20, FY21 and FY22 and Healius' consolidated interim financial statements for 1H22 and 1H23, issued by Healius and lodged with ASIC to prepare the financial information in relation to Healius contained in this Bidder's Statement.

Accordingly, ACL does not, subject to the Corporations Act, make any representation or warranty, express or implied, as to the accuracy or completeness of this information. It is expected that Healius will release financial information in its Target's Statement that will be sent to Healius Shareholders and made publicly available. The financial information regarding ACL, Healius and the Merged Group in this Bidder's Statement should not be regarded as comprehensive.

8. Risks

8.1 Overview

If the Offer becomes unconditional, Healius Shareholders who accept the Offer (other than Ineligible Foreign Shareholders and Small Parcel Shareholders) will become ACL Shareholders, and ACL will acquire an interest in Healius.

If that occurs, Healius Shareholders will continue to be indirectly exposed to the risks associated with having an interest in Healius. A number of risks and uncertainties (some of which are specific to ACL and the Merged Group and some of which are of a more general nature), may affect the future operating and financial performance of the Merged Group and the value of ACL Shares. There are also additional risks relating to the Offer and the Merged Group to which Healius Shareholders will be exposed through their holding of Healius Shares. There are also numerous risks associated with investing in securities and securities markets generally, as well as risks that apply to investors and participants in specific industries.

This section 8 outlines:

(a) specific risks that affect the Merged Group (refer to section 8.2);

(b) risks that affect pathology businesses generally (refer to section 8.3);

(c) risks relating to the Offer (refer to section 8.4); and

(d) general investment risks (refer to section 8.5).

This section 8, which is not exhaustive, summarises some of the risks that ACL considers that Healius Shareholders (and, as applicable, potential investors in ACL) should be aware of when deciding whether or not to accept the Offer (or, as applicable, invest in ACL Shares). This section 8 is a summary only. There may be additional risks and uncertainties that ACL is aware of, or that it currently considers to be immaterial, or that are not currently known to ACL, that may adversely affect the operating and financial performance of the Merged Group and the value of ACL Shares.

This section 8 does not take into account the investment objectives, financial situation, position or particular needs of individual Healius Shareholders. Each Healius Shareholder should carefully consider the following risks, and read this Bidder's Statement carefully and in its entirety, and consult their financial and legal advisers before making a decision as to whether to accept the Offer.

8.2 Specific risks that affect the Merged Group

This section identifies the key risks that may affect the future operating and financial performance of the Merged Group. These risk factors are not exhaustive of the risks faced by potential investors in ACL Shares. If any of the following risks materialise, the Merged Group's business, financial condition and operational results are likely to suffer. In this case, the trading price of ACL Shares may fall and you may lose all or part of your investment, and/or the distributable income of ACL may be lower than expected or zero, with dividends being reduced or being cut to zero.

(a) The Merged Group may lose or breach a licence, certification or accreditation

In Australia, private pathology providers are subject to extensive laws and significant levels of regulation relating to the development, licensing and accreditation of facilities and services, including environmental legislation for the Merged Group. The Merged Group may be unable to secure or retain a licence or accreditation required to operate one or more of its facilities or services. This could be due to the conduct of the Merged Group and/or regulatory changes to the nature and extent of a relevant licensing or accreditation regime. These licenses and accreditations are subject to regular review. Breaches of licence or accreditation conditions (including the failure to provide pathology services to the required standard) can lead to, among other things, penalties, loss of licences, prohibition on recovery of Medicare rebates or payments from private health funds. If the Merged Group is unable to secure or retain licences or accreditations for the operation of its business, it could damage the Merged Group's reputation, adversely impact the Merged Group's ability to operate its businesses or result in additional cost to address any deficiencies. ACL maintains high quality standards and audit processes to ensure it continually meets licencing and accreditation standards across its business. ACL's established procedures (which are consistent across the business), focus on best practice, clinical excellence and continuous service improvements, which serves to mitigate operational risk and address regulatory compliance. ACL is subject to environmental legislation which is regularly reviewed. Breaches of environmental legislation can lead to, among other things, penalties, fines and regulatory actions. If the Merged Group is unable to comply with the requirements of this legislation for the operation of its business, it could damage the Merged Group's reputation, adversely impacting the Merged Group's ability to operate its businesses or result in additional cost to address any deficiencies. ACL regularly monitors its compliance with legislation to mitigate operational risk.

(b) The Merged Group's relationships with referring practitioners, and other referring parties, may deteriorate

The Merged Group's relationships with referring physicians (including general practitioners, surgeons and other specialists), hospital groups and other parties with whom the Merged Group provides pathology and associated services are critical to its business. The majority of the Merged Group's referrers will be under no obligation to refer their patients to the Merged Group, so there is a risk that some referrers may reduce or cease requesting services from the Merged Group. This could be the result of the referrer's desire for change or prompted by the actions of the Merged Group's competitors. If, for any reason, the Merged Group failed to maintain relationships with these parties or damaged its reputation with them, there would be a risk that it could lose their business to competitors. This would adversely impact the Merged Group's financial and operating performance. Both ACL and Healius have a diverse referrer base across physicians and other parties, with low revenue concentration by referrer. ACL has managers and staff dedicated to maintaining relationships, increasing engagement and addressing any issues with referring physicians, hospital groups or other parties with whom ACL provides pathology and associated services to on a timely basis.

(c) The Merged Group's relationship with private health insurance funds may deteriorate

The revenue that the Merged Group will receive from inpatients at private hospitals is based on, among other things, the fee schedules negotiated between private health insurance funds and the Merged Group. The fee schedules are documented in Medical Purchaser Provider Agreements (MPPAs) with relevant private health insurance funds. A large portion of this revenue is funded by Medicare or State Governments for public hospitals. The profitability of the Merged Group's business depends in part on the ability to maintain ongoing commercial agreements with private health insurance funds. Failure to reach a commercial agreement with a private health insurance fund, including private health insurance funds declining to cover pathology services, declining to contract with the Merged Group or contracting with the Merged Group's competitors or a reduced negotiated fee schedule, could negatively impact the financial performance of the Merged Group or cause the Merged Group to bill patients directly, increasing debtors.

(d) The Merged Group's IT system may fail and may be subject to cyber security risks

The Merged Group will be heavily dependent on technology, IT infrastructure and systems, and the efficient and uninterrupted operation of core technologies for the delivery of the services it provides its customers. Any information technology system is potentially vulnerable to interruption and/or damage from a number of sources, including but not limited to computer viruses, cyber security attacks and other security breaches, power, systems, internet and data network failures, natural disasters and human error. Should the Merged Group's systems not be adequately maintained, secured or updated, or the Merged Group's disaster recovery processes not be adequate, any interruption and/or damage to the Merged Group's systems may be more likely, prolonged and pronounced. A breach of the Merged Group's cyber security defences could result in data and records being compromised or other negative outcomes that may harm the Merged Group's reputation or result in financial loss.

As announced by ACL to the ASX on 27 October 2022 and subsequently on 5 December 2022, Medlab, which was acquired by ACL in December 2021, experienced a notifiable cyber incident involving the personal information of some of Medlab's patients and staff. ACL advised in its announcements to the ASX that:

- the Office of the Australian Information Commissioner (**OAIC**) had been notified and both the OAIC and the Australian Cyber Security Centre had been kept informed of the progress of the forensic investigations into the incident;
- there was no evidence of misuse of any of the information involved in the incident; and
- the compromised Medlab server was de-commissioned and is no longer in use, and ACL's broader systems and databases were unaffected by the incident.

ACL also provided detailed information in relation to the steps taken to notify affected individuals and the remediation and support structures in place. ACL is currently responding to an OAIC-initiated investigation in relation to the incident.

ACL has significant experience in identifying, managing and remediating cybersecurity incidents following the Medlab incident described above. ACL is committed to preventing and reducing cybersecurity risks and is focused on preventing the occurrence of cybersecurity incidents. ACL has an information security policy and standards framework established in accordance with the international standard Information Security Management (ISO27001). ACL implements and operates IT security in-house with the assistance of partners and common IT security technologies to protect, detect and respond to security concerns. ACL conducts routine testing of systems and works closely with third party security specialists to implement its security roadmap. However, there is a risk that the measures taken by ACL may not be sufficient to prevent or mitigate the loss, damage or interruption described above.

(e) The Merged Group's pathology equipment may fail

The Merged Group relies on high throughput testing equipment, in order to provide timely, effective service. Service disruptions may result from system outages including equipment failures, breakdowns, maintenance and power outages and lead to a loss of revenue. In case of equipment failures and breakdowns, the Merged Group's loss of revenue may not be fully compensated for by warranties and maintenance contracts and repairs and servicing may not be able to be performed in a timely manner. If the Merged Group experiences greater than anticipated system outages or if it is unable to promptly obtain the service necessary to keep its systems functioning effectively, the Merged Group's revenues could decline and its ability to provide services could be impacted. ACL has a business continuity plan that mitigates service disruptions from equipment failures. In addition, ACL's laboratories have redundant capacity that can be used in case of equipment failures. ACL conducts regular maintenance of its equipment to minimise downtime and has third-party maintenance contracts that provide priority access to technicians. ACL's unified laboratory system mitigates equipment risk through the ability to shift samples to different laboratories, both intrastate and interstate within the ACL network.

(f) The Merged Group may be unable to recruit and retain key personnel

The successful operation of the Merged Group's business relies on its ability to recruit and retain experienced and high-performing management, pathologists, scientists, customer facing and IT and operating staff. Relationships with certain referrers may be heavily reliant on particular personnel of the Merged Group's (especially pathologists and scientists), such that their departure from the business could have an adverse impact on the Merged Group's relationship with the referrer. There is significant competition to recruit these personnel, which can lead to increased labour costs. The Merged Group is also reliant on the various medical colleges and universities that train scientists to attract and provide appropriate training of the future workforce. The unexpected loss of any key members of management or operating staff, or the inability on the part of the Merged Group to attract experienced staff (including pathologists and scientists), may adversely affect its ability to develop and implement its business strategies. The Merged Group's success depends on its ability to attract and retain quality management, pathologists and scientists. The Merged Group's success is also dependent on its ability to fulfil key management, pathologist, and scientist positions in a timely manner as they become available and to enable adequate workforce planning. If the Merged Group is unable to execute adequate workforce planning in relation to its management, pathologists and scientists, this could have a material detrimental impact on the Merged Group's ability to generate revenue, its ability to deliver on its business strategy, and its future financial performance. ACL and Healius are reliant on a number of people with knowledge of its systems and processes. ACL's focus on diagnostic excellence through its centres of excellence and commitment to continuing professional education for staff and referrers, including training the next generation of pathologists and scientists, help to attract and retain a professional workforce. ACL's unified pathology system also provides flexibility to its national workplace.

(g) The Merged Group is subject to labour agreement negotiations

The majority of ACL's employees have terms and conditions of employment governed by enterprise agreements or modern awards which periodically require classification assessment, renegotiation or renewal. Any such classification assessment, renegotiation or renewal may result in increased direct and indirect labour costs for the Merged Group, and issues may also arise during the processes which lead to strikes or other forms of industrial action that could disrupt the Merged Group's operations. This could adversely impact on the financial performance and reputation of the Merged Group. In addition, any deterioration in the relationship with employees or unions could potentially lead to reputational damage, loss of key employees, increased direct and indirect labour costs or the inability for the Merged Group to undertake the level of services it anticipates in the future. ACL has managers and staff dedicated to negotiating workplace agreements and ensuring staff engagement.

8. Risks (continued)

(h) The Merged Group may suffer damage to its reputation and may be subject to litigation, claims, disputes and regulatory investigations

Healthcare providers rely on the information provided by the Merged Group in providing patient care. If the Merged Group or an employee of the Merged Group is negligent in performing services or incurs diagnostic error or equipment failure, such as when the equipment or reagent batches do not function as required, it could lead to injury, patient harm, financial loss and/or reputational damage to the Merged Group, or other adverse events and legal action (not all of which may be covered by insurance). The Merged Group's reputation with doctors, public and private hospitals, general practitioners, other medical specialists, employees (including pathologists) and members of the public could be adversely affected by any negative publicity. This could result in reduced demand for the Merged Group's services and affect the Merged Group's ability to recruit and retain pathologists and scientists. If this were to occur, the Merged Group's financial performance may be negatively impacted. The Merged Group may be subject to other litigation, claims and disputes in the course of its business, including employment disputes, class actions, contractual disputes, regulatory enforcement actions or investigations or occupational and personal claims. Such litigation, claims, investigations and disputes, including the costs of settling claims and operational impacts, could adversely affect the Merged Group's business, operating and financial performance. The risk of medical indemnity or like claims and litigation is relevant for the Merged Group. Current or former patients may, in the normal course of business, start or threaten litigation for medical negligence against not only the pathologist in question but also the Merged Group. Subject to the medical indemnity insurance arrangements which the Merged Group and all pathologists have in place at the relevant time, future medical malpractice litigation, or threatened litigation, against the Merged Group could have an adverse impact on the financial performance (including through damages or fines being payable by the Merged Group or an increase in the cost of medical malpractice insurance), position and future prospects of the Merged Group if that litigation were to result in damages being awarded against not only the pathologist but also the Merged Group. ACL has a risk management framework designed to manage exposure to operational, financial and reputational risk.

(i) The Merged Group's insurance cover may be inadequate or unavailable

The Merged Group maintains insurance coverage in relation to many different aspects of its business. However, no assurance can be given that such insurance will be available in the future on a commercially reasonable basis or that the Merged Group will have adequate insurance cover against claims made. If the Merged Group incurs uninsured losses or liabilities, its assets, profits and prospects may be materially adversely affected. In particular, there is a risk that the Merged Group may be subject to claims in respect of both historical and future incidents. If such claims arise, there is a risk that the Merged Group's insurance cover may not adequately protect the Merged Group against those claims, which may have a material adverse effect on the Merged Group. Further, the Merged Group may not be able to recover under its insurance if the company or companies providing the insurance (or any reinsurance) are under financial distress or fail. Additionally, various factors may influence insurance premiums, which may have a detrimental impact on the Merged Group's profitability. Finally, if the Merged Group does not maintain an appropriate level of insurance coverage, it may be exposed to a wide range of liabilities. ACL has in place a well-established suite of insurance policies with specialist insurers, all set to a minimum S&P rating of at least A-. The program is subject to a formal yearly review of all policies, including and assessment of market practice and the insurable risk profile of the ACL Group.

(j) Healius may be subject to lease risks associated with change of control

The ACCs, pathology laboratories and skin cancer clinics which comprise Healius' national network operate from leased premises including with medical centres and private hospital groups. These leases likely have different legal terms, expiry dates and renewal options. A number of these leases may require the Merged Group to seek the consent of the landlord for a change of control. There is a risk that such consent may not be obtained, or, if it can be obtained, it may not be obtained on reasonable terms and conditions and/or within a reasonable timeframe.

(k) The Merged Group may breach its service level agreements

ACL and Healius have entered into contracts to provide pathology services to private hospitals, and commercial and public sector clients under service level agreements. These agreements set out the term and renewal, termination, change of control, exclusivity (if applicable), pricing, service delivery obligations, liability and indemnity arrangements between the Merged Group and its clients. In the event that the Merged Group breaches a service level agreement, including if it fails to deliver pathology services to the specified standard, the Merged Group may be liable for damages under the relevant agreement and in certain cases the clients may be entitled to terminate the agreement. The Merged Group's service level agreements may also not be renewed for a number of reasons, including performance below required service levels, adverse publicity or increased competition. Such developments may result in contracts not being renewed without any contributing factors within the Merged Group's control. Any breach of a service level agreement between the Merged

Group and its clients could materially adversely affect the Merged Group's financial position and prospects. The Merged Group has a long history of operating under service level agreements. ACL's risk framework includes ongoing reporting and monitoring of operational performance. In addition, the service level agreements typically provide for a remediation process.

(l) A workplace accident or incident may occur

The Merged Group employees provide pathology, skin cancer treatment and associated services by performing a range of activities across a variety of settings and these activities can range from sample collection at ACCs and patient homes to operating equipment in pathology laboratories. Depending on the specific activity and environment, the Merged Group's employees could be at risk of workplace accidents and incidents. Should an employee be injured in the course of their employment, the Merged Group may be liable for penalties or damages as a result. If the Merged Group was required to pay monetary penalties, this may adversely affect its financial position as well as the reputation of the Merged Group. Such claims or events may not be covered by the Merged Group's insurance or may exceed the Merged Group's insured limits. The Merged Group has occupational health and safety procedures that comply with relevant legislation and standards which all staff are required to follow. Workplace accidents or incidents are assessed and changes implemented to help prevent similar events from occurring in the future. However, there is a risk that workplace accidents or incidents may occur in the future which could have an adverse effect on the Merged Group's reputation and operations. ACL's human resources team routinely reports any workplace accidents and incidents which are reviewed by the ACL Board and by the ACL Risk Committee.

(m) Integration of future acquisitions may not be successful

The Merged Group may consider future acquisitions that are considered by the Merged Group's management team to be complementary to the Merged Group's future growth strategy. There are a number of difficulties and uncertainties associated with acquisitions such as the integration of financial, operational and managerial resources. If the acquired businesses are not successfully integrated this may have an adverse effect on the Merged Group's financial and operational performance. In addition, while the Merged Group will conduct due diligence on any proposed acquisitions, there is no assurance that an acquisition will perform as forecasted once fully integrated, or successfully achieve the desired objectives and synergies. These acquisitions may include opportunities outside Australia which can add additional risk and complexity due to differences in regulations, work practices and cultures. ACL has a track record of successfully integrating businesses. ACL originated from the aggregation of Healthscope's Australian pathology business (2015), St John of God Health Care's (SJGHC) pathology business (2016) and Perth Pathology (2016) and, subsequently, ACL acquired SunDoctors (2021) and Medlab Pathology (2021). Over the past six years ACL has improved its operational performance through the integration and optimisation of these businesses. Please refer to sub-section 4 of the section of this Bidder's Statement entitled "***Why You Should Accept the Offer***" and sections 1.2(c)(iv) and 7.4 for more information.

(n) The Merged Group's possible expansion into new markets may not be successful

Any future acquisitions or expansions into new geographical markets may expose the Merged Group to unforeseen risks. A number of these risks could include regulatory requirements, complications or inefficiencies related to staff, managerial and operational performance, enforcing contractual obligations and intellectual property rights, competition from existing established competitors, political or economic instabilities, and taxation. The Merged Group will make informed decisions on the attractiveness and effectiveness of any future acquisitions or expansions into new markets, based on information available to the Merged Group at that time. If such information turns out to be inaccurate, or circumstances arise outside of the Merged Group's control while entering these new markets, there may be a material adverse effect on the financial and/or operational performance of ACL.

8.3 Risks that affect pathology businesses generally

In addition to the other risk factors set out in section 8, the business activities of the Merged Group will be subject to various industry specific risks relating to the pathology industry that may impact on the future performance of the Merged Group. Accordingly, any investment in the Merged Group will remain subject to the following industry risks:

(a) Government policy and regulation may change

ACL and Healius seek to provide affordable pathology services to their patients. This is facilitated through bulk-billing the vast majority of its services to patients and receiving reimbursements through the Australian Government's Medicare Benefits Schedule (**MBS**). The MBS is subject to continual review and change, with the included services and prices being determined by the Federal Government. Almost all community pathology and the majority of private inpatient pathology is paid for under the MBS and some public hospital and commercial contracts are linked to services and pricing in the

MBS. Any changes to the MBS or any other Government funding initiatives, including reduction in fees or tests that will be covered by the MBS, could lead to a reduction in revenue for the Merged Group and may adversely affect the Merged Group's ability to provide testing and demand for its services. This could include a reduction in COVID-19 fees or the fee paid for any particular test. Any such changes have the potential to negatively impact the Merged Group's financial performance and profitability. The Merged Group operates in a highly regulated industry and is subject to laws, government policies and regulations. Changes to these laws, Federal and State Government policies and regulations, including the introduction of new laws, government policies and regulations, may have a material adverse impact on the financial and operational performance of the Merged Group including by increasing costs or reducing fees or demand for its services. The nature, timing and impact of future changes to laws, government policies and regulations are not predictable and are beyond Merged Group's control. Failure by Merged Group to comply with applicable laws, regulations and other professional standards and accreditation may lead to enforcement actions that disrupt Merged Group's operations and result in it being subject to fines, penalties, damages and disruption to its operations. Any such penalties, damages, fines, operational disruptions or damage to reputation, individually or together, could adversely affect Merged Group operations and its financial results. ACL monitors legislative and regulatory developments and engages proactively with key stakeholders to manage this risk. ACL is an active participant in Australian Pathology, the national representative body for private pathology in Australia.

(b) COVID-19 or another pandemic may impact the Merged Group's business

Pandemic risks, such as COVID-19, pose business continuity risk to the Merged Group. There is the risk from lockdowns across communities in response to a pandemic that the volume of routine (non-COVID-19) pathology testing may be adversely impacted. There is a risk that staff and laboratories are adversely impacted by a pandemic, such as COVID-19, which limits the Merged Group's ability to provide testing facilities. The Merged Group's staff are front line personnel providing collection services to customers potentially infected by COVID-19. Notwithstanding policies and procedures in place to mitigate such risks, there is a risk that staff in key operational roles are infected, impacting the Merged Group's operations. In addition, should the Merged Group be unable to secure equipment or test supplies for its operations or personal protective equipment for its staff during a pandemic, the operations and financial performance of the Merged Group's businesses would be adversely impacted. ACL continually monitors daily volumes across the States where it operates and structures resources accordingly. ACL also continually monitors and reports on staff and healthcare professionals impacted by a pandemic such as COVID-19, and requires staff to self-isolate in circumstances where there has been a possible link to COVID-19. A pandemic, including COVID-19, could impact the Merged Group's volumes and/or ability to provide core services, which would have a material adverse impact of the financial performance of the Merged Group, and/or the ability of the Merged Group to achieve the Expected Cost Synergies described in the section of the Bidder's Statement entitled "***Why You Should Accept the Offer***". Whilst ACL's response to the COVID-19 pandemic to date has demonstrated ACL's ability to adapt to changing circumstances and the important role a large private pathology companies play in Australia's response to the COVID-19 pandemic, this may not be the case in every pandemic circumstance.

(c) The private health insurance landscape may change

The Merged Group may be affected by factors adversely affecting the profitability of private health insurance funds. This is dependent on a number of factors, including the number of members and types of policies and coverage members have with those funds, and the level of claims and investment income. A number of factors including, but not limited to, a worsening economic climate, changes in economic incentives, annual increases to private health insurance premiums and other factors may cause the number of members in private health insurance funds to fall or result in members choosing to decrease the level of their private health insurance coverage. A decline in the profitability of private health insurance funds, or the inability of private health insurance funds to obtain premium increases, may result in the Merged Group being unable to achieve growth in the direct and indirect funding it receives from private health insurance funds, or the Merged Group being unable to renew contracts with private health insurance funds on suitable terms. It may also result in patients being faced with higher out-of-pocket expenses, which could reduce demand for the Merged Group's pathology services and erode the Merged Group's competitive position. A decline in private health insurance participation rates, or an increase in privately-insured inpatients opting to be treated as public inpatients, may also reduce the Merged Group's revenue from inpatients at private hospitals.

(d) The Merged Group may be subject to increased competition

Increased competition may arise from new entrants into the market which the Merged Group operates in, existing competitors attempting to increase their market share or from disruptive technologies that may change the way services are delivered. If the Merged Group's current or future competitors are able to secure attractive locations for ACCs, develop better relationships with referrers, are successful in tendering for contracts for the provision of pathology services, succeed in replacing the Merged Group in relation to the provision of pathology services to the Merged Group's clients, introduce technological changes in testing, or provide new skin cancer treatments among other things, the Merged Group's financial performance may be adversely impacted through reduced revenues or operating margins. The Merged Group seeks to differentiate itself through maintaining its strong relationship with medical practitioners, operating its unified pathology system, investing in innovation and operating a continuous improvement, cost-efficient, operating model. ACL management continually assesses market developments and seeks to position itself to address any competitive threats.

(e) The Merged Group's clients may insource pathology services

The Merged Group's clients, in particular hospitals, as well as referring physicians, may also insource pathology services that have historically been performed by private pathology providers such as the Merged Group. Hospital contracts are typically long-term in nature. ACL management believes that it generally performs these contracts at a lower cost than insourced pathology services, but for various reasons, some hospitals may choose to insource the service for non-cost-based reasons. If a hospital group that the Merged Group currently provides pathology services to decides to insource their pathology services, this could have a material impact on the Merged Group's financial performance. In addition, for certain medical specialties, there is an ongoing trend to consolidate smaller practices into larger practices through acquisitions. Similarly, although to a smaller degree, practices in certain specialties have been and may continue to be acquired by hospitals. This may lead to these specialities using the hospital's own laboratories for their testing needs. If these trends become more pronounced and the Merged Group's clients insource pathology testing functions, the demand for the Merged Group's pathology testing services may be reduced and the Merged Group's business may be adversely affected.

(f) Scientific development and technology change could adversely affect the Merged Group's business

The pathology and associated industries may be subject to scientific developments and changes in technology, evolving industry standards and client demand for new diagnostic technologies and skin cancer treatments. Advances in science and technology may result in the creation of enhanced diagnostic tools that enable laboratories, hospitals, physicians, patients or third parties to provide or perform specialised diagnostic services and the creation of new testing methods or new skin cancer treatments that are more patient-friendly, efficient or cost-effective. Failure by the Merged Group to anticipate and respond to new technologies could also materially adversely affect its ability to compete effectively. These developments may result in a decrease in the demand for the Merged Group's services. The Merged Group may be impacted by its ability to maintain and update its technological infrastructure to address scientific development and technological changes. There is a risk that the Merged Group may not be successful in addressing these developments in a timely manner. Maintaining and updating the Merged Group's technology could involve additional costs. The Merged Group's inability to respond to technological change may have a material adverse impact on its business and financial and/or operating performance. ACL maintains a focus on research, innovation and advocacy to remain nimble for any scientific developments and technology change. In addition, ACL continually assesses opportunities including introducing new tests to the market to enhance its revenue stream.

(g) The Merged Group's exposure to international developments may impact its operations

Pathology providers source testing supplies such as reagents and equipment from international markets. Prices of these supplies and equipment are subject to change driven by, among other factors, foreign exchange rates, market demand and supply, and scientific and technological advancements. ACL and Healius are unable to pass on cost increases as a substantial portion of revenue is derived from the MBS with almost all community pathology being bulk-billed under the MBS and some private hospital contracts linked to services in the MBS. Any adverse movements in testing supplies and equipment may increase the Merged Group's costs of business and may have a material adverse impact on the Merged Group's performance. Pathology providers rely on readily available reagents and equipment to provide high quality testing services. There is a risk that international developments, including but not limited to legislative changes, acts of terrorism, an outbreak of international hostilities, lockdowns, embargos, forced closures, lockouts, labour market strikes, civil wars, natural disasters, outbreaks of disease or other natural or man-made events or occurrences may disrupt the supply chain of the Merged Group's supplies and equipment. This may result in the Merged Group being unable to provide core services. The nature, timing and magnitude of these international market developments are not predictable and are largely beyond the Merged Group's control and the Merged Group has limited ability to insure against some of these risks.

ACL manages supply price risk by entering into long-term fixed price arrangements with major suppliers for consumable products and by sourcing consumables locally in Australia. ACL remains vigilant in actively monitoring international developments, and managing supply costs and disruptions. For example, ACL successfully managed the surge in demand for COVID-19 testing in 2020 with no material operational disruptions.

8.4 Risks relating to the Offer

(a) Issue of ACL Shares as consideration

Healius Shareholders (other than Ineligible Foreign Shareholders and Small Parcel Shareholders) are being offered consideration under the Offer that consists of a specified number of ACL Shares, rather than a number of ACL Shares with a specified market value. As a result, the value of the consideration will fluctuate depending on the market value of the ACL Shares.

In addition, under the Offer, ACL will issue a significant number of ACL Shares. Some ACL Shareholders may not intend to continue to hold their ACL Shares and may wish to sell them on ASX. There is a risk that if a significant number of ACL Shareholders seek to sell their ACL Shares, this may adversely impact the price of ACL Shares.

(b) Approval delays

There is a risk that the regulatory approvals required to satisfy one or more Conditions may not be obtained, or may be obtained subject to conditions which adversely affect the Merged Group. In particular, it is currently ACL's intention to seek clearance from the ACCC before the end of the Offer Period as the means of complying with the ACCC Clearance Condition. There is a risk that the ACCC will refuse to grant this clearance, will not issue its determination for clearance by that time or that it will grant clearance subject to conditions, including the provision of undertakings and/or required divestments. Any undertakings required to be given, and/or divestments that are required to be made after completion of the Offer, could have an adverse effect on the Merged Group, including, but not limited to, by adversely affecting the ability of the Merged Group to achieve the Expected Cost Synergies described in the section of the Bidder's Statement entitled "***Why You Should Accept the Offer***". The ACCC Clearance Condition requires the ACCC to provide unconditional clearance of the Proposed Merger. ACL has requested unconditional clearance of the Proposed Merger from the ACCC. ACL believes that it has strong arguments to support this request for unconditional clearance. On 12 April 2023 the ACCC announced that it intended to conduct a public informal merger review of the Proposed Merger. The ACCC has indicated a provisional date of 22 June 2023 for the announcement of the ACCC's findings (as outlined in the ACCC's Informal Merger Review Process Guidelines, this may be a final decision or release of a Statement of Issues). If the ACCC releases a Statement of Issues, the ACCC will set a secondary timeline and commence public consultation in relation to the Statement of Issues. The ACCC indicates that the timeframe for its assessment following release of a Statement of Issues until final decision is typically 6 to 12 weeks. The ACCC process is expected to take at least 6 months.

Unless you are able to withdraw your acceptance in the circumstances set out in section 11.5 of this Bidder's Statement, if you accept the Offer before the Conditions are satisfied or waived, you will be unable to accept into a competing proposal for Healius (if one arises) or otherwise deal with your Healius Shares.

Any delays or extended approval processes in obtaining the necessary regulatory approvals (including, but not limited to, clearance from the ACCC required to satisfy the ACCC Clearance Condition) could adversely affect the operational performance of ACL and Healius, including the ability of the two businesses to attract and/or retain key personnel.

(c) Integration risks and risk that the Expected Cost Synergies will not be achieved

The Proposed Merger will involve the combination of the businesses of ACL and Healius, which have previously operated independently. There is a risk that unexpected issues and complications may arise during the process of integration. There is a risk that the Merged Group may face unanticipated liabilities and costs, operational disruption and the possible loss of key employees, customers or market share if integration is not achieved in a timely and orderly manner or the integration adversely affects the performance levels of the Merged Group. There is also a risk that the expected benefits of the creation of the Merged Group, including the Expected Cost Synergies, may not be achieved in a timely manner, at all or to the extent expected by ACL (as set out in this Bidder's Statement) and/or that the costs incurred in achieving them are materially higher than expected. Potential issues and complications that may affect the achievement of the successful integration of the businesses of ACL and Healius and of the expected benefits of that integration (including the Expected Cost Synergies described in the section of the Bidder's Statement entitled "***Why You Should Accept the Offer***") include:

(i) difficulties integrating management information systems and other systems;

(ii) difficulties merging the culture and management styles of two organisations;

(iii) lower than expected cost savings;

(iv) difficulties integrating IT platforms, support functions, and financial and accounting systems, including difficulties in integrating ACL's and Healius' Laboratory Information Systems into a single, national system (which is expected be undertaken in a staged manner);

(v) unintended losses of key employees;

(vi) difficulties integrating the operational structures of the two organisations, including harmonising the contractual arrangements of the personnel of the Merged Group; and

(vii) market conditions or changes in the regulatory environment, or regulatory conditions imposed in connection with the Takeover Bid which impact the ability of the Merged Group to leverage its increased scale, presence and market intelligence.

Any failure to achieve the expected benefits of the Takeover Bid (including the Expected Cost Synergies described in the section of the Bidder's Statement entitled "***Why You Should Accept the Offer***") could impact the financial performance and position of the Merged Group.

While ACL's experienced management team has a proven track record of integration and synergy delivery (see sub-section 7 of the section of this Bidder's Statement entitled "***Why You Should Accept the Offer***" for further information), the combination of the businesses of ACL and Healius will be a complex business integration and it will require additional structure, governance and integration management disciplines to be put in place (and supported by a dedicated project management office (PMO) team) to support the integration and to mitigate the above risks.

(d) Forward-looking information based on broker forecasts and target prices

The section of this Bidder's Statement entitled "***Why You Should Accept the Offer***" includes forward-looking information (including forecasts) in respect of Healius and the Merged Group that are based on, amongst other things, FY23 Average Broker Forecasts (see Annexure A to this Bidder's Statement). It also includes references to the Average Broker Target Prices.

Neither ACL nor Healius prepared the broker forecasts used to calculate the FY23 Average Broker Forecasts or the Average Broker Target Prices referred to in this Bidder's Statement (which were prepared by external third party analysts). The FY23 Average Broker Forecasts in respect of Healius have been included in this Bidder's Statement solely as an indication of market views about Healius, and Healius Shareholders are advised that, as at the Last Practicable Date, Healius had not made an announcement to the ASX in which it stated that: (i) the Healius Board adopts any individual or average broker forecast or estimate in respect of FY23 (including, but not limited to, the FY23 Average Broker Forecasts in the table below); or (ii) that the Healius Board expects that its actual results for FY23 will be in line, or will not be in line, with (or will differ materially from) any individual or average broker forecast or estimate in respect of FY23 or market expectations.

Similarly, the Average Broker Target Prices in respect of ACL and Healius in the table below have been included in this Bidder's Statement solely as an indication of market views about ACL and Healius. The ACL Directors do not adopt any individual broker target price in respect of ACL and, as at the Last Practicable Date, Healius had not made an announcement to the ASX in which it stated that the Healius Board adopts any individual or average broker target price (including, but not limited to, the Average Broker Target Price in respect of Healius).

The broker forecasts used to calculate the FY23 Average Broker Forecasts, and the broker target prices used to calculate the Average Broker Target Prices, are forward-looking in nature. Such forecasts and target prices are, by their nature, only predictions and are subject to inherent risks and uncertainties, including the other risks set out in this section 8.

There is no certainty that the future financial performance of ACL, Healius or the Merged Group implied by the forward-looking information (including forecasts) in respect of ACL, Healius and the Merged Group that are based on, amongst other things, FY23 Average Broker Forecasts and/or Average Broker Target Prices will be achieved.

(e) Limited access to Healius information

ACL has had no access to information in relation to Healius (including financial and business, operational and legal information), other than that which is available in the public domain. As stated in this Bidder's Statement, all information relating to Healius that has been included in (or omitted from) this Bidder's Statement (including all financial information in relation to Healius), has been based on publicly available information. There is a risk that ACL may not have conducted due diligence on all material information in relation to Healius (because that information was not publicly available) and that any assumptions made by ACL in relation to Healius and/or the Merged Group (that relies on publicly available information relating to Healius) may prove to be false or incorrect. Among other things, this may impact on the Merged Group's achievement or realisation of the Expected Cost Synergies and/or the Potential Operational Improvement Benefit, in each case as described in the section of the Bidder's Statement entitled "***Why You Should Accept the Offer***". Therefore, there remains uncertainty associated with the information disclosed in this Bidder's Statement relating to Healius (and, to the extent that information disclosed in this Bidder's Statement relates to the Merged Group and is based or derived from publicly available information relating to Healius (including, but not limited to, the Merged Group Pro Forma Historical Financial Information), that information). ACL does not, except as required by law, make any representation or warranty, express or implied, as to the accuracy or completeness of this information. Any inaccuracy or omission in Healius' publicly available information may also adversely affect the performance or operations of the Merged Group. Any assumptions made by ACL in relation to Healius and/or the Merged Group will be verified by ACL if ACL is provided with access to information in relation to Healius which is not publicly available which allows ACL to verify those assumptions (including financial, operational, tax and legal information).

(f) Termination of contracts and potential inability to obtain third party consents

A change in control of Healius and/or ACL may occur as a result of the Offer. It is possible that material contracts to which either Healius or ACL (or any other member of the Merged Group) is a party, such as debt facilities, service agreements with public and private hospitals, leases and contracts with pathologists, may be subject to review or termination by the relevant counterparty (including under change of control (or similar) provisions) as a result of completion of, or otherwise in connection with, the Offer.

Accordingly, there is a risk that the consent of one or more counterparties under these contracts will be required in connection with the Offer and that such consent cannot be obtained or, if it can be obtained, it may not be obtained on reasonable terms and conditions and/or within a reasonable timeframe.

In relation to material contracts that will require the applicable counterparty's consent in connection with the Offer under a provision of the kind described above, ACL has assessed the need to obtain consent and will begin a process of contacting the relevant counterparties and seeking such consent. ACL has had no access to information in relation to Healius' contracts, other than that which is available in the public domain. Accordingly, during the Offer Period, it will not be possible for ACL to determine whether any of the contracts to which Healius Group Members are parties contain change of control (or similar) provisions that will be triggered in connection with the Offer unless the relevant information is disclosed to ACL.

While ACL is not aware of any counterparty that may wish to terminate a material contract to which an ACL Group Member or a Healius Group Member is a party, should any such contracts be terminated, the Merged Group would lose the benefit of the contract and may not be able to obtain similarly favourable terms upon entry into replacement arrangements (should replacement arrangements be available).

(g) Termination of Healius debt facilities

In addition to the risk that Healius' debt facilities may be terminated or may require consent of the relevant counterparty as a result of the change in control of Healius as a result of the Offer, that change in control may trigger an obligation on one or more Healius Group Members to repay moneys borrowed under the applicable facility or the terms of the debt facility may be varied including, but not limited to, because a "review event" (or provision with a substantially the same effect) has occurred or been triggered or enlivened under the debt facility).

It is a Condition to the Offer that, between the Announcement Date and the end of the Offer Period, no person exercises or purports to exercise, or states an intention to exercise, any rights under any provision of any agreement or any other instrument to which a Healius Group Member is a party, or by or to which a Healius Group Member or any of its assets may be bound or be subject, which results (or, if the right was exercised, would result) or would reasonably be expected to result (or, if the right was exercised, would reasonably be expected to result) in, moneys borrowed by one or more Healius Group Members in excess of $30,000,000 being or becoming repayable or being capable of being declared repayable immediately or earlier than the repayment date specified in the agreement or other instrument under which (or which otherwise set out the terms and conditions on which) such moneys have been made available to the applicable Healius Group Members(s) (see section 11.9(w) of this Bidder's Statement).

As mentioned elsewhere in this Bidder's Statement, ACL reserves its right to declare the Offer free from any Condition but, as at the date of this Bidder's Statement, ACL has made no decision as to whether it will do so.

(h) Information technology systems

Each of ACL and Healius is reliant on the capability and reliability of its information technology systems and back-up systems, and those of its external providers. The failure of any information technology systems could adversely impact the ability for the Merged Group to conduct its business in the ordinary course.

(i) Potential lack of availability of CGT scrip for scrip roll-over relief

Healius Shareholders who accept the Offer and receive ACL Shares may, in some circumstances (particularly where ACL does not acquire 80% or more of the Healius Shares under the Offer) have a CGT liability but will not be able to claim CGT scrip for scrip roll-over relief in respect of the ACL Shares received in exchange for their Healius Shares.

A general summary of the likely Australian taxation implications of accepting the Offer are summarised in greater detail in section 9.

Healius Shareholders are urged to seek their own independent tax advice regarding the specific consequences of the Offer, including the application and effect of income tax and other tax laws to their particular circumstances.

(j) Risks associated with retention of a minority stake in Healius

There are risks associated with the Offer for Healius Shareholders who do not accept the Offer and remain Healius Shareholders. If, in connection with or following the Offer, ACL and its associates collectively have a Relevant Interest in at least 90% of Healius Shares, ACL may be entitled to compulsorily acquire the remaining shares of the Healius Shareholders and apply to remove Healius from the official list of the ASX. The circumstances in which ACL may proceed to compulsory acquisition of Healius Shares are detailed in section 6.3(a).

If, in connection with the Offer, ACL acquires more than 50% but less than 90% of the Healius Shares (which may occur if ACL chooses to waive the 90% Minimum Acceptance Condition), ACL will hold a controlling interest in Healius. In that circumstance, the remaining Healius Shareholders will be in a minority position in a company with a large controlling shareholder (ACL) whose objectives for the company may differ from their own. Those Healius Shareholders could also encounter a lower level of liquidity in Healius Shares than exists today, which could result in a lower price for those Healius Shares should they wish to sell them in future. In certain circumstances, ACL may also be entitled to apply for the removal of Healius from the official list of the ASX (see section 6.4(c) for further information).

Further, if ACL does not acquire a Relevant Interest in at least 50.1% of the Healius Shares under the Offer and chooses to waive the 90% Minimum Acceptance Condition, this will result in ACL holding a non-controlling interest in Healius. If this occurred, it is possible that ACL and another person or persons could each hold large minority interests in Healius. In such a situation, any commercial misalignment between large minority shareholders could impact on the efficient and effective governance of Healius and could adversely affect its ongoing performance.

(k) Achievement of operational improvements and margins

As described in the section of the Bidder's Statement entitled "***Why You Should Accept the Offer***", based on ACL's review of publicly available information about Healius (which has not been independently verified by ACL or provided by or on behalf of Healius), ACL believes that, if Successful Offer Completion occurs, ACL's management team could achieve operational improvements (discussed at sub-section 3 of that section) which could result in additional EBIT of approximately $95 million (referred to as the Potential Operational Improvement Benefit).

However, whether ACL will achieve such operational improvements or margin expansion is dependent on a range of factors and risks (including those described in this section 8 of this Bidder's Statement), many of which are not solely within the control of ACL. Accordingly, no assurance can be provided that ACL will achieve such operational improvements or margins after Successful Offer Completion.

(l) Inclusion of ACL in S&P/ASX 100 Index following completion of the Proposed Merger

As described in sub-section 4 of the section of the Bidder's Statement entitled "***Why You Should Accept the Offer***", ACL believes that the Merged Group will be approaching the threshold for inclusion in the S&P/ASX 100 Index over time on the basis of the implied market capitalisation of the Merged Group (assuming achievement of the Expected Cost Synergies and Potential Operational Improvement Benefit), as described in that sub-section.

However, a company's inclusion in the S&P/ASX 100 Index is dependent on a number of factors (including the market prices and trading volumes of its securities on the ASX), and a number of these factors are not solely within the control of ACL.

No assurance can be provided that ACL (as the ultimate holding company of the Merged Group following completion of the Takeover Bid) will be included in (or, if included, remain in) the S&P/ASX 100 Index in the near-term after completion of the Takeover Bid or at any time after that.

(m) Achievement of larger trading multiple

As described in sub-section 4 of the section of the Bidder's Statement entitled "***Why You Should Accept the Offer***", ACL believes that the Merged Group is reasonably likely to trade at a valuation rating consistent with the blended EV/EBIT multiple for Healius and ACL of 17.5x on the basis that it reflects a weighted average of the unaffected market valuations for Healius and ACL as at the Last Practicable Date.[1]

As described in Annexure B, the blended EV/EBIT multiple was calculated by ACL using an average of the EV/EBIT multiples (as at the Last Practicable Date) based on broker EBIT forecasts for FY24 in respect of each of ACL and Healius, being the Average Broker FY24 EBIT Multiples. ACL considers that the Average Broker FY24 EBIT Multiples represent an indication of market views about each of ACL's and Healius' respective forward EV/EBIT multiples, and ACL considers FY24 to be the most appropriate reference period for evaluating the normalised forward multiple of the Merged Group as it aligns with Healius' public statements as to the timing for run-rate cost savings to be achieved under the Healius Group Cost Reset. However, the ACL Directors do not adopt any individual broker forecast or estimate for FY24 in respect of ACL and, as at the Last Practicable Date, Healius had not made an announcement to the ASX in which it stated that the Healius Board adopts or does not adopt any individual or average broker forecast or estimate for FY24 in respect of Healius. The Average Broker FY24 EBIT Multiples are ultimately based on broker EBIT forecasts for FY24 in respect of each of ACL and Healius, which are forward-looking in nature. Such forecasts are, by their nature, only predictions and are subject to inherent risks and uncertainties, including the other risks set out in this section 8.

In addition, the blended EV/EBIT multiple is above ACL's standalone EV/EBIT multiple of 13.7x as at the Last Practicable Date, and whether ACL will achieve such a trading multiple after the Proposed Merger is dependent on a range of factors (including the general investment risks set out in section 8.5 below), many of which are not solely within the control of ACL. Accordingly, no assurance can be provided that ACL will achieve such a trading multiple in the near-term after Successful Offer Completion or at any time after that. Similarly, no assurance can be made as to the equity value or market capitalisation of ACL, or the value (if any) that will be derived from realisation of the Expected Cost Synergies or Potential Operational Improvement Benefit, after Successful Offer Completion, as set out in the section of the Bidder's Statement entitled "***Why You Should Accept the Offer***".

(n) Accepting the Offer early

ACL notes that the Offer Period is longer than an initial offer period for a takeover bid that does not have regulatory conditions under the Corporations Act because ACL expects that the ACCC clearance process for the Proposed Merger required to satisfy the ACCC Clearance Condition will take at least 6 months – see section 10.1 for more information on the ACCC clearance process. Given this, if you accept the Offer early and become unable to withdraw your acceptance, you will be unable to accept a competing proposal for Healius (if one arises) or otherwise deal with your Healius Shares for an extended period of time (relative to a takeover bid with a shorter offer period).

See section 11.5 for a summary of the circumstances where you are able to withdraw your acceptance of the Offer.

8.5 General investment risks

(a) Uncertainty associated with COVID-19 pandemic (and pandemics generally)

The outbreak of the coronavirus (COVID-19) is impacting global economic markets. The nature and extent of the effect of the outbreak on the performance of ACL remains uncertain. ACL is unable to predict the full impact that the COVID-19 pandemic will have on its operations and financial performance in the medium to longer term. The direct effects of the pandemic could include:

(i) adverse fluctuations in ACL's share price, including as a consequence of volatility in financial markets;

(ii) risks of increased bad debt due to customers experiencing financial distress as a result of the pandemic; and/or

(iii) increased costs and/or supply chain constraints.

The market volatility and economic uncertainty that remains could adversely impact ACL's business and its ability to drive shareholder value. These risks may also apply to any future pandemic or other global health event.

1 Based on the Post-Results Healius VWAP and Post-Results ACL VWAP.

(b) Economic risks

The operating and financial performance of the Merged Group will be affected by a variety of general economic and business conditions, including the level of inflation, interest rates, exchange rates, ability to access funding, supply and demand and government fiscal, monetary and regulation policies. Changes in general economic conditions may result from many factors including government policy, international economic conditions, significant acts of terrorism, hostilities, war, pandemics or natural disasters. A prolonged deterioration in general economic conditions, including an increase in interest rates, an increase in the cost of capital or a decrease in business demand, could be expected to have an adverse impact on the Merged Group's operating and financial performance and financial position.

(c) Inflation

Inflation can adversely impact the Merged Group's performance through increasing costs and reducing profitability. Inflation may also have a negative effect on the Merged Group's other expenses, including third party service costs, interest costs, wages and overhead expenses. These costs could increase at a rate higher than the Merged Group's earnings. In addition, increased costs from inflation could also adversely impact on the Merged Group achieving or realising the Expected Cost Synergies described in the section of the Bidder's Statement entitled "***Why You Should Accept the Offer***".

(d) Unforeseen expenses

ACL may be subject to significant unforeseen expenses or actions. This may include unplanned operating expenses, future legal actions or expenses in relation to future unforeseen events.

(e) Share market conditions

There are risks associated with any investment in securities. Publicly listed securities have experienced extreme price and volume fluctuations that have often been unrelated to the operating performances of such companies.

The price at which ACL Shares are quoted on the ASX may increase or decrease due to a number of factors. These factors may cause the ACL Shares to trade at prices below the price at the date of the Offer. In addition, the stock market can experience price and volume fluctuations that may be unrelated or disproportionate to the operating performance of ACL. There is no assurance that the price of the ACL Shares will increase following the Offer, even if ACL's earnings increase.

Some of the factors which may affect the price of ACL Shares include economic conditions in both Australia and internationally, investor sentiment and local and international share market conditions, recommendations by securities analysts, the operating and trading price performance of other comparable listed entities, the inclusion or removal from major market indices, changes in interest rates and the rate of inflation, variations in commodity prices, the global security situation and the possibility of terrorist disturbances, changes to government regulation, policy or legislation, changes which may occur to the taxation of companies as a result of changes in Australian and foreign taxation laws, changes to the system of dividend imputation in Australia, changes in exchange rates, the nature of competition in the markets in which ACL operates, and industry cycles.

(f) Equity dilution

ACL may elect to issue ACL Shares or other securities in ACL in the future. While ACL will be subject to the constraints of the Listing Rules regarding the percentage of capital that it is able to issue within a 12-month period (other than where exceptions apply), the increase in the number of securities issued and the possible sale of these securities may have the effect of depressing the price of ACL securities already on issue. In addition, ACL Shareholders at the time may be diluted as a result of the issue of such securities.

(g) Changes in taxation rules of their interpretation

Changes in tax law (including value added taxes, indirect taxes or stamp duties), or changes in the way tax laws are interpreted, may impact the Merged Group's tax liabilities or the tax treatment of an ACL Shareholder's investment. In particular, both the level and basis of taxation may change. In addition, an investment in ACL Shares involves tax considerations which may differ for each ACL Shareholder. Each Healius Shareholder is encouraged to seek professional tax advice in connection with the Offer and how they may be discretely impacted.

8. Risks (continued)

(h) Changes in accounting policy

The Merged Group must report and prepare financial statements in accordance with prevailing accounting standards and policies. There may be changes in these accounting standards and policies in the future which may have an adverse impact on the Merged Group's financial performance and financial position as reported in its financial statements.

(i) Force majeure events

Events may occur within or outside Australia that could impact on the Australian economy, the Merged Group's operations and the price of ACL Shares. These events include but are not limited to acts of terrorism, an outbreak of international hostilities, fires, floods, earthquakes, labour strikes, civil wars, natural disasters, pandemics and outbreaks of disease or other natural or man-made events or occurrences that can have an adverse effect on the demand for the Merged Group's services and its ability to operate its assets. ACL has only a limited ability to insure against some of these risks.

(j) Litigation

As at the date of this Bidder's Statement, ACL is not aware of any material disputes or litigation being undertaken in relation to ACL or Healius (other than, in the case of Healius, the proceedings instituted by Chief Executive Medicare on 9 February 2023 against Specialist Diagnostic Services Pty Ltd (NSD95/2021) as announced by the Department of Health and Aged Care on 26 May 2021. However, it is possible that the Merged Group may be involved in disputes and litigation in the course of its future operations. There is a risk that any material or costly dispute or litigation and compensation or damages could adversely impact the financial position or performance of the Merged Group.

(k) Foreign exchange risk to investment returns

All information in this Bidder's Statement is presented in Australian dollars. ACL Shareholders who reside outside of Australia, or who rely on funding denominated in a currency other than the Australian dollar, should be aware of the impact that fluctuations in exchange rates may have on the value of their investments in, and returns from, ACL.

8.6 Other risks

The information set out in this section 8 does not purport to be, nor should it be construed as, an exhaustive overview of the risks which may affect ACL or the Merged Group. Additional risks and uncertainties not currently known to ACL, or otherwise not summarised in this section 8, may in the future materially affect the financial performance of the Merged Group and the value of ACL Shares.

9. Taxation implications of the Offer for Healius Shareholders

9.1 Overview of tax considerations

This section 9 contains a general description of the Australian income tax (including capital gains tax (**CGT**)), goods and services tax (**GST**) and stamp duty consequences for Healius Shareholders who either accept the Offer and dispose of their Healius Shares to ACL, or whose Healius Shares are compulsorily acquired in accordance with Part 6A.1 of the Corporations Act.

This section 9 deals only with Healius Shareholders who are individuals, companies (other than life insurance companies), trusts and complying superannuation funds that hold their Healius Shares on capital account for Australian income tax purposes.

The information in this section 9 is not applicable to all Healius Shareholders and, in particular, does not apply to Healius Shareholders who:

- hold their Healius Shares for the purpose of speculation or a business of dealing in securities (for example, as trading stock or revenue assets);
- acquired (or are deemed to have acquired) their Healius Shares prior to 20 September 1985;
- are partnerships or are partners of such partnerships;
- acquired their Healius Shares pursuant to an employee share, option or rights plan;
- are under a legal disability;
- are exempt from Australian income tax;
- are subject to the Investment Manager Regime under Subdivision 842-I of the *Income Tax Assessment Act 1997* (Cth) (**Tax Act**) in respect of their Healius Shares;
- are subject to the Taxation of Financial Arrangements provisions in Division 230 of the Tax Act or other special taxation rules in relation to gains and losses on their Healius Shares;
- are foreign residents of Australia who hold their Healius Shares in carrying on a business through a permanent establishment in Australia; or
- ceased to be, or became, Australian residents while holding their Healius Shares.

The information in this section 9 is based on the Australian tax law and administrative practice of the Australian tax authorities in effect as at the date of this Bidder's Statement. The Australian tax laws are complex and subject to change periodically, as is their interpretation by the courts and the tax authorities. This summary is general in nature and is not intended to be an authoritative or complete statement of the laws applicable to the particular circumstances of a Healius Shareholder. The precise implications of ownership or disposal of Healius Shares will depend on each Healius Shareholder's specific circumstances. These comments should not be viewed as a substitute for advice from an appropriate professional advisor having regard to each Healius Shareholder's individual circumstances.

Healius Shareholders are strongly advised to seek their own independent tax advice regarding the specific tax consequences of the Offer, including the application and effect of income tax and other tax laws to their particular circumstances.

This summary does not take into account the tax laws of countries other than Australia. Healius Shareholders who are tax residents of a country other than Australia (whether or not they are also residents, or are temporary residents, of Australia for tax purposes) should take into account the tax consequences of the Offer under the laws of their country of tax residence, as well as under Australian law.

9. Taxation implications of the Offer for Healius Shareholders (continued)

9.2 Australian resident Healius Shareholders

This section 9.2 applies to Healius Shareholders who are residents of Australia for Australian income tax purposes. It has been assumed that no Ineligible Foreign Shareholder is a resident of Australia for Australian income tax purposes. However, if this were the case, the tax consequences outlined below at section 9.2(i) for Small Parcel Shareholders would apply to the Ineligible Foreign Shareholder.

(a) CGT event on the disposal of Healius Shares to ACL

If the Offer becomes unconditional, acceptance of the Offer by a Healius Shareholder will result in the disposal of their Healius Shares to ACL in exchange for ACL Shares (or cash, if the Healius Shareholder is a Small Parcel Shareholder). The disposal of the Healius Shares to ACL will give rise to a capital gains tax (**CGT**) event for Healius Shareholders. The timing of the CGT event should be the date the contract to dispose of the Healius Shares is formed (see section 11.5 below).

If a Healius Shareholder does not dispose of their Healius Shares under the Offer and their Healius Shares are compulsorily acquired in accordance with Part 6A.1 of the Corporations Act, those Healius Shareholders will also be treated as having disposed of their Healius Shares for CGT purposes. In this case, the timing of the CGT event should be the date when ACL becomes the beneficial owner of the Healius Shares.

In the absence of scrip for scrip roll-over relief (discussed below at section 9.2(f)), the following tax consequences are expected to arise for the Healius Shareholders:

- a capital gain will be realised to the extent the capital proceeds received by a Healius Shareholder from the disposal of their Healius Shares exceed the cost base of those shares; or
- a capital loss will be realised to the extent the capital proceeds received by the Healius Shareholder from the disposal of their Healius Shares are less than the reduced cost base of those shares.

Healius Shareholders who make a capital gain on disposal of their Healius Shares will be required to aggregate the capital gain with any other capital gains the Healius Shareholder may have in that income year. Any resulting net capital gain (after offsetting any available capital losses from the current income year or brought forward from prior income years) should be reduced by any applicable CGT discount and any remaining discounted net capital gain for the income year should be included in the Healius Shareholder's assessable income and should be subject to tax at the Healius Shareholder's applicable rate of tax.

Capital losses can only be offset against capital gains derived in the same income year. Any remaining net capital loss may be carried forward and offset against taxable capital gains in subsequent income years. Healius Shareholders should seek their own independent tax advice in relation to the availability of capital losses that have been carried forward from prior income years.

(b) Cost base and reduced cost base of a Healius Share

The cost base of a Healius Share will generally include the cost of acquiring that Healius Share plus any incidental costs of their acquisition and disposal (such as brokerage fees and legal costs). The reduced cost base of a Healius Shareholder's Healius Shares is usually determined in a similar but not identical manner to the cost base, although some differences in the calculation of reduced cost base do exist depending on a Healius Shareholder's individual circumstances.

(c) Capital proceeds received by Healius Shareholders

The capital proceeds for the disposal of a Healius Share should be equal to the market value of the ACL Shares received by the Healius Shareholder, determined as at the time of the CGT event (or, in the case of a Small Parcel Shareholder, the cash proceeds the Healius Shareholder is entitled to receive).

As discussed at section 9.2(a), the timing of the CGT event for a Healius Shareholder will differ if their Healius Shares are compulsorily acquired (rather than disposed of under the Offer).

(d) Indexation of the cost base of a Healius Share

Certain Healius Shareholders who acquired their Healius Shares at or before 11.45am on 21 September 1999 can choose to increase the cost base of their Healius Shares for indexation based on the "consumer price index" movement from the date of acquisition to 30 September 1999. Only individuals, complying superannuation funds, trusts and listed investment companies can choose to apply indexation. Other types of taxpayers do not qualify.

Healius Shareholders who choose to apply indexation forego the opportunity to apply the CGT discount (discussed below at section 9.2(e)). In addition, indexation is not included in determining the reduced cost base. This means that indexation cannot increase the amount of a capital loss.

(e) CGT discount

The CGT discount may apply to Healius Shareholders who are individuals, complying superannuation entities or other trusts, who have held, or are taken to have held, their Healius Shares for at least 12 months at the time of the disposal of their Healius Shares to ACL. Note that where the Healius Shareholder is a trust, the ultimate availability of the CGT discount will be dependant on the beneficiaries to whom the gain is distributed.

The CGT discount is:

- one-half if the Healius Shareholder is an individual or trustee: meaning only half of the capital gain will be included in assessable income; and
- one-third if the Healius Shareholder is a complying superannuation entity: meaning only two-thirds of the capital gain will be included in assessable income.

The CGT discount is not available to Healius Shareholders that are companies. In addition, the Federal Government has announced that the tax law will be amended with retrospective effect from 1 July 2020 so that trusts that are managed investment trusts and attribution managed investment trusts will be prevented from applying the CGT discount at the trust level (however, the discount may still be available at the unitholder level).

If the Healius Shareholder makes a discounted capital gain, any current year and/or carried forward capital losses will be applied to reduce the undiscounted capital gain before the relevant CGT discount is applied. The resulting amount is then included in the Healius Shareholder's net capital gain for the income year and included in assessable income.

(f) Scrip for scrip roll-over relief

Healius Shareholders who make a capital gain from the disposal of their Healius Shares (whether under the Offer or as a result of their Healius Shares being compulsorily acquired) should be eligible to choose CGT scrip for scrip roll-over relief provided ACL acquires at least 80% of the Healius Shares. Scrip for scrip roll-over relief is not available to any Healius Shareholders that make a capital loss.

Healius Shareholders do not need to inform the ATO, or document their choice to claim scrip for scrip roll-over relief in any particular way, other than to complete their income tax return in a manner consistent with their choice.

ACL will not make a choice under subsection 124-795(4) of the Tax Act to deny scrip for scrip roll-over relief (where it would otherwise be available).

If ACL does not obtain 80% or more of the Healius Shares under the Offer, no Healius Shareholder who disposes of their Healius Shares under the Offer will be eligible for scrip for scrip roll-over relief and the general CGT consequences outlined above at section 9.2(a) will apply. The Offer is subject to the 90% Minimum Acceptance Condition (see section 11.9(a) below). If the 90% Minimum Acceptance Condition is satisfied (and the other Conditions in section 11.9 have been fulfilled or freed) before the relevant times specified in section 11.5(b), ACL expects that it will acquire at least 80% of the Healius Shares under the Offer, such that CGT scrip for scrip roll-over relief should be available to Healius Shareholders who make a capital gain from the disposal of their Healius Shares to ACL. However, as discussed in section 6 above, ACL reserves its right to declare the Offer free from the 90% Minimum Acceptance Condition (or any other Condition) but, as at the date of this Bidder's Statement, ACL has made no decision as to whether it will do so.

(g) Consequences of choosing scrip for scrip roll-over relief

If a Healius Shareholder is eligible for and chooses to obtain scrip for scrip roll-over relief, the capital gain arising on the disposal of their Healius Shares under the Offer should be disregarded.

The first element of the cost base for that Healius Shareholder's ACL Shares is then determined by attributing, on a reasonable basis, the existing cost base of the Healius Shares acquired by ACL under the Offer. The first element of the reduced cost base is determined similarly.

Finally, for the purposes of determining future eligibility for the CGT discount (discussed at section 9.2(e)), the acquisition date of the ACL Shares is taken to be the date when the Healius Shareholder originally acquired their Healius Shares.

(h) Consequences if scrip for scrip roll-over relief is not available or is not chosen

If a Healius Shareholder does not qualify for scrip for scrip roll-over relief or the Healius Shareholder chooses not to obtain scrip for scrip roll-over relief, the general CGT treatment outlined at section 9.2(a) will apply.

(i) Small Parcel Shareholders

Small Parcel Shareholders that are residents of Australia for Australian income tax purposes will not be entitled to receive ACL Shares as consideration for their Healius Shares under the Offer – see section 11.8. As a result, scrip for scrip roll-over will not be available for Small Parcel Shareholders and the general CGT consequences outlined above at section 9.2(a) will apply.

9.3 Foreign tax resident Healius Shareholders

This section 9.3 applies to Healius Shareholders that are not residents of Australia for Australian income tax purposes (that is, foreign tax residents). It does not apply to foreign tax resident Healius Shareholders who have held their Healius Shares through a permanent establishment in Australia.

Foreign tax resident Healius Shareholders who hold their Healius Shares on capital account should generally not be subject to the CGT rules in Australia on the disposal of their Healius Shares, provided their Healius Shares are not an "indirect Australian real property interest".

Broadly, a foreign tax resident Healius Shareholder's Healius Shares will not be an indirect Australian real property interest unless both of the following tests are satisfied:

- that Healius Shareholder, together with its associates (as defined under Australian taxation law), held 10% or more of the issued shares in Healius at the time of disposal or for at least 12 months during the 24 months prior to the disposal of their Healius Shares (**Non-portfolio Interest Test**); and
- the aggregate market value of Healius' assets which are "taxable Australian real property" (being direct and indirect interests in Australian real property, including land, leases of land, mining tenements and property affixed to land) exceeds the aggregate market value of Healius' assets which are not taxable Australian real property (**TARP Test**).

Based on ACL's review of publicly available information about Healius (which has not been independently verified by ACL or provided by or on behalf of Healius), ACL does not presently believe that Healius satisfies the TARP Test as at the date of this Bidder's Statement. If this is correct, then no foreign tax resident Healius Shareholder should be subject to CGT on the disposal of their Healius Shares to ACL.

However, if the TARP Test is satisfied, any foreign tax resident Healius Shareholders who also satisfy the Non-portfolio Interest Test may be subject to CGT on the disposal of their Healius Shares to ACL. In these circumstances, scrip for scrip roll-over relief (discussed above at section 9.2(f)) will only be available to such Healius Shareholders if, just after the time of acquisition, the ACL Shares that the Healius Shareholder is issued as consideration for the acquisition of their Healius Shares are also "taxable Australian property" (as defined in the Tax Act). As at the date of this Bidder's Statement, ACL believes that it is unlikely that any such ACL Shares will be regarded as taxable Australian property. Accordingly, it is not expected that scrip for scrip roll-over relief will be available to any foreign tax resident Healius Shareholders who are subject to CGT on the disposal of their Healius Shares to ACL. Further, even if scrip for scrip roll-over relief is available to and received by these Healius Shareholders, the foreign resident CGT withholding regime (which is summarised in section 9.4 below) will apply to those Healius Shareholders.

Any Ineligible Foreign Shareholders who are subject to CGT on the disposal of their Healius Shares to ACL will also not be entitled to claim scrip for scrip roll-over relief. This is because Ineligible Foreign Shareholders will not be entitled to receive ACL Shares as consideration for their Healius Shares under the Offer (see section 11.8 below).

Foreign tax resident Healius Shareholders who may satisfy the Non-portfolio Interest Test are strongly encouraged to obtain independent tax advice confirming the Australian CGT implications of a disposal of their Healius Shares to ACL.

9.4 Foreign Resident CGT Withholding Tax

Australia's foreign resident CGT withholding regime applies to transactions involving the acquisition of certain indirect interests in Australian real property from relevant foreign residents. A "relevant foreign resident", for these purposes, is any Healius Shareholder who:

(a) ACL knows or reasonably believes their Healius Shares to constitute an indirect Australian real property interest; and

(b) either:

  (i) ACL:

    (A) knows is a foreign resident; or

    (B) reasonably believes is a foreign resident; or

    (C) does not reasonably believe is an Australian resident, and either has an address outside Australia or ACL is authorised to provide a financial benefit relating to the transaction to a place outside Australia; or

  (ii) has a connection outside Australia of a kind specified in the regulations.

The relevant withholding tax rate is 12.5% of the Offer Consideration.

A Healius Shareholder that does not meet the conditions of being a "relevant foreign resident" described above should provide ACL with a signed and completed declaration (**CGT Declaration**). This includes either of the following:

- Healius Shareholders who are Australian residents for tax purposes; and
- Healius Shareholders who are foreign tax residents, and whose Healius Shares are "membership interests" but not "indirect Australian real property interests" (as those terms are defined in the Tax Act, and described in section 9.3 above).

The CGT Declaration is contained in the Acceptance Form accompanying this Bidder's Statement. Each Healius Shareholder should read the CGT Declaration in full and follow the instructions provided on the Acceptance Form.

If a signed and completed CGT Declaration form regarding residency or interest is not provided to ACL in respect of a Healius Shareholder, ACL may withhold and pay to the Commissioner of Taxation (in cash) a withholding amount of 12.5% from the Offer consideration. The manner in which ACL will do this is described in section 11.7(i) of this Bidder's Statement. However, this should only occur if ACL reasonably determines that Healius satisfies the TARP Test (discussed above at section 9.3).

Healius Shareholders who have an amount withheld should generally be entitled to a credit for the amount withheld upon lodging an Australian income tax return. In addition, a Healius Shareholder may apply to the Commissioner of Taxation prior to the disposal of their Healius Shares to vary the rate of withholding down from 12.5% if the tax liability expected to arise from that disposal is less than 12.5% of the Offer Consideration.

9.5 GST

No GST should be payable by Healius Shareholders on the acquisition by ACL of their Healius Shares under the Offer, or on the receipt by Healius Shareholders of the ACL Shares as Offer consideration. Healius Shareholders who are registered for GST may not be entitled to input tax credits (or only entitled to reduced input tax credits) for any GST incurred on costs associated with the disposal of their Healius Shares or on receipt of the ACL Shares.

9.6 Stamp duty

No stamp duty should be payable by the Healius Shareholders on the acquisition by ACL of their Healius Shares under the Offer or on the receipt by Healius Shareholders of the ACL Shares as Offer consideration.

10. Additional information

10.1 Status of Conditions

The Offer is subject to a number of Conditions set out in section 11.9. ACL will provide updates on any material developments relating to the status of these Conditions through announcements to the ASX.

The date for giving the notice on the status of the Conditions required by section 630(1) of the Corporations Act is 21 September 2023 (subject to extension in accordance with section 630(2) of the Corporations Act if the Offer Period is extended).

As at the date of this Bidder's Statement, ACL is not aware of any events or circumstances which would result in the non-fulfilment of any of the Conditions.

Any or some of the Conditions may be waived by ACL. If ACL decides to waive a Condition, it will announce that decision to ASX in accordance with section 650F of the Corporations Act.

If, at the end of the Offer Period (or in the case of the Prescribed Occurrences Condition, at the end of the third Business Day after the end of the Offer Period), the Conditions have not been fulfilled and ACL has not declared the Offer (or it has not become) free from those Conditions, all contracts resulting from the acceptance of the Offer will be automatically void.

FIRB Condition

ACL is headquartered in Australia and has substantial Australian operations. However, ACL is a 'foreign person' for the purposes of FATA because more than 20% of its shares are held by a shareholder considered to be a 'foreign person' for the purposes of FATA and its associates. FATA requires that foreign persons generally require FIRB approval before acquiring a substantial interest (generally, at least 20%) in an Australian entity such as Healius, and a foreign person is taken to 'acquire' such an interest if they enter an agreement to acquire the interest. Accordingly, although following the acquisition of all of the Healius Shares and the issue of ACL Shares as consideration under the Offer ACL may cease to be a 'foreign person' for the purposes of FATA, ACL will technically be deemed to acquire a 'substantial interest' in Healius when the Offer becomes unconditional, at which time ACL is expected to be a 'foreign person'.

Accordingly, ACL intends to submit a notification to FIRB in accordance with FATA in relation to the acquisition of all of the Healius Shares by ACL under the Offer prior to this Bidder's Statement being despatched and Offers being made to Healius Shareholders.

ACCC Clearance Condition

ACL and Healius both provide pathology services in Australia. Accordingly, an informal clearance application has been made to the ACCC.

ACL considers it has good prospects of securing ACCC clearance. As noted above in sub-section 1 of the section of this Bidder's Statement entitled "*Why You Should Accept the Offer*", there have been material changes in the pathology industry since previous ACCC decisions reviewing pathology transactions, including:

- **continued and significant increases in bulk-billing rates for Federally funded pathology services:** in the out-patient segment, private billing is now almost non-existent at 0.03% of pathology services. This has been supported by changes in regulatory practices such as the de-regulation of Approved Collection Centre locations in 2010 and billing regulations (such as the introduction of the bulk billing incentive in 2009) that promote competitive market structures and disincentivise private billing;
- **a demonstrated ability of smaller providers to rapidly enter and expand into new geographic areas:** including the entry and success of 4Cyte Pathology which entered the industry in 2018 and now operates from more than 700 Approved Collection Centres across New South Wales, Victoria and Queensland. 4Cyte's significant expansion into Queensland is only recent, where 4Cyte has now established itself as the third largest provider, opening over 200 Approved Collection Centres since 2020;
- **growth in the number and scale of public providers:** while public pathology providers have always participated in the provision of community out-patient services, this participation has expanded since Approved Collection Centre

deregulation and the experience with COVID-19 testing showed the ability for publicly-owned pathology providers to rapidly scale up and provide testing in a community context; and

- **COVID-19 has increased profitability in the pathology sector and has caused increased competition for non-COVID-19 pathology tests:** smaller providers (such as Histopath, Medihealth Pathology, Austech Medical Laboratories, Mater Pathology, Safe Work Laboratories and Saturn Pathology) have demonstrated an ability to quickly increase collection capacity and testing levels and meet service level requirements (including in relation to turn-around times).

In addition to these changes:

- There is **limited scope to increase prices** in the industry through the introduction of private billing above the bulk-bill rate. The vast majority of pathology services are supplied at a rate set by the Federal Government and Medicare acting as a powerful single-buyer. This feature is supported by fundamental features of the market that disincentivise the introduction of private billing (which will be unchanged following the takeover), including:
  - (a) services are standardised and providers have a high proportion of fixed costs, meaning the most important factor driving financial success of pathology providers is volume;
  - (b) patients are sensitive to price increases and will choose to either not have a pathology test performed or to switch to alternative pathology providers that do not charge co-payments, resulting in a loss of volumes and profitability;
  - (c) there are other providers in each State and Territory (including Sonic, 4Cyte, smaller commercial and public providers) with existing and scalable laboratory capacity and collection networks who patients can switch to;
  - (d) regulations make co-payments unattractive for pathology providers, in particular stringent billing requirements and the bulk billing incentive create significant practical and financial barriers to introducing any private billing; and
  - (e) doctors (who have the primary clinical relationship with patients) have the ability and incentive to refer patients to a provider that will bulk-bill patients and offer quality services, a trend which is further enhanced with the rise of telehealth services.

  The limited scope to increase prices and the lack of relationship between bulk-billing rates and the level of concentration among pathology providers is supported by the fact that bulk-billing rates in outpatient pathology remain consistently high across all states and territories in Australia, regardless of the level of local concentration. In addition, there are many parts of regional Australia where there only a small number of pathology providers (e.g. one or two) in the local region, but bulk-billing rates remain high in these areas.
- There is **little scope to reduce service quality**, in particular because there is stringent regulation of equipment and testing standards (reflected in the fact that retest rates in the industry are extremely low across all pathology providers) and the prevalence of standardised, automated testing equipment means that patients and doctors are able perceive little difference in service quality and turnaround times between providers for the vast majority of tests.
- There are l**ow barriers to entry and expansion**:
  - (a) the costs to setting up a comprehensive lab are surmountable, with possibility of establishing a smaller laboratory and referring complex tests to public or other private labs;
  - (b) there has been demonstrated entry and expansion by 4Cyte and other providers (such as Histopath, Medihealth Pathology, Northern Pathology, Austech Medical Laboratories, Mater Pathology, Safe Work Laboratories and Saturn Pathology); and
  - (c) competition from public pathology providers is a feature of every Australian State and Territory, with public providers having large networks of laboratories in hospitals and collection centres that extend across the public hospital system and general practice locations. Drawing on their existing facilities and centralised networks, public pathology providers have increasingly expanded their operations to compete for the supply of pathology services to outpatients since Approved Collection Centre deregulation.

  COVID-19 testing demonstrated the significant latent potential for the public health system to expand even further into the provision of community pathology services, using laboratory capacity that already exists in the public hospital system.

ACL provided a submission in support of its application for informal clearance, with supporting information, to the ACCC prior to the date of this Bidder's Statement. On 12 April 2023 the ACCC announced that it intended to conduct a public informal merger review of the Proposed Merger. The ACCC has indicated a provisional date of 22 June 2023 for the announcement of the ACCC's findings (as outlined in the ACCC's Informal Merger Review Process Guidelines, this may be a final decision or release of a Statement of Issues). If the ACCC releases a Statement of Issues, the ACCC will set a secondary timeline and commence public consultation in relation to the Statement of Issues. The ACCC indicates that the timeframe for its assessment following release of a Statement of Issues until final decision is typically 6 to 12 weeks.

The Offer Period is longer than an initial offer period for a takeover bid under the Corporations Act that is not subject to regulatory conditions because ACL expects that the ACCC clearance process for the Proposed Merger required to satisfy the ACCC Clearance Condition will take at least 6 months.

ACL Shareholder Approval Condition

ACL intends to despatch a notice of an extraordinary general meeting of ACL Shareholders (**ACL EGM**) to ACL Shareholders prior to this Bidder's Statement being despatched and Offers made to Healius Shareholders. At the ACL EGM, ACL Shareholders will consider:

(a) a resolution under ASX Listing Rule 7.1 to approve the issue of ACL Shares to Healius Shareholders as consideration under the Offer; and

(b) if required by the ASX under ASX Listing Rule 11.1.2, a resolution under ASX Listing Rule 11.1 to approve the acquisition of Healius Shares under the Offer.

ASX Listing Rule 7.1 prohibits ACL from issuing securities in excess of its permitted 15% "placement capacity" in any 12-month period without the approval of ACL Shareholders, unless an exception applies. There is an exception to this prohibition for any securities issued by a bidder as consideration to target shareholders under a takeover bid under Chapter 6 of the Corporations Act. However, although the Offer is a takeover bid under Chapter 6 of the Corporations Act, this exception will not apply to the Offer if the number of ACL Shares issued to Healius Shareholders under the Offer is equal to or greater than the number of ACL Shares on issue at the Announcement Date. Unless the 90% Minimum Acceptance Condition is waived by ACL, the number of securities issued by ACL under the Offer will exceed the number of ACL Shares on issue at the Announcement Date (and this may still be the case even if the 90% Minimum Acceptance Condition is waived by ACL). Accordingly, the approval of the issue of ACL Shares under the Offer is being sought from ACL Shareholders at the ACL EGM. ACL Shareholders must approve the resolution by a simple majority (that is, more than 50%) of votes cast by ACL Shareholders on the resolution.

Under ASX Listing Rule 11.1, if an ASX-listed entity proposes to make a significant change to the nature or scale of its activities, it must provide full details to the ASX as soon as practicable. Under ASX Listing Rule 11.1.2, the ASX may require the entity to obtain the approval of its shareholders before making that change, and, under ASX Listing Rule 11.1.3, ASX may require the entity to re-comply with the ASX admission requirements in Chapters 1 and 2 of the ASX Listing Rules. Before the Announcement Date, ACL notified the ASX of the proposed Offer and the ASX advised ACL in writing that, based on information provided by ACL, ASX Listing Rules 11.1.2 and 11.1.3 do not apply to the Offer. As such it is not expected that the ASX will require ACL to obtain the approval of ACL Shareholders before completing the acquisition of Healius Shares under the Offer under ASX Listing Rule 11.1.2 or require ACL to re-comply with the admission requirements in Chapters 1 and 2 of the ASX Listing Rules under ASX Listing Rule 11.1.3.

The ACL EGM will be held before the Offer Period closes and is expected to be held in September 2023.

10.2 Date for determining holders of Healius Shares

For the purposes of section 633(2) of the Corporations Act, the date for determining the people to whom information is to be sent under items 6 and 12 of section 633(1) is the Register Date.

10.3 Ineligible Foreign Shareholders and Small Parcel Shareholders

(a) **Shareholders based outside Australia**

This Bidder's Statement does not constitute an offer of ACL Shares in any jurisdiction in which it would be unlawful. In particular, this Bidder's Statement may not be distributed to any person, and the ACL Shares may not be offered or issued in exchange for shares of Healius, in any country outside Australia except to Healius Shareholders to the extent permitted below.

Germany and Luxembourg

This Bidder's Statement has not been, and will not be, registered with or approved by any securities regulator in the European Union. Accordingly, this Bidder's Statement may not be made available, nor may the ACL Shares be offered for sale, in Germany and Luxembourg except in circumstances that do not require a prospectus under Article 1(4) of Regulation (EU) 2017/1129 of the European Parliament and the Council of the European Union (**Prospectus Regulation**).

In accordance with Article 1(4) of the Prospectus Regulation, an offer of ACL Shares in Germany and Luxembourg is limited:

- to persons who are "qualified investors" (as defined in Article 2(e) of the Prospectus Regulation);
- to fewer than 150 natural or legal persons (other than qualified investors); or
- in any other circumstance falling within Article 1(4) of the Prospectus Regulation.

Hong Kong

This Bidder's Statement is confidential in Hong Kong and for the sole use by Healius Shareholders. The contents of this Bidder's Statement have not been reviewed by any regulatory authority in Hong Kong. You are advised to exercise caution in relation to the Offer. If you are in any doubt about any of the contents of this Bidder's Statement, you should obtain independent professional advice.

This Bidder's Statement also does not constitute a prospectus (as defined in section 2(1) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong)) or notice, circular, brochure or advertisement offering any securities to the public for subscription or purchase or calculated to invite such offers by the public to subscribe for or purchase any securities, nor is it an advertisement, invitation or document that contains an invitation falling within the meaning of section 103 of the Securities and Futures Ordinance (Chapter 571) of the Laws of Hong Kong (the **SFO**). Accordingly, unless permitted by the securities laws of Hong Kong, no person may issue or have in its possession for the purposes of issue, this Bidder's Statement or any advertisement, invitation or document relating to the Offer, whether in Hong Kong or elsewhere, which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the securities laws of Hong Kong).

This Bidder's Statement may be issued only to "professional investors" (as defined in the SFO and any rules made under that ordinance) and not more than 50 other persons in Hong Kong in a manner that does not constitute any issue, circulation or distribution of this Bidder's Statement, or any offer or an invitation in respect of these securities, to the public in Hong Kong. This Bidder's Statement is for the exclusive use of Healius Shareholders in connection with the Offer. No steps have been taken to register or seek authorisation for the issue of this Bidder's Statement in Hong Kong. Only the person to whom a copy of this Bidder's Statement has been issued may take action in response to this Bidder's Statement.

This Bidder's Statement is confidential to the person to whom it is addressed and no person to whom a copy of this Bidder's Statement is issued may issue, circulate, distribute, publish, reproduce or disclose (in whole or in part) this Bidder's Statement to any other person in Hong Kong or use for any purpose in Hong Kong other than in connection with the consideration of the Offer by the person to whom this Bidder's Statement is addressed.

Japan

The ACL Shares have not been, and will not be, registered under Article 4, paragraph 1 of the Financial Instruments and Exchange Law of Japan (Law No. 25 of 1948), as amended (the **FIEL**) pursuant to exemptions from the registration requirements applicable to a private placement of securities to "qualified institutional investors" (as defined in and in accordance with Article 2, paragraph 3 of the FIEL and the regulations promulgated thereunder) and less than 50 other persons.

This Bidder's Statement is for the exclusive use of existing shareholders of Healius in connection with the Offer. This Bidder's Statement is confidential to the person to whom it is addressed and must not be distributed, published, reproduced or disclosed (in whole or in part) to any other person in Japan or resident of Japan other than in connection with consideration by Healius' Shareholders of the Offer.

Any Healius Shareholder who acquires ACL Shares agrees not resell them to any person in Japan that is not a Qualified Institutional Investor.

Norway

This Bidder's Statement has not been approved by, or registered with, any Norwegian securities regulator under the Norwegian Securities Trading Act of 29 June 2007 no. 75. Accordingly, this Bidder's Statement shall not be deemed to constitute an offer to the public in Norway within the meaning of the Norwegian Securities Trading Act.

The ACL Shares may not be offered or sold, directly or indirectly, in Norway except:

- to “professional clients” (as defined in the Norwegian Securities Trading Act of 29 June 2007 no. 75);
- to fewer than 150 non-professional clients; or
- in any other circumstances provided that such offer of ACL Shares does not result in a requirement for the registration, or the publication by ACL, of a prospectus pursuant to the Norwegian Securities Trading Act of 29 June 2007 no. 75.

Switzerland

The ACL Shares may not be publicly offered in Switzerland and will not be listed on the SIX Swiss Exchange or on any other stock exchange or regulated trading facility in Switzerland. Neither this Bidder’s Statement nor any other offering or marketing material relating to the ACL Shares constitutes a prospectus or a similar notice as such terms are understood pursuant to art. 35 of the Swiss Financial Services Act **(FinSA)** or the listing rules of any stock exchange or regulated trading facility in Switzerland. Neither this Bidder’s Statement nor any other offering material relating to the ACL Shares or the Offer may be publicly distributed or otherwise made publicly available in Switzerland.

Neither this Bidder’s Statement nor any other material relating to the Offer has been, or will be, filed with or approved by any Swiss regulatory authority or authorised review body. In particular, this Bidder’s Statement will not be filed with, and the offer of ACL Shares will not be supervised by, the Swiss Financial Market Supervisory Authority **(FINMA)**.

This Bidder’s Statement may be distributed in Switzerland only to Healius Shareholders who are “professional clients” (as defined in the FinSA) and less than 500 other persons. It is not for general circulation in Switzerland.

United Kingdom

Neither this Bidder’s Statement nor any other document relating to the offer has been delivered for approval to the Financial Conduct Authority in the United Kingdom and no prospectus (within the meaning of section 85 of the Financial Services and Markets Act 2000, as amended **(FSMA)**) has been published or is intended to be published in respect of the ACL Shares. The ACL Shares may not be offered or sold in the United Kingdom by means of this Bidder’s Statement or any other document, except in circumstances that do not require the publication of a prospectus under section 86(1) of the FSMA.

This Bidder’s Statement is issued on a confidential basis in the United Kingdom to Healius Shareholders who are “qualified investors” (as defined in the UK Prospectus Regulation) and fewer than 150 other persons. This Bidder’s Statement may not be distributed or reproduced, in whole or in part, nor may its contents be disclosed by recipients, to any other person in the United Kingdom.

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

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

United States

This Bidder’s Statement has not been filed with, or reviewed by, the US Securities and Exchange Commission (**SEC**) or any state securities authority and none of them has passed upon or endorsed the merits of the offer of ACL Shares or the accuracy, adequacy or completeness of this document. Any representation to the contrary is a criminal offence.

The ACL Shares have not been, and will not be, registered under the US Securities Act or the securities laws of any state or other jurisdiction in the United States. The ACL Shares are not being offered in any US state or other jurisdiction where it is not legally permitted to do so.

The Offer is being made in the United States only to a limited number of Healius Shareholders who are "institutional accredited investors" ("**IAIs**", within the meaning of Rule 501(a)(1), (2), (3), (7), (8), (9) and (12) under the US Securities Act). In order to participate in the Offer, a US shareholder of Healius must sign and return a US investor certificate that is available from ACL's company secretary, Eleanor Padman (at investors@clinicallabs.com.au), to confirm, amongst other things, that the US shareholder is an IAI.

Healius Shareholders should note that the Offer is made for the securities of an Australian company in accordance with the laws of Australia and the listing rules of the ASX. The Offer is subject to the disclosure requirements of Australia that are different from those of the United States. Any financial statements included in the Bidder's Statement have been prepared in accordance with Australian accounting standards and may not be comparable to the financial statements of US companies.

It may be difficult for you to enforce your rights and any claim you may have arising under US federal securities laws since ACL is incorporated in Australia and some of its officers and directors are residents of Australia. You may not be able to sue ACL or its officers or directors in Australia for violations of the US securities laws. It may be difficult to compel ACL and its affiliates to subject themselves to a US court's judgment.

You should be aware that ACL may purchase securities other than under the Offer, such as in privately negotiated purchases.

Any pro forma historical financial information included in this Bidder's Statement does not purport to be in compliance with Article 11 of the SEC's Regulation S-X. The pro forma adjustments made in arriving at the pro forma historical financial information included in this Bidder's Statement may not be permissible under the SEC's rules and regulations on pro forma financial presentations.

(b) Ineligible Foreign Shareholders

Healius Shareholders who are Ineligible Foreign Shareholders will not be entitled to receive ACL Shares as consideration for their Healius Shares pursuant to the Offer, unless ACL otherwise determines.

A Healius Shareholder is an Ineligible Foreign Shareholder for the purposes of the Offer if that Healius Shareholder's address as shown in the register of members of Healius (**Registered Address**) is in a jurisdiction other than:

- Australia or its external territories;
- Germany (but a Healius Shareholder with a Registered Address in Germany will only be deemed to not be an Ineligible Foreign Shareholder if (i) the Healius Shareholder is a "qualified investor" (as defined in Article 2(e) of the of Regulation (EU) 2017/1129 of the European Parliament and the Council of the European Union) or (ii) the Healius Shareholder is not a "qualified investor" (as defined in Article 2(e) of the of Regulation (EU) 2017/1129 of the European Parliament and the Council of the European Union) and the number of such other Healius Shareholders with Registered Addresses in Germany at the applicable time is less than 150);
- Hong Kong (but a Healius Shareholder with a Registered Address in Hong Kong will only be deemed to not be an Ineligible Foreign Shareholder if (i) the Healius Shareholder is a "professional investor" (as defined in the Securities and Futures Ordinance of Hong Kong, Chapter 571 of the Laws of Hong Kong) or (ii) the Healius Shareholder is not a "professional investor" (as defined in the Securities and Futures Ordinance of Hong Kong, Chapter 571 of the Laws of Hong Kong) and the number of such other Healius Shareholders with Registered Addresses in Hong Kong at the applicable time is less than 50);
- Japan (but a Healius Shareholder with a Registered Address in Japan will only be deemed to not be an Ineligible Foreign Shareholder if (i) the Healius Shareholder is a "qualified institutional investor", as defined under the Financial Instruments and Exchange Law of Japan (Law No. 25 of 1948), or (ii) the Healius Shareholder is not a "qualified institutional investor", as defined under the Financial Instruments and Exchange Law of Japan (Law No. 25 of 1948) and the number of such other Healius Shareholders with Registered Addresses in Japan at the applicable time is less than 50);
- Luxembourg (but a Healius Shareholder with a Registered Address in Luxembourg will only be deemed to not be an Ineligible Foreign Shareholder if (i) the Healius Shareholder is a "qualified investor" (as defined in Article 2(e) of the European Union's Prospectus Regulation) or (ii) the Healius Shareholder is not a "qualified investor" (as defined in

Article 2(e) of the European Union's Prospectus Regulation) and the number of such other Healius Shareholders with Registered Addresses in Luxembourg at the applicable time is less than 150);

- Norway (but a Healius Shareholder with a Registered Address in Norway will only be deemed to not be an Ineligible Foreign Shareholder if (i) the Healius Shareholder is a "professional client" (as defined in the Norwegian Securities Trading Act of 29 June 2007 no. 75) or (ii) the Healius Shareholder is not a "professional client" (as defined in the Norwegian Securities Trading Act of 29 June 2007 no. 75) and the number of such other Healius Shareholders with Registered Addresses in Norway at the applicable time is less than 150);
- Switzerland (but a Healius Shareholder with a Registered Address in Switzerland will only be deemed to not be an Ineligible Foreign Shareholder if (i) the Healius Shareholder is a "professional client" within the meaning of article 4(3) of the FinSA or has validly elected to be treated as a professional client pursuant to article 5(1) of the FinSA or (ii) the Healius Shareholder is not a "professional client" within the meaning of article 4(3) of the FinSA and has not validly elected to be treated as a professional client pursuant to article 5(1) of the FinSA and the number of such other Healius Shareholders with Registered Addresses in Switzerland at the applicable time is less than 500);
- United Kingdom (but a Healius Shareholder with a Registered Address in the United Kingdom will only be deemed to not be an Ineligible Foreign Shareholder if (i) the Healius Shareholder is a "qualified investor" (within the meaning of Article 2(e) of the UK Prospectus Regulation) and within the categories of persons referred to in Article 19(5) (investment professionals) or Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc.) of the UK Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended; or (ii) the Healius Shareholder is not a "qualified investor" (within the meaning of Article 2(e) of the UK Prospectus Regulation) or within the categories of persons referred to in Article 19(5) (investment professionals) or Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc.) of the UK Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended, and the number of such other Healius Shareholders with Registered Addresses in the United Kingdom at the applicable time is less than 150);
- United States of America (but a Healius Shareholder with a Registered Address in the United States of America will only be deemed to not be an Ineligible Foreign Shareholder if the Healius Shareholder is an "institutional accredited investor" within the meaning of Rule 501(a)(1), (2), (3), (7), (8), (9) or (12) under the US Securities Act); and
- any other person or jurisdiction in respect of which ACL reasonably believes that it is not prohibited and not unduly onerous or impractical to issue Shares to a Healius Shareholder with a registered address in such jurisdiction,

unless ACL determines (in its absolute discretion) that it is not legally or practically constrained from making the Offer to a Healius Shareholder in the relevant jurisdiction and to issue ACL Shares to such a Healius Shareholder under the Offer, and that it is not unlawful for the Healius Shareholder to accept the Offer in such circumstances in the relevant jurisdiction (**Ineligible Foreign Shareholder**). Notwithstanding anything else in this Bidder's Statement, ACL is not under any obligation to spend any money, or undertake any action, in order to satisfy itself concerning any of these matters.

(c) Small Parcel Shareholder

A Healius Shareholder is a Small Parcel Shareholder if the total number of Healius Shares held by it is less than a Small Parcel.

(d) Ineligible Foreign Shareholders and Small Parcel Shareholders

The ACL Shares which would otherwise have been issued to Ineligible Foreign Shareholders and Small Parcel Shareholders will instead be issued to a nominee approved by ASIC, who will sell these shares on the ASX. The net proceeds of the sale of such shares will then be remitted to the relevant Ineligible Foreign Shareholders and Small Parcel Shareholders. See section 11.8 for further details.

As Ineligible Foreign Shareholders and Small Parcel Shareholders will not receive ACL Shares under the Offer, they will not receive (or participate in) any of the expected or potential benefits of being an ACL Shareholder after the Proposed Merger described in this Bidder's Statement, including (but not limited to) the Expected Cost Synergies and the Potential Operational Improvement Benefit.

10.4 Disclosure of interests of ACL Directors

(a) Interests in ACL securities

As at the date of this Bidder's Statement, the ACL Directors had the following Relevant Interests in ACL securities:

Director	Class of security	Number	Nature of Relevant Interest
Michael Alscher	ACL Shares	280,502	ACL Shares held indirectly by XYZ Services Pty Limited (ACN 109 895 347) as trustee for the 3C Trust. Michael Alscher is a director of XYZ Services Pty Limited and is a beneficiary of the 3C Trust.
Melinda McGrath	ACL Shares	2,923,331	2,173,867 ACL Shares held directly. 749,464 ACL Shares held indirectly by A.C.N. 633 176 100 Pty Ltd (ACN 633 176 100) as trustee for the McGrath Family Trust. Melinda McGrath is a director of A.C.N. 633 176 100 Pty Ltd and is a beneficiary of the McGrath Family Trust.
	ACL Performance Rights	485,344	485,344 ACL Performance Rights held directly.
Nathanial Thomson	ACL Shares	Nil	Not applicable
Andrew Dutton	ACL Shares	81,897	ACL Shares held indirectly by Snazfam Pty Limited (ACN 131 872 565) as trustee for the AMR Dutton Superannuation Fund. Andrew Dutton is a director of Snazfam Pty Limited and is a beneficiary of the AMR Dutton Superannuation Fund.
Leanne Rowe	ACL Shares	5,000	ACL Shares held indirectly by LANPET Super Pty Ltd (ACN 625 427 858) as trustee for the Jasek and Rowe Superannuation Fund. Leanne Rowe is a director of LANPET Super Pty Ltd and is a beneficiary of the Jasek and Rowe Superannuation Fund.
Mark Haberlin	ACL Shares	47,500	ACL Shares held indirectly by Osgood Isgood Pty Limited (ACN 609 704 547) as trustee for the Lampard Frankie Super Fund. Mark Haberlin is a director of Osgood Isgood Pty Limited and is a beneficiary of the Lampard Frankie Super Fund.

(b) Interests in Healius securities

As at the date of this Bidder's Statement, none of the ACL Directors has a Relevant Interest in, or voting power in relation to, Healius Shares.

(c) Indemnity and insurance

Under the Constitution, ACL may indemnify all ACL Directors, executive officers and other officers, past and present, against all liabilities incurred as an officer of ACL or of its related bodies corporate, to the extent permitted by law.

ACL has entered into deeds of access, insurance and indemnity with each current ACL Director. Under the deeds of access, insurance and indemnity, ACL indemnifies each ACL Director against any liability that may arise from their position as an officer of ACL or "Group Company" (as defined therein), to the extent permitted by law. The deed provides that ACL must meet the full amount of any such liabilities, including legal costs that are reasonably incurred, charges and expenses. ACL maintains an insurance policy in respect of certain present and future officers against certain liability incurred in that capacity.

10.5 Disclosure of interests of certain persons

Other than as set out below or elsewhere in this Bidder's Statement, no:

- director or proposed director of ACL;
- person named in this Bidder's Statement as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Bidder's Statement;
- promoter of ACL; or
- underwriter to the issue of ACL Shares or financial services licensee named in this Bidder's Statement as being involved in the issue of ACL Shares,

(together, the **Interested Persons**) holds at the date of this Bidder's Statement or held at any time during the last two years, any interest in:

- the formation or promotion of ACL;
- property acquired or proposed to be acquired by ACL in connection with its formation or promotion, or the offer of ACL Shares under the Offer; or
- the offer of ACL Shares under the Offer.

10.6 Disclosure of fees and benefits received by certain persons

Other than as set out below or elsewhere in this Bidder's Statement, no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given:

- to a director or proposed director of ACL to induce them to become, or to qualify as, a director of ACL; or
- for services provided by an Interested Person in connection with the formation or promotion of ACL or the offer of ACL Shares under the Offer.

The persons named in this Bidder's Statement as performing a function in a professional or advisory capacity in connection with the Offer and with the preparation of the Bidder's Statement on behalf of ACL are Goldman Sachs Australia Pty Ltd as financial adviser, Gilbert + Tobin as legal adviser and tax adviser and PwCS as issuer of the Limited Assurance Opinion.

The fee for professional services payable to Goldman Sachs Australia Pty Ltd as financial adviser to ACL is $15,000,000 (subject to ACL having acquired a Relevant Interest in more than 50% of the Healius Shares on issue (on a fully diluted basis) and the Offer having become unconditional, or ACL otherwise having acquired more than 50% of the Healius Shares on issue (on a fully diluted basis)). The fees for professional services paid or payable to Gilbert + Tobin as legal adviser to date are approximately $1,500,000 and as tax adviser to date are approximately $150,000 (in each case, exclusive of GST and disbursements). Gilbert + Tobin is entitled to additional fees for legal services and tax advice provided in connection with the Offer after the date of this Bidder's Statement. The fee paid or payable to PwCS for provision of the Limited Assurance Opinion and related accounting advice is approximately $285,000.

10.7 Institutional acceptance facility

ACL reserves the right to introduce an institutional acceptance facility in respect of the Offer. If ACL does so, it will announce details of that facility in a supplementary Bidder's Statement.

10.8 ASX and ASIC confirmations and modifications

(a) ASIC modifications

Section 617(2) (as extended by ASIC Class Order 13/521) of the Corporations Act permits the Offer to extend to Healius Shares that come to be in the bid class during the period from the Register Date and the end of the Offer Period due to the conversion or exercise of rights attached to other securities, where those securities exist or will exist as at the Register Date.

On the basis of publicly available information, it is unclear whether the Healius Rights are "securities" for the purposes of the Corporations Act and therefore within the scope of section 617(2) (as extended by ASIC Class Order 13/521) or whether they are instead properly characterised as derivatives under the Corporations Act, or other rights.

In light of the above, ACL applied to ASIC for relief to permit the Offer to extend to Healius Shares that come into existence between the Register Date and the end of the Offer Period, in accordance with the terms of, or otherwise in connection with, derivatives or rights that exist as at the Register Date that will convert, or may be converted, to Healius Shares, or which confer an entitlement of any kind to be issued Healius Shares.

ASIC granted the relief requested by ACL pursuant to ASIC relief instrument 23-0202 which was signed, and became effective, on 20 March 2023. The fact that ASIC has granted the relief described above in connection with the Offer should not be taken as a reflection of ASIC's views on any other aspect of the Offer.

ASIC has published various "Class Order" instruments providing for modifications and exemptions that generally apply to all persons including ACL, in relation to the operation of Chapter 6 of the Corporations Act.

Amongst others, ACL has relied on the modification to section 636(3) of the Corporations Act set out in paragraph 5(d) of ASIC Class Order 13/521 "Takeover Bids" to include references to certain statements which are made or based on statements made in documents lodged with ASIC or ASX. Pursuant to Class Order 13/521, the consent of the relevant person is not required for the inclusion of such statements in this Bidder's Statement. As required by Class Order 13/521, ACL will make available a copy of these documents (or of relevant extracts from these documents), free of charge, to you and other Healius Shareholders who request it during the Offer Period. To obtain a copy of these documents (or the relevant extracts), you may telephone the Offer Information Line on 1800 882 147 (for calls made within Australia) or +61 1800 882 147 (for calls made from outside Australia) between 8:30am and 5:00pm (Sydney time), Monday to Friday.

(b) ASX confirmation

Under ASX Listing Rule 11.1, if an ASX-listed entity proposes to make a significant change to the nature or scale of its activities, it must provide full details to the ASX as soon as practicable. Under ASX Listing Rule 11.1.2, the ASX may require the entity to obtain the approval of its shareholders before making that change, and, under ASX Listing Rule 11.1.3, ASX may require the entity to re-comply with the ASX admission requirements in Chapters 1 and 2 of the ASX Listing Rules.

Before the Announcement Date, ACL notified the ASX of the proposed Offer, including that the Offer could result in a significant change in the scale of ACL's activities. On 17 March 2023, ASX confirmed, in accordance with ASX's policy, that, based on information provided to it by ACL, ASX Listing Rules 11.1.2 and 11.1.3 do not apply to the Offer. As such, it is not expected that ASX will:

- exercise its discretion under ASX Listing Rule 11.1.2 to require ACL to obtain shareholder approval for the potential change in scale of its activities as a result of the Offer; or
- exercise its discretion under ASX Listing Rule 11.1.3 to require ACL to comply with the requirements of Chapters 1 and 2 of the ASX Listing Rules if the Offer results in a significant change in the scale of its activities.

10.9 Consents

Each of the following has consented to being named in the Bidder's Statement in the capacity as noted below and have not withdrawn such consent prior to the date of lodgement of this Bidder's Statement:

- Gilbert + Tobin as legal adviser and tax adviser to ACL in relation to the Offer;
- Goldman Sachs Australia Pty Ltd as financial adviser to ACL in relation to the Offer;
- Link Market Services Limited as ACL's Share Registry;
- PwCS as issuer of the Limited Assurance Opinion and to the inclusion of the Limited Assurance Opinion, in the form and context in which the Limited Assurance Opinion is included in the Bidder's Statement;
- RBB Economics as economic expert; and
- each of the ACL Directors.

Each of the parties referred to in this section 10.9:

- has not authorised or caused the issue of this Bidder's Statement;
- does not make, or purport to make, any statement in this Bidder's Statement or on which a statement made in the Bidder's Statement is based other than as specified in this section; and
- to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of this Bidder's Statement other than a reference to its name and a statement included in this Bidder's Statement with the consent of that party as specified in this section.

There are a number of persons referred to elsewhere in this Bidder's Statement who are not experts and who have not made statements included in this Bidder's Statement nor are there any statements made in this Bidder's Statement on the basis of any statements made by those persons. These persons did not consent to being named in the Bidder's Statement and did not authorise or cause the issue of the Bidder's Statement.

This Bidder's Statement includes statements which are made in, or based on statements made in, documents lodged with ASIC or given to ASX. Under the terms of ASIC Class Order 13/521, the parties making those statements are not required to consent to, and have not consented to, inclusion of those statements in this Bidder's Statement. If you would like to receive a copy of any of those documents, or the relevant parts of the documents containing the statements (free of charge), during the period starting on the date of this Bidder's Statement and ending at the end of the Offer Period, please contact the Share Registry on 1800 882 147 (within Australia) or +61 1800 882 147 (outside Australia) and such document will be provided to you within two business days of request. For legal reasons, calls to this number will be recorded.

As permitted by ASIC Corporations (Consents to Statements) Instrument 2016/72, this Bidder's Statement may include or be accompanied by certain statements:

- which fairly represent what purports to be a statement by an official person;
- which are a correct and fair copy of, or extract from, what purports to be a public official document; or
- which are a correct and fair copy of, or extract from, a statement which has already been published in a book, journal or comparable publication.

10.10 Expiry date

No ACL Shares will be issued on the basis of this Bidder's Statement after the date which is 13 months after the date of this Bidder's Statement.

10.11 Other material information

Except as disclosed elsewhere in this Bidder's Statement, there is no other information that is:

- material to the making of a decision by a Healius Shareholder whether or not to accept the Offer; and
- known to ACL,

which has not previously been disclosed to Healius Shareholders.

11. Offer terms and conditions

11.1 Offer

(a) ACL offers to acquire all of Your Healius Shares on and subject to the terms and conditions set out in this section 11 of this Bidder's Statement.

(b) The consideration under the Offer is 0.74 ACL Shares for every 1 of Your Healius Shares. If this calculation results in an entitlement to a fraction of an ACL Share, that fraction will be rounded down to the next whole number of ACL Shares.

(c) If, at the time this Offer is made to you, you are an Ineligible Foreign Shareholder or a Small Parcel Shareholder, you will not receive ACL Shares. Instead, you are offered and will receive the net proceeds determined in accordance with section 11.8 of this Bidder's Statement.

(d) The ACL Shares to be issued are ordinary shares in ACL and will be credited as fully paid and have the rights summarised in section 2.5 of this Bidder's Statement.

(e) By accepting this Offer, you undertake to transfer to ACL not only the Healius Shares to which the Offer relates, but also all Rights attached to those Shares (see section 11.5(c)(vi) and section 11.7(d)).

(f) This Offer is being made to each person registered as the holder of Shares in the register of Healius Shareholders on the Register Date. It also extends to:

   (i) holders of securities (including Healius Rights and Healius Options and other securities convertible into Healius Shares) that come to be Healius Shares during the period from the Register Date to the end of the Offer Period due to the conversion of, or exercise of rights conferred by, such securities and which are on issue as at the Register Date; and

   (ii) any person who becomes registered, or entitled to be registered, as the holder of Your Healius Shares during the Offer Period.

(g) If, at the time the Offer is made to you, or at any time during the Offer Period, another person is, or is entitled to be, registered as the holder of some or all of Your Healius Shares, then:

   (i) a corresponding offer on the same terms and conditions as this Offer will be deemed to have been made to that other person in respect of those Shares;

   (ii) a corresponding offer on the same terms and conditions as this Offer will be deemed to have been made to you in respect of any other Shares you hold to which the Offer relates; and

   (iii) this Offer will be deemed to have been withdrawn immediately at that time.

(h) If, at any time during the Offer Period, you are registered or entitled to be registered as the holder of one or more parcels of Healius Shares as trustee or nominee for, or otherwise on account of, another person, you may accept as if a separate and distinct offer on the same terms and conditions as this Offer had been made in relation to each of those distinct parcels and any distinct parcel you hold in your own right. To validly accept the Offer for each parcel, you must comply with the procedure in section 653B(3) of the Corporations Act. If, for the purposes of complying with that procedure, you require additional copies of this Bidder's Statement and/or the Acceptance Form, please call the Offer Information Line on 1800 882 147 (from within Australia) or +61 1800 882 147 (from outside Australia) between 8.30am and 5.00pm (Sydney time), Monday to Friday to request those additional copies.

(i) If Your Healius Shares are registered in the name of a broker, investment dealer, bank, trust company or other nominee you should contact that nominee for assistance in accepting the Offer.

(j) If, at any time during the Offer Period, some of Your Healius Shares are subject to transfer restrictions imposed by Healius (for example, because you hold some or all your Healius Shares under an employee incentive plan or escrow arrangement), then you may accept this Offer only after such transfer restrictions are released or otherwise cease. Otherwise, any acceptance of the Offer for the balance of Your Healius Shares (that are not subject to such transfer restrictions) is ineffective.

(k) Offers on terms and conditions identical to those contained in this Offer have been dispatched or will be dispatched to all holders of Healius Shares registered as such in the register of Healius Shareholders on the Register Date.

(l) The Offer is dated 21 April 2023.

11. Offer terms and conditions (continued)

11.2 Offer Period

(a) Unless the Offer is withdrawn (in accordance with the requirements of the Corporations Act), the Offer will remain open for acceptance during the period commencing on the date of this Offer and ending at 7.00pm (Sydney time) on the later of:

(i) 29 September 2023; or

(ii) any date to which the Offer Period is extended (in accordance with the requirements of the Corporations Act).

(b) ACL reserves the right, exercisable in its sole discretion, to extend the Offer Period in accordance with the Corporations Act (as modified by ASIC Class Order 13/521).

(c) In addition, if, within the last 7 days of the Offer Period, either of the following events occurs:

(i) the Offer is varied to improve the consideration offered; or

(ii) ACL's voting power in Healius increases to more than 50%,

then the Offer Period will be automatically extended so that it ends 14 days after the relevant event in accordance with section 624(2) of the Corporations Act (as modified by ASIC Class Order 13/521).

11.3 How to accept this Offer

(a) **General**

(i) Subject to section 11.1(g) and section 11.1(h), you may only accept this Offer for all of Your Healius Shares.

(ii) You may accept this Offer at any time during the Offer Period.

(b) **Shares held in your name on Healius' issuer sponsored sub-register**

To accept this Offer for Shares held in your name on Healius' issuer sponsored sub register (in which case your Securityholder Reference Number will commence with 'I'), you may accept the Offer online at https://events.miraqle.com/healius-takeover or by using the Issuer Acceptance Form sent with the Bidder's Statement as further set out below.

(i) **Online acceptance**

(A) To accept the Offer online, you must:

(1) log in to https://events.miraqle.com/healius-takeover and follow the instructions. You will need your Securityholder Reference Number and the postcode or country of residence (if your holding of Healius Shares is registered outside Australia) associated with Your Healius Shares to log in; and

(2) follow the instructions and select the "Accept" option, and submit your acceptance of the Offer. You will receive on-screen confirmation of submission of your acceptance of the Offer, and a further confirmation via email to the email address you provided after you logged in.

(B) Where Your Healius Shares are held in more than one name, a holder must have the authority of all other joint holders to act on their behalf to submit an online acceptance of the Offer in respect of the jointly held Healius Shares.

(C) If you do not receive a confirmation message after attempting to accept the Offer online, please contact the Offer Information Line on 1800 882 147 (from within Australia) or +61 1800 882 147 (from outside Australia) between 8.30am and 5.00pm (Sydney time), Monday to Friday.

(D) Your online acceptance of the Offer must be received before the end of the Offer Period.

(ii) **Physical Acceptance Form**

To accept the Offer using a physical Acceptance Form, you must:

(A) complete and sign the Issuer Acceptance Form in accordance with the terms of this Offer and the instructions on the Issuer Acceptance Form; and

(B) ensure that the Issuer Acceptance Form (including any documents required by the terms of this Offer and the instructions on the Issuer Acceptance Form) is received before the end of the Offer Period at the address shown on the Issuer Acceptance Form. Alternatively, ensure that the Issuer Acceptance Form (including any documents required by the terms of this Offer and the instructions on the Issuer Acceptance Form) is received before the end of the Offer Period via email to Takeover@linkmarketservices.com.au.

(c) **Shares held in your name in a CHESS Holding**

To accept this Offer in respect of Healius Shares held in your name in a CHESS Holding (in which case your Holder Identification Number will commence with 'X'), you must comply with ASX Settlement Operating Rules, and you may accept the Offer online, by instructing your Controlling Participant or by using a physical Acceptance Form.

(i) **Online acceptance**

(A) To accept the Offer online, you must:

(1) log in to https://events.miraqle.com/healius-takeover and follow the instructions. You will need your Holder Identification Number and the postcode or country of residence (if your holding of Healius Shares is registered outside Australia) associated with Your Healius Shares to log in; and

(2) follow the instructions and select the "Accept" option, and submit your acceptance of the Offer. You will receive on-screen confirmation of submission of your acceptance of the Offer, and a further confirmation via email to the email address you provided after you logged in. This will authorise ACL and the Share Registry to request your Controlling Participant to initiate acceptance of the Offer on your behalf.

(B) Where Your Healius Shares are held in more than one name, a holder must have the authority of all other joint holders to act on their behalf to submit an online acceptance of the Offer in respect of the jointly held Healius Shares.

(C) If you do not receive a confirmation message after attempting to accept the Offer online, please contact the Offer Information Line on 1800 882 147 (from within Australia) or +61 1800 882 147 (from outside Australia) between 8.30am and 5.00pm (Sydney time), Monday to Friday.

(D) If you are a CHESS holder, ACL strongly recommends that you submit your online acceptance of this Offer by no later than 5.00pm (Sydney time) on the last day of the Offer Period. This is because the Share Registry will need to confirm any online submission of your acceptance of the Offer with your Controlling Participant before it can be taken as validly submitted. There may not be sufficient time to do so for any online acceptance submitted by CHESS holders after 5.00pm (Sydney time) on the last day of the Offer Period. Your online acceptance is not a valid acceptance until your Controlling Participant confirms acceptance.

(ii) **Controlling Participant**

(A) If Your Healius Shares are held in your name in a CHESS Holding (in which case your Holder Identification Number will commence with 'X') and you are not a Participant, you may accept this Offer by instructing your Controlling Participant (for Healius Shareholders who are not institutions, this is normally the stockbroker either through whom you bought Your Healius Shares or through whom you ordinarily acquire shares on the ASX) to initiate acceptance of this Offer on your behalf in accordance with Rule 14.14 of the ASX Settlement Operating Rules in sufficient time for this Offer to be accepted before the end of the Offer Period. Neither ACL nor the Share Registry will be responsible if your Controlling Participant does not acknowledge and confirm your acceptance in sufficient time.

(B) If Your Healius Shares are held in your name in a CHESS Holding (in which case your Holder Identification Number will commence with 'X') and you are a Participant, you should initiate acceptance of this Offer in accordance with Rule 14.14 of the ASX Settlement Operating Rules before the end of the Offer Period.

(iii) **Physical Acceptance Form**

Alternatively, to accept this Offer for Healius Shares held in your name in a CHESS Holding (in which case your Holder Identification Number will commence with 'X'), you may sign and complete the CHESS Acceptance Form in accordance with the terms of this Offer and the instructions on the CHESS Acceptance Form and ensure that it (including any documents required by the terms of this Offer and the instructions on the CHESS Acceptance Form) is received before the end of the Offer Period at the address shown on the CHESS Acceptance Form or returned via email to Takeover@linkmarketservices.com.au. This will authorise ACL and the Share Registry to request your Controlling Participant to initiate acceptance of this Offer on your behalf.

(iv) **Must comply with ASX Settlement Operating Rules**

If Your Healius Shares are held in your name in a CHESS Holding (in which case your Holder Identification Number will commence with 'X'), you must comply with any other applicable ASX Settlement Operating Rules.

(d) **Shares of which you are entitled to be registered as holder**

To accept this Offer for Healius Shares which are not held in your name, but of which you are entitled to be registered as holder, you must either:

(i) contact the Offer Information Line on 1800 882 147 (from within Australia) or +61 1800 882 147 (from outside Australia) between 8.30am and 5.00pm (Sydney time), Monday to Friday to obtain an Acceptance Form, then:

(A) complete and sign the Acceptance Form in accordance with the terms of this Offer and the instructions on the Acceptance Form; and

(B) ensure that the Acceptance Form (including any documents required by the terms of this Offer and the instructions on the Acceptance Form) is received before the end of the Offer Period at one of the addresses shown on the Acceptance Form; or

(ii) accept online using the instructions set out above in section 11.3(b)(i) or 11.3(c)(i) and ensure you submit your acceptance of the Offer before the Offer closes.

(e) **Acceptance Form and other documents**

(i) The Acceptance Form forms part of the Offer.

(ii) If your Acceptance Form (including any documents required by the terms of this Offer and the instructions on the Acceptance Form) is returned by post, for your acceptance to be valid you must ensure that they are posted or delivered in sufficient time for them to be received by ACL at the address shown on the Acceptance Form before the end of the Offer Period.

(iii) When using the Acceptance Form to accept this Offer in respect of Shares in a CHESS Holding, you must ensure that the Acceptance Form (and any documents required by the terms of this Offer and the instruction on the Acceptance Form) are received by ACL in time for ACL to instruct your Controlling Participant to initiate acceptance of this Offer on your behalf in accordance with Rule 14.14 of the ASX Settlement Operating Rules before the end of the Offer Period.

(iv) The postage and transmission of the Acceptance Form and other documents is at your own risk.

(f) **Online acceptances**

(i) When using the online facility available at https://events.miraqle.com/healius-takeover to accept this Offer, for your acceptance to be valid you must ensure that your acceptance is submitted before the end of the Offer Period. Neither ACL nor the Share Registry accepts any responsibility or liability for any website downtime, delays or access failure that may occur due to circumstances beyond its reasonable control, and which may delay or impede your ability to access https://events.miraqle.com/healius-takeover or submit an acceptance online.

(ii) When using the online facility available at https://events.miraqle.com/healius-takeover to accept this Offer in respect of Healius Shares in a CHESS Holding, you must ensure that the acceptance is submitted in time for ACL to instruct your Controlling Participant to initiate acceptance of this Offer on your behalf in accordance with Rule 14.14 of the ASX Settlement Operating Rules before the end of the Offer Period. There may not be sufficient time to do so for any online acceptances submitted by you if you accept online too close to the end of the Offer Period.

(iii) The use of https://events.miraqle.com/healius-takeover to accept this Offer is at your own risk.

11.4 Validity of acceptances

(a) Subject to this section 11.4, your acceptance of the Offer will not be valid unless it is made in accordance with the procedures set out in section 11.3.

(b) ACL will determine, in its sole discretion, all questions as to the form of documents, eligibility to accept the Offer and time of receipt of an acceptance of the Offer. ACL is not required to communicate with you prior to or after making this determination. The determination of ACL will be final and binding on all parties.

(c) Notwithstanding sections 11.3(b), 11.3(c), 11.3(d), 11.3(e) and 11.3(f), ACL may, in its sole discretion, at any time and without further communication to you, deem any Acceptance Form or online acceptance it receives to be a valid acceptance in respect of Your Healius Shares, even if a requirement for acceptance has not been complied with but the payment of the consideration in accordance with the Offer may be delayed until any irregularity has been resolved or waived and any other documents required to procure registration have been received by ACL.

(d) Where you have satisfied the requirements for acceptance in respect of only some of Your Healius Shares, ACL may, in its sole discretion, regard the Offer to be accepted in respect of those of Your Healius Shares but not the remainder.

(e) ACL will provide the consideration to you in accordance with section 11.7, in respect of any part of an acceptance determined by ACL to be valid.

11.5 The effect of acceptance

(a) Once you have accepted the Offer, you will be able to revoke your acceptance at any time while the FIRB Condition has not been fulfilled (or waived). The FIRB Condition is a condition precedent to ACL's acquisition of any interest in Healius under the Offer so, even if you accept the Offer, unless and until the FIRB Condition is fulfilled (or waived), you will be able to revoke your acceptance of the Offer.

When the FIRB Condition has been fulfilled (or waived), you will be unable to revoke your acceptance, the contract resulting from your acceptance will be binding on you, and you will consequently be unable to withdraw Your Healius Shares from the Offer or otherwise dispose of Your Healius Shares, except as follows:

(i) if, by the relevant times specified in section 11.5(b), the Conditions in section 11.9 have not all been fulfilled or freed, this Offer will automatically terminate and Your Healius Shares will be returned to you; or

(ii) if the Offer Period is extended for more than one month and the obligations of ACL to deliver the consideration are postponed for more than one month and, at the time, this Offer is subject to one or more of the Conditions in section 11.9, you may be able to withdraw your acceptance and Your Healius Shares from the Offer in accordance with section 650E of the Corporations Act. If this occurs, a notice will be sent to you at the time explaining your rights in this regard.

(b) The relevant times for the purposes of section 11.5(a)(i) are:

(i) in relation to the Prescribed Occurrences Condition, the end of the third Business Day after the end of the Offer Period; and

(ii) in relation to all other Conditions in section 11.9, the end of the Offer Period.

(c) By signing and returning the Acceptance Form, submitting an acceptance online at https://events.miraqle.com/healius-takeover, or otherwise accepting this Offer pursuant to section 11.3, you will be deemed to have:

(i) accepted this Offer (and any variation of it) in respect of, and, subject to all of the Conditions to this Offer in section 11.9 being fulfilled or freed, agreed to transfer to ACL, all of Your Healius Shares (even if the number of Shares specified on the Acceptance Form or online acceptance differs from the number of Your Healius Shares), subject to section 11.1(g) and section 11.1(h);

(ii) represented and warranted to ACL, as a fundamental condition going to the root of the contract resulting from your acceptance, that, at the time of acceptance and the time the transfer of Your Healius Shares (including any Rights) to ACL is registered, all Your Healius Shares are and will be free from all mortgages, charges, liens, encumbrances and adverse interests of any nature (whether legal or otherwise) and free from restrictions on transfer of any nature (whether legal or otherwise), that you have full power and capacity to accept this Offer and to sell and transfer the legal and beneficial ownership in Your Healius Shares (including any Rights) to ACL, and that you have paid to Healius all amounts which at the time of acceptance have fallen due for payment to Healius in respect of Your Healius Shares;

(iii) irrevocably authorised ACL (and any director, secretary, nominee or agent of ACL) to:

(A) alter the Acceptance Form or online acceptance submitted at https://events.miraqle.com/healius-takeover on your behalf by inserting correct details relating to Your Healius Shares, filling in any blanks remaining on the form and rectifying any errors or omissions as may be considered necessary by ACL (including for the purpose of making it an effective acceptance of this Offer) to enable registration of Your Healius Shares in the name of ACL, or in connection with any withholding required by law (as further described in section 11.7(i)); and

(B) rectify any errors or omissions in connection with any step taken or other process to accept this Offer, including with respect to any withholding required by law (as further described in section 11.7(i));

(iv) if you signed the Acceptance Form or accepted the Offer online in respect of Shares which are held in a CHESS Holding, irrevocably authorised ACL (or any director, secretary, nominee or agent of ACL) to instruct your Controlling Participant to initiate acceptance of this Offer in respect of Your Healius Shares in accordance with Rule 14.14 of the ASX Settlement Operating Rules and to give any other instructions in relation to the Healius Shares which are in the CHESS Holding on your behalf under the sponsorship agreement between you and that Controlling Participant;

(v) if you signed the Acceptance Form or accepted the Offer online in respect of Shares which are held in a CHESS Holding, irrevocably authorised ACL (or any director, secretary, nominee or agent of ACL) to give any other instructions in relation to Your Healius Shares to your Controlling Participant, as determined by ACL acting in its own interests as a beneficial owner and intended registered holder of those Shares;

(vi) irrevocably authorised and directed Healius to pay to ACL, or to account to ACL for, all Rights in respect of Your Healius Shares, subject to ACL accounting to you for any such Rights received by ACL if the Offer is withdrawn or avoided (or closes before the Conditions have all been fulfilled or freed);

(vii) except where Rights have been paid or accounted for under, and without limiting, section 11.5(c)(vi) of this Bidder's Statement, irrevocably authorised ACL to deduct from the Offer Consideration payable to you:

(A) where the Rights take the form of cash, the cash value of any Rights paid to you (ignoring any franking credits attaching to them) in respect of your Healius Shares; and

(B) where the Rights take a non-cash form, the value of those Rights in respect of Your Healius Shares, as reasonably assessed ACL;

(viii) irrevocably authorised ACL to notify Healius on your behalf that your place of address for the purpose of serving notices on you in respect of Your Healius Shares is the address specified by ACL in the notification;

(ix) with effect from the time and date on which all the Conditions to this Offer in section 11.9 have been fulfilled or freed, to have irrevocably appointed ACL (and any director, secretary or nominee of ACL) severally from time to time as your true and lawful attorney to exercise all your powers and rights in relation to Your Healius Shares, including (without limitation) powers and rights to requisition, convene, attend and vote in person, by proxy or by body corporate representative, at all general meetings and all court-convened meetings of Healius and to request Healius to register, in the name of ACL or its nominee, Your Healius Shares, as appropriate, with full power of substitution (such power of attorney, being coupled with an interest, being irrevocable);

(x) with effect from the date on which all the Conditions to this Offer in section 11.9 have been fulfilled or freed, to have agreed not to attend or vote in person, by proxy or by body corporate representative at any general meeting or any court-convened meeting of Healius or to exercise or purport to exercise any of the powers and rights conferred on ACL (and its directors, secretaries and nominees) in section 11.5(c)(ix);

(xi) agreed that in exercising the powers and rights conferred by the powers of attorney granted under section 11.5(c)(ix), the attorney will be entitled to act in the interests of ACL as the beneficial owner and intended registered holder of Your Healius Shares;

(xii) agreed to do all such acts, matters and things that ACL may require to give effect to the matters the subject of this section 11.5(c) (including the execution of a written form of proxy to the same effect as this section 11.5(c) which complies in all respects with the requirements of the constitution of Healius) if requested by ACL;

(xiii) agreed to indemnify ACL in respect of any claim or action against it or any loss, damage or liability whatsoever incurred by it as a result of you not producing your Holder Identification Number or Securityholder Reference Number or in consequence of the transfer of Your Healius Shares to ACL being registered by Healius without production of your Holder Identification Number or your Securityholder Reference Number for Your Healius Shares;

(xiv) represented and warranted to ACL that, unless you have notified it in accordance with section 11.1(h), Your Healius Shares do not consist of separate parcels of Shares;

(xv) irrevocably authorised ACL (and any nominee) to transmit a message in accordance with Rule 14.17 of the ASX Settlement Operating Rules to transfer Your Healius Shares to ACL's Takeover Transferee Holding, regardless of whether it has paid the consideration due to you under this Offer;

(xvi) agreed, subject to the Conditions of this Offer in section 11.9 being fulfilled or freed, to execute all such documents, transfers and assurances, and do all such acts, matters and things that ACL may consider necessary or desirable to convey Your Healius Shares registered in your name and Rights to ACL; and

(xvii) agreed to accept the ACL Shares to which you have become entitled by acceptance of this Offer subject to the constitution of ACL and have authorised ACL to place your name on its register of shareholders in respect of those ACL Shares.

(d) The undertakings, agreements, representations, warranties, indemnities and authorities referred to in section 11.5(c) will remain in force after you receive the consideration for Your Healius Shares and after ACL becomes registered as the holder of Your Healius Shares.

11.6 Brokerage and stamp duty on acceptances

(a) If Your Healius Shares are registered in an Issuer Sponsored Holding in your name and you deliver them directly to ACL, you will not incur any brokerage fees or be obliged to pay stamp duty in connection with your acceptance of the Offer.

(b) If Your Healius Shares are registered in a CHESS Holding, or if you are a beneficial owner whose Healius Shares are registered in the name of a broker, bank custodian or other nominee, you will not be obliged to pay stamp duty by accepting the Offer, but you should ask your Controlling Participant (usually your broker) or that nominee whether it will charge any transactional fees or service charges in connection with acceptance of the Offer.

11.7 Consideration for Your Healius Shares

(a) Subject to section 11.4(c), this section 11.7 and sections 11.8 and 11.9 and the Corporations Act, ACL will provide the consideration due to you for Your Healius Shares on or before the earlier of:

  (i) one month after the date of your acceptance or, if this Offer is subject to a defeating Condition when you accept this Offer, within one month after this Offer becomes unconditional; and

  (ii) 21 days after the end of the Offer Period.

(b) Where the Acceptance Form or any subsequent request from ACL requires an additional document to be delivered with your Acceptance Form (such as a power of attorney):

  (i) if that document is given with your Acceptance Form, ACL will provide the consideration in accordance with section 11.7(a);

  (ii) if that document is given after your acceptance and before the end of the Offer Period while this Offer is subject to a defeating Condition, ACL will provide the consideration due to you on or before the earlier of one month after this Offer becomes unconditional and 21 days after the end of the Offer Period;

  (iii) if that document is given after your acceptance and before the end of the Offer Period while this Offer is not subject to a defeating Condition, ACL will provide the consideration due to you on or before the earlier of one month after that document is given and 21 days after the end of the Offer Period; and

  (iv) if that document is given after the end of the Offer Period, and the Offer is not subject to a defeating Condition, ACL will provide the consideration within 21 days after that document is given. However, if at the time the document is given, the Offer is still subject to a defeating Condition that relates only to the happening of an event or circumstance referred to in section 652C(1) or (2) of the Corporations Act, ACL will provide the consideration due to you within 21 days after the Offer becomes unconditional.

(c) Where the Acceptance Form requires an additional document to be delivered with the Acceptance Form, you will not be able to submit an acceptance of the Offer online and you must use a physical Acceptance Form to accept the Offer.

(d) If you accept this Offer and ACL acquires Your Healius Shares under the Offer:

  (i) ACL is entitled to all Rights in respect of Your Healius Shares;

  (ii) ACL may require you to provide all documents necessary to vest title to those Rights in ACL, or otherwise to give it the benefit or value of those Rights;

  (iii) if:

    (A) any cash Rights are declared, paid, made or arise or accrue on or after the Announcement Date in respect of Your Healius Shares;

    (B) ACL is not paid or accounted to for those cash Rights in respect of the Your Healius Shares under section 11.5(c)(vi) of this Bidder's Statement or ACL does not, or cannot, make a deduction in respect of those cash Rights under section 11.5(c)(vii)(A) of this Bidders Statement; and

    (C) you receive those cash Rights,

    then you must pay the cash value of those Rights to ACL (ignoring any franking credits attaching to them),

  (iv) if:

    (A) any non-cash Rights are issued or made or arise or accrue on or after the Announcement Date in respect of Your Healius Shares;

    (B) those non-cash Rights have not been issued to ACL; and

    (C) ACL is not paid or accounted to for those non-cash Rights in respect of Your Healius Shares under section 11.5(c)(vi) of this Bidder's Statement, then ACL will be entitled under section 11.5(c)(vii)(B) of this Bidder's Statement to deduct from the Offer Consideration payable to you an amount equal to the value (as reasonably assessed by ACL) of such non-cash Rights.

(e) If you have accepted the Offer and you are an Ineligible Foreign Shareholder or a Small Parcel Shareholder, you will receive your share of the proceeds from the sale of the ACL Shares in accordance with section 11.8.

(f) Payment of any cash amount to which you are entitled under the Offer will be made in the following manner:

(i) if you have previously nominated account details to Healius (or nominate those details to Healius prior to accepting the Offer) and these details are provided to ACL, payment will be made electronically to that account;

(ii) if you have not previously nominated details to Healius and do not nominate account details on or before the date of acceptance, or these details are not provided to ACL, you will be paid by cheque in Australian currency. Cheques will be posted to you at your risk by ordinary mail (or in the case of overseas shareholders, by airmail) to the address as shown either, at the discretion of ACL, on your Acceptance Form, or on the register copy supplied by Healius from time to time; and

(iii) if your Healius Shares are held in a joint name, any cheque issued will be in the name of the joint holders and forwarded to the address that appears in the register of Healius.

(g) The obligation of ACL to issue and allot any ACL Shares to which you are entitled will be satisfied by ACL:

(i) entering your name on the register of members of ACL; and

(ii) dispatching or procuring the dispatch to you by pre-paid post to your address recorded in Healius' register of members last notified to ACL, an uncertificated holding statement in your name. If Your Healius Shares are held in a joint name, an uncertificated holding statement will be issued in the name of, and forwarded to, the holder whose name appears first in Healius' register of members last notified to ACL.

(h) If, at the time you accept the Offer, any authority, clearance or approval is required for you to receive any consideration for Your Healius Shares, including (but not limited to) any authority, clearance or approval of:

(i) the Reserve Bank of Australia (whether under the *Banking (Foreign) Exchange Regulations 1959* (Cth) or otherwise);

(ii) the Minister for Foreign Affairs (whether under the *Charter of the United Nations Act 1945* (Cth), the *Charter of the United Nations (Dealing with Assets) Regulations 2008* (Cth) or any other regulations made thereunder), or otherwise;

(iii) the ATO; or

(iv) any other person as required by any other law of Australia that would make it unlawful for ACL to provide any consideration for Your Healius Shares,

then you will not be entitled to receive any consideration for Your Healius Shares until all requisite authorities, clearances or approvals have been received by ACL.

(i) If, in the circumstances described in section 9.4, ACL determines, acting reasonably and in good faith, that it is liable to pay an amount of Foreign Resident CGT Withholding Tax to the Commissioner of Taxation pursuant to Subdivision 14-D of Schedule 1 to the TAA with respect to the acquisition of Healius Shares from a Healius Shareholder, ACL will, for any such Healius Shareholder:

(i) determine the amount required to be paid to the Commissioner of Taxation being 12.5% or such lesser amount approved by the Commissioner of Taxation (**Foreign Resident CGT Payment Amount**);

(ii) determine the number of ACL Shares as necessary in the reasonable opinion of ACL to account for the relevant Foreign Resident CGT Payment Amount (taking into account reasonable fluctuations in share prices) that would otherwise have been issued to the Healius Shareholder will be issued to the Nominee;

(iii) instruct the Nominee to sell the ACL Shares withheld under section 11.7(i)(ii), and return to ACL the relevant sale proceeds, after deducting any reasonable and applicable fees, brokerage, taxes and charges, and transfer to the Healius Shareholder any surplus number of ACL Shares (if any);

(iv) remit the Foreign Resident CGT Payment Amount to the Commissioner of Taxation (or retain the sale proceeds as a reimbursement where the Foreign Resident CGT Payment Amount has already been paid by ACL to the Commissioner of Taxation); and

(v) after the deduction of the Foreign Resident CGT Payment Amount, provide the net proceeds in cash (and, where applicable, the requisite net number of ACL Shares after an adjustment in respect of the deduction on account of the Foreign Resident CGT Payment Amount to reduce the number of ACL Shares provided) to that Healius Shareholder.

For the avoidance of doubt, where the conditions in this section 11.7(i) are satisfied, ACL will, for the purposes of this Offer, be deemed to have satisfied its obligations to provide the Offer Consideration to a Healius Shareholder if the amount or value of the net proceeds provided to the Healius Shareholder under paragraph (v) above are equal to the amount or value of the Offer Consideration that would have otherwise been provided to the Healius Shareholder pursuant to the Offer, less the Foreign Resident CGT Payment Amount in respect of that Healius Shareholder.

11.8 Ineligible Foreign Shareholders and Small Parcel Shareholders

(a) If you are an Ineligible Foreign Shareholder or a Small Parcel Shareholder, you will not be entitled to receive ACL Shares as the consideration for Your Healius Shares as a result of accepting this Offer, and ACL will:

(i) arrange for the issue to a nominee approved by ASIC (the **Nominee**) of the number of ACL Shares to which you and all other Ineligible Foreign Shareholders and Small Parcel Shareholders would have otherwise been entitled but for section 11.1(c) and the equivalent provision in each other offer under the Offer;

(ii) cause the ACL Shares so issued to be offered for sale by the Nominee on ASX as soon as practicable and otherwise in the manner, at the price and on such other terms and conditions as are determined by the Nominee (at the risk of the Ineligible Foreign Shareholders and Small Parcel Shareholders); and

(iii) cause the Nominee to pay to you the amount ascertained in accordance with the following formula (for the avoidance of doubt, subject to adjustment under section 11.7(i), if applicable):

$$N \times \frac{YS}{TS}$$

where:

'N' is the aggregate amount which is received by the Nominee for the sale of all ACL Shares under this section 11.8, less brokerage and sale expenses;

'YS' is the number of ACL Shares which would, but for section 11.1(c), otherwise have been allotted to you; and

'TS' is the total number of ACL Shares issued to the Nominee under this section 11.8.

(b) You will receive your share of the proceeds of the sale of ACL Shares by the Nominee, calculated in accordance with section 11.8(a), in Australian currency.

(c) Payment will be made in accordance with section 11.7(f) above.

(d) Under no circumstances will interest be paid on your share of the proceeds of the sale of ACL Shares by the Nominee, regardless of any delay in remitting these proceeds to you.

(e) The Nominee may sell the ACL Shares in such manner, at such price or prices, and on such terms as the Nominee determines, and at the risk of the Ineligible Foreign Shareholders and Small Parcel Shareholders. The Nominee will sell the ACL Shares on the ASX following the issue of those shares to it.

(f) As the market price of ACL Shares will be subject to change from time to time, the sale price of the ACL Shares sold by the Nominee and the proceeds of those sales cannot be guaranteed. Neither ACL nor the Nominee gives any assurance as to the price that will be achieved for the sale of the ACL Shares by the Nominee.

(g) The Nominee will be appointed by, and will provide the Nominee services to, ACL. In acting as Nominee, the Nominee will not be acting as agent or sub-agent of any Ineligible Foreign Shareholder or Small Parcel Shareholder, does not have duties or obligations (fiduciary or otherwise) to any Ineligible Foreign Shareholder or Small Parcel Shareholder and does not underwrite the sale of the ACL Shares.

(h) As Ineligible Foreign Shareholders and Small Parcel Shareholders will not receive ACL Shares under the Offer, they will not receive (or participate in) any of the expected or potential benefits of being an ACL Shareholder after the Proposed Merger described in this Bidder's Statement, including (but not limited to) the Expected Cost Synergies and the Potential Operational Improvement.

11.9 Conditions of this Offer

Subject to section 11.10, the completion of this Offer and any contract that results from an acceptance of this Offer are subject to the fulfilment of the Conditions set out below.

Minimum Healius Shareholder acceptance of the Offer

(a) **90% Minimum Acceptance Condition**

At the end of the Offer Period, ACL has a Relevant Interest in such number of Healius Shares which represents at least 90% (by number) of all of the Healius Shares (on a fully diluted basis).

Regulatory matters

(b) **FIRB Condition**

Before the end of the Offer Period:

(i) the Treasurer (or the Treasurer's delegate) has provided a notice in writing to ACL under FATA stating that, or to the effect that, the Australian Commonwealth Government does not object to ACL acquiring all of the Healius Shares under the Offer without condition (other than the conditions set out in the list of 'standard' tax conditions set out in section D of FIRB Guidance 12 – Tax Conditions dated 9 July 2021); or

(ii) by reason of the elapse of time, the Treasurer (and each of the Treasurer's delegates) ceases to be empowered to make any order or decision under Division 2 of Part 3 of FATA in respect of the acquisition of all of the Healius Shares by ACL under the Offer.

(c) **ACCC Clearance Condition**

Before the end of the Offer Period, ACL has received notice in writing from the ACCC stating either:

(i) that, or to the effect that, the ACCC does not intend to conduct a public review of the acquisition by ACL of the Healius Shares under the Offer; or

(ii) that, or to the effect that, the ACCC does not intend to oppose, intervene or seek to prevent the proposed acquisition of the Healius Shares by ACL under the Offer pursuant to section 50 of the *Competition and Consumer* Act 2010 (Cth) on an unconditional basis.

(d) **No other regulatory action**

Between the Announcement Date and the end of the Offer Period (each inclusive):

(i) there is not in effect any preliminary or final decision, order or decree issued by any Public Authority (other than FIRB or the ACCC);

(ii) no action, audit or investigation is announced, commenced or threatened by any Public Authority (other than FIRB or the ACCC); and

(iii) no application is made to any Public Authority (other than FIRB or the ACCC), other than by ACL or any Associate of ACL,

in consequence of or in connection with the Offer (other than an application to, or a decision or order of, or action or investigation by, ASIC or the Takeovers Panel in exercise of the powers and discretions conferred by the Corporations Act) which restrains, prohibits or impedes, or threatens to restrain, prohibit or impede, or materially impacts upon, the making of the Offer and the completion of any transaction contemplated by this Bidder's Statement (including, without limitation, full, lawful, timely and effectual implementation of the intentions set out in section 6 of the Bidder's Statement) or which requires the divestiture by ACL of any Healius Shares or any material assets of any Healius Group Member.

Approval of ACL Shareholders

(e) **ACL Shareholder Approval Condition**

(i) ACL Shareholders in a general meeting pass:

(A) a resolution as required under ASX Listing Rule 7.1 to permit ACL to issue the Offer Consideration (comprising ACL Shares) under the Offer; and

(B) if required by the ASX under ASX Listing Rule 11.1.2, a resolution as required under ASX Listing Rule 11.1.2 to approve the acquisition of the Healius Shares under the Offer,

(each, an **ACL Shareholder Approval**); and

(ii) each ACL Shareholder Approval remains valid and has not expired under the ASX Listing Rules at the end of the Offer Period.

Financial matters relating to Healius

(f) **Announcements regarding Healius' expected FY23 financial performance**

Between the Announcement Date and the end of the Offer Period (each inclusive), Healius does not make a public announcement (whether to ASX or otherwise), or state in its Target's Statement (or a Supplementary Target's Statement), that (or to the effect that):

(i) the underlying EBIT of the Healius Group for FY23 (if calculated in the same manner (including, but not limited to, by applying the same accounting policies) as underlying EBIT for the Healius Group for 1H23 (as stated on page 7 of the Healius 1H23 Report) was calculated) will be, or is expected or is likely to be, less than $99.7 million;

(ii) the reported EBIT of the Healius Group for FY23 (if calculated in the same manner (including, but not limited to, by applying the same accounting policies) as reported EBIT for the Healius Group for 1H23 (as stated on page 7 of the Healius 1H23 Report) was calculated) will be, or is expected or is likely to be, less than $46.1 million, excluding the impact of:

(A) pathology digital transformation costs (calculated in the same manner (including, but not limited to, by applying the same accounting policies) as pathology digital transformation costs for the Healius Group for 1H23 (as stated on page 7 of the Healius 1H23 Report) were calculated) incurred by the Healius Group in 2H23, provided that such costs do not exceed $4.0 million (if they do, only $4.0 million of such costs are excluded);

(B) restructuring & termination costs (calculated in the same manner (including, but not limited to, by applying the same accounting policies) as restructuring & termination costs for the Healius Group for 1H23 (as stated on page 7 of the Healius 1H23 Report) were calculated) incurred by the Healius Group in 2H23, provided that such costs do not exceed $2.0 million (if they do, only $2.0 million of such costs are excluded); and

(C) transaction costs incurred by the Healius Group in connection with the Offer in 2H23, provided that such costs do not exceed $2.0 million (if they do, only $2.0 million of such costs are excluded); and/or

(iii) profit for the year from continuing operations for the Healius Group for FY23 (if calculated in the same manner (including, but not limited to, by applying the same accounting policies) as profit for the year from continuing operations for the Healius Group for 1H23 (as stated on page 13 of the Healius 1H23 Report) was calculated) will be, or is expected or is likely to be, less than -$2.1 million, excluding the impact of:

(A) pathology digital transformation costs (calculated in the same manner (including, but not limited to, by applying the same accounting policies) as pathology digital transformation costs for the Healius Group for 1H23 (as stated on page 7 of the Healius 1H23 Report) were calculated, but on a post-tax adjusted basis) incurred by the Healius Group in 2H23, provided that such costs do not exceed $2.8 million (if they do, only $2.8 million of such costs are excluded);

(B) restructuring & termination costs (calculated in the same manner (including, but not limited to, by applying the same accounting policies) as restructuring & termination costs for the Healius Group for 1H23 (as stated on page 7 of the Healius 1H23 Report) were calculated) incurred by the Healius Group in 2H23, provided that such costs do not exceed $1.4 million (if they do, only $1.4 million of such costs are excluded); and

(C) transaction costs incurred by the Healius Group in connection with the Offer in 2H23, provided that such costs do not exceed $1.4 million (if they do, only $1.4 million of such costs are excluded).

(g) **Healius' FY23 financial results**

Healius releases the audited financial statements for the Healius Group for FY23 (**Healius FY23 Financial Statements**) and Healius' annual report for FY23 (**Healius FY23 Annual Report**) to the ASX before the end of the Offer Period and:

(i) free cash flow less growth capex for the Healius Group for FY23, as stated or otherwise shown in the Healius FY23 Annual Report, was:

(A) not less than $250.0 million; and

(B) in the case of each of free cash flow and growth capex for the Healius Group for FY23, calculated in the same manner (including, but not limited to, by applying the same accounting policies) as free cash flow or growth capex (as applicable) for the Healius Group for 1H23 (as stated on page 6 of the Healius 1H23 Report) was calculated;

11. Offer terms and conditions (continued)

(ii) underlying EBIT for the Healius Group for FY23, as stated or otherwise shown in the Healius FY23 Annual Report, was:

(A) not less than $99.7 million; and

(B) calculated in the same manner (including, but not limited to, by applying the same accounting policies) as underlying EBIT for the Healius Group for 1H23 (as stated on page 7 of the Healius 1H23 Report) was calculated;

(iii) reported EBIT for the Healius Group for FY23, as stated or otherwise shown in the Healius FY23 Annual Report, was:

(A) not less than $46.1 million, excluding the impact of:

(1) pathology digital transformation costs (calculated in the same manner (including, but not limited to, by applying the same accounting policies) as pathology digital transformation costs for the Healius Group for 1H23 (as stated on page 7 of the Healius 1H23 Report) were calculated) incurred by the Healius Group in 2H23, provided that such costs do not exceed $4.0 million (if they do, only $4.0 million of such costs are excluded);

(2) restructuring & termination costs (calculated in the same manner (including, but not limited to, by applying the same accounting policies) as restructuring & termination costs for the Healius Group for 1H23 (as stated on page 7 of the Healius 1H23 Report) were calculated) incurred by the Healius Group in 2H23, provided that such costs do not exceed $2.0 million (if they do, only $2.0 million of such costs are excluded); and

(3) transaction costs incurred by the Healius Group in connection with the Offer in 2H23, provided that such costs do not exceed $2.0 million (if they do, only $2.0 million of such costs are excluded); and

(B) was otherwise calculated in the same manner (including, but not limited to, by applying the same accounting policies) as reported EBIT for the Healius Group for 1H23 (as stated on page 7 of the Healius 1H23 Report) was calculated;

(iv) profit for the year from continuing operations for the Healius Group for FY23, as stated or otherwise shown in the Healius FY23 Financial Statements, was:

(A) not less than -$2.1 million, excluding the impact of:

(1) pathology digital transformation costs (calculated in the same manner (including, but not limited to, by applying the same accounting policies) as pathology digital transformation costs for the Healius Group for 1H23 (as stated on page 7 of the Healius 1H23 Report) were calculated, but on a post-tax adjusted basis) incurred by the Healius Group in 2H23, provided that such costs do not exceed $2.8 million (if they do, only $2.8 million of such costs are excluded);

(2) restructuring & termination costs (calculated in the same manner (including, but not limited to, by applying the same accounting policies) as restructuring & termination costs for the Healius Group for 1H23 (as stated on page 7 of the Healius 1H23 Report) were calculated) incurred by the Healius Group in 2H23, provided that such costs do not exceed $1.4 million (if they do, only $1.4 million of such costs are excluded); and

(3) transaction costs incurred by the Healius Group in connection with the Offer in 2H23, provided that such costs do not exceed $1.4 million (if they do, only $1.4 million of such costs are excluded); and

(B) otherwise calculated in the same manner (including, but not limited to, by applying the same accounting policies) as profit for the year from continuing operations for the Healius Group for 1H23 (as stated in the audited financial statements on page 13 of the Healius 1H23 Report) was calculated; and

(v) net debt plus current tax liabilities less current tax assets for the Healius Group as at 30 June 2023, as stated in the Healius FY23 Financial Statements was:

(A) not greater than $437.3 million; and

(B) calculated in the same manner (including, but not limited to, by applying the same accounting policies) as each of net debt, current tax liabilities and current tax assets for the Healius Group as at 31 December 2022 (as stated on pages 6 (in the case of net debt) and 15 (in the case of current tax liabilities and current tax assets) of the Healius 1H23 Report) were calculated.

(h) **Accounting policies**

In preparing the Healius FY23 Financial Statements, no Healius Group Member changes any accounting policy applied by it in preparing its audited financial statements for FY22, other than as required by applicable law.

(i) **Healius' post-FY23 EBIT margin**

Between the Announcement Date and the end of the Offer Period (each inclusive), Healius does not make a public announcement (whether to the ASX, in its financial statements in respect of a reporting period, or otherwise), or state in its Target's Statement (or a Supplementary Target's Statement), that (or to the effect that):

(i) the Healius Group will not, is likely to not, or does not expect to, achieve or obtain (or has not achieved or obtained) a reported EBIT margin and an underlying EBIT margin in any financial half-year or financial year of the Healius Group after FY23 of at least 9.2%;

(ii) the Healius Group will, is likely to, or expects to, achieve or obtain (or has achieved or obtained) a reported EBIT margin and an underlying EBIT margin in any financial half-year or financial year of the Healius Group after FY23 of less than 9.2%; or

(iii) the Healius Group's revenue, EBIT and any other financial metric for any financial half-year or financial year of the Healius Group after FY23 is, was, will be, is likely to be, or is expected to be, such amount that it is reasonably likely that the Healius Group:

(A) will not achieve or obtain, or has not achieved or obtained, a reported EBIT margin or an underlying EBIT margin in that financial half-year of at least 9.2%; or

(B) will achieve or obtain, or has achieved or obtained, a reported EBIT margin or an underlying EBIT margin in that financial half-year of less than 9.2%.

ACL Competing Proposals

(j) **No ACL Competing Proposal**

Between the Announcement Date and the end of the Offer Period (each inclusive), no ACL Competing Proposal is made or announced by a Third Party or is otherwise received by ACL.

Access to information relating to Healius

(k) **Equal access to information**

Between the Announcement Date and the end of the Offer Period (each inclusive), Healius promptly (and in any event within two Business Days) provides to ACL a copy of all information that is not generally available (within the meaning of section 1042C of the Corporations Act) relating to any Healius Group Member or any of their respective assets, liabilities, operations or businesses, that has been provided, or made available, by a Healius Group Member or any of its directors, officers, employees, agents, professional advisers or representatives to any person (other than a member of the ACL Group) between the Announcement Date and the end of the Offer Period (each inclusive) for the purpose of soliciting, encouraging or facilitating a proposal or offer by that person to implement a transaction under which:

(i) any person (together with its Associates) may acquire voting power of 10% or more in Healius (whether by way of a takeover bid, compromise or arrangement under Part 5.1 of the Corporations Act, or otherwise);

(ii) any person (together with its Associates) may acquire, directly or indirectly (whether by way of joint venture, dual listed company structure or otherwise), any interest in all or a substantial part of the business or assets of any material Healius Group Member or the Healius Group as a whole;

(iii) that person may otherwise acquire control of, or merge or amalgamate with, any material Healius Group Member; or

(iv) any transaction having a similar economic effect to a transaction contemplated by paragraph (i), (ii) or (iii) above.

(l) **No materially inaccurate public information**

Between the Announcement Date and the end of the Offer Period (each inclusive) neither of the following things occurs:

(i) ACL becomes aware; or

(ii) Healius publicly discloses (whether in an announcement to ASX or in its Target's Statement (or a Supplementary Target's Statement)), that:

(iii) any document filed or lodged by or on behalf of any Healius Group Member with ASX or ASIC:

(A) contains a statement which is incorrect or misleading in any material respect; or

(B) from which there is a material omission; or

(iv) without limiting paragraph (iii) above, any financial result or metric stated in an annual report or half-year report in respect of the Healius Group that was filed or lodged by or on behalf of a Healius Group Member with ASX or ASIC was materially misstated.

No material adverse change or market fall

(m) **No material adverse change**

(i) Between the Announcement Date and the end of the Offer Period (each inclusive), no event, change, matter, condition or thing, other than an event, change, matter, condition or thing that was publicly announced to the ASX by Healius before the Announcement Date, (each, a **Specified Event**) which, whether individually or when aggregated with all Specified Events, has had, will have or is reasonably likely to have, the effect of a diminution in the value (whether now or in the future) of the consolidated net assets of the Healius Group (calculated in the same manner (including, but not limited to, applying the same accounting policies) as the consolidated net assets for the Healius Group as at 31 December 2022 (as stated in the Healius 1H23 Report) was calculated) by at least $90.0 million occurs, is disclosed or announced (whether by Healius or otherwise) or becomes known to ACL (whether or not it becomes public).

(ii) Between 30 June 2023 and the end of the Offer Period (each inclusive), no Specified Event which, whether individually or when aggregated with all Specified Events, has had, will have or is reasonably likely to have, the effect (whether now or in the future) that the free cash flow less growth capex of the Healius Group (calculated in the same manner (including, but not limited to, by applying the same accounting policies) as free cash flow less growth capex of the Healius Group for FY23, as stated in the Healius 1H23 Report, was calculated) is less than the amount of the free cash flow less growth capex for the Healius Group for FY23 (as stated in the Healius FY23 Annual Report) in any financial year of the Healius Group after FY23, occurs, is disclosed or announced (whether by Healius or otherwise) or becomes known to ACL (whether or not it becomes public).

(iii) Between 30 June 2023 and the end of the Offer Period (each inclusive), no Specified Event which, whether individually or when aggregated with all Specified Events, has had, will have or is reasonably likely to have, the effect (whether now or in the future) that the revenue of the Healius Group (calculated in the same manner (including, but not limited to, by applying the same accounting policies) as revenue of the Healius Group for FY23, as stated in the Healius FY23 Annual Report, was calculated) is less than the amount of the revenue for the Healius Group for FY23 (as stated in the Healius FY23 Annual Report) in any financial year of the Healius Group after FY23, occurs or is disclosed or announced (whether by Healius or otherwise) or becomes known to ACL (whether or not it becomes public).

(iv) Between 30 June 2023 and the end of the Offer Period (each inclusive), no Specified Event which, whether individually or when aggregated with all Specified Events, has had, will have or is reasonably likely to have, the effect (whether now or in the future) that the profit for the year from continuing operations of the Healius Group (calculated in the same manner (including, but not limited to, by applying the same accounting policies) as profit for the year from continuing operations of the Healius Group for FY23, as stated in the Healius FY23 Annual Report, was calculated) is less than the amount of the profit for the year from continuing operations for the Healius Group for FY23 (as stated in the Healius FY23 Annual Report) in any financial year of the Healius Group after FY23, occurs or is disclosed or announced (whether by Healius or otherwise) or becomes known to ACL (whether or not it becomes public).

(n) **No market fall**

Between the Announcement Date and the end of the Offer Period (each inclusive), the S&P/ASX 200 Index does not fall by 10% or more from the level of that index at close of trading on the trading day immediately prior to the Announcement Date and remain at, or below, that level for at least two consecutive trading days.

Conduct of Healius' business

(o) **Prescribed Occurrences Condition**

Between the Announcement Date and the date 3 Business Days after the end of the Offer Period (each inclusive), none of the following prescribed occurrences (being the occurrences listed in section 652C of the Corporations Act) happen:

(i) Healius converting all or any of its Shares into a larger or smaller number of shares under section 254H of the Corporations Act;

(ii) any Healius Group Member resolving to reduce its share capital in any way;

(iii) any Healius Group Member entering into a buy-back agreement or resolving to approve the terms of such an agreement under sections 257C(1) or 257D(1) of the Corporations Act;

(iv) any Healius Group Member making an issue of shares or granting an option over its Shares or agreeing to make such an issue or grant such an option, other than the issue of a Healius Share as a result of the conversion of a Healius Option or a Healius Right that was on issue on the Announcement Date;

(v) any Healius Group Member issuing, or agreeing to issue, convertible notes;

(vi) any Healius Group Member disposing or agreeing to dispose of the whole, or a substantial part, of its business or property;

(vii) any Healius Group Member granting, or agreeing to grant, a Security Interest in the whole, or a substantial part, of its business or property;

(viii) any Healius Group Member resolving that it be wound up;

(ix) the appointment of a liquidator or provisional liquidator of any Healius Group Member;

(x) the making of an order by a court for the winding up of any Healius Group Member;

(xi) an administrator of any Healius Group Member being appointed under sections 436A, 436B or 436C of the Corporations Act;

(xii) any Healius Group Member executing a deed of company arrangement; or

(xiii) the appointment of a receiver, receiver and manager, other controller (as defined in the Corporations Act) or similar official in relation to the whole, or a substantial part, of the property of any Healius Group Member.

(p) **No other material occurrences**

Between the Announcement Date and the end of the Offer Period (each inclusive), none of the following occurs or is publicly announced by Healius (whether to the ASX or otherwise), except to the extent fully and fairly disclosed by Healius in an announcement made by Healius to ASX before the Announcement Date:

(i) **acquisitions or disposals:** the Healius Group (or any Healius Group Member(s), either alone or collectively) acquiring or disposing of or agreeing to acquire or dispose of (including the granting, or acquiring, of a lease in respect of):

(A) any company, business or shares or other securities in any company (or part thereof) (including, but not limited to, any Healius Shares, whether by way of an on-market buy-back under s257B of the Corporations Act, or otherwise); or

(B) any asset with an individual value, or assets with an aggregate value, of $50,000,000;

(ii) **net debt:**

(A) at any time before completion of the Day Hospitals Sale, the Healius Group's net debt plus current tax liabilities less current tax assets exceeding, or being reasonably likely to exceed, $558.0 million (calculated in the same manner (including, but not limited to, by applying the same accounting policies) as each of net debt, current tax liabilities and current tax assets for the Healius Group as at 31 December 2022 (as stated on pages 6 (in the case of net debt) and 15 (in the case of current tax liabilities and current tax assets) of the Healius 1H23 Report) were calculated) and remaining, or being reasonably likely to remain, in excess of such amount for a period of 30 days; or

(B) at any time after completion of the Day Hospitals Sale, the Healius Group's net debt plus current tax liabilities less current tax assets exceeding, or being reasonably likely to exceed, $437.3 million (calculated in the same manner (including, but not limited to, by applying the same accounting policies) as each of net debt, current tax liabilities and current tax assets for the Healius Group as at 31 December 2022 (as stated on pages 6 (in the case of net debt) and 15 (in the case of current tax liabilities and current tax assets) of the Healius 1H23 Report) were calculated) and remaining, or being reasonably likely to remain, in excess of such amount for a period of 30 days;

(iii) **disputes:** any Healius Group Member (or any Healius Group Member(s) collectively) discharging, settling, satisfying, compromising, waiving or releasing any legal proceedings, claim, investigation, arbitration or other like proceeding where the amount claimed by or against the Healius Group Member exceeds $50,000,000;

(iv) **ceasing to carry on business:** a Healius Group Member that is material to the Healius Group (taken as a whole) ceasing to carry on business;

(v) **acceleration of rights to benefits, and termination payments:** a Healius Group Member:

(A) accelerates (or agrees to accelerate) the rights of any officer or employee (other than a medical practitioner) whose total remuneration package was $300,000 or more (on a pre-tax basis) for FY23 (**Senior Healius Employee**) to benefits of any kind (other than the exercise by the Healius Board of any right or discretion given to the Healius Board under the rules of an incentive plan governing, or the terms of issue of, any Healius Right and/or Healius Option to accelerate the vesting and/or exercise of any Healius Rights and/or Healius Options before the scheduled vesting or exercise date (as applicable)); or

(B) pays or agrees to pay a termination payment (including, but not limited to, a 'golden parachute') to a Senior Healius Employee other than in accordance with that Senior Healius Employee's employment contract, or in accordance with a Healius Group policy in force, on the day immediately before the Announcement Date;

(vi) **bonuses, retention payments and other incentives:** a Healius Group Member:

(A) pays, or agrees to pay, any bonus or other incentive payment or retention payment (including any retention bonus) (whether or not the payment of which is subject to the satisfaction of performance or other conditions) to any Senior Healius Employee (other than such a payment that the Healius Group Member determined or agreed to pay before the Announcement Date); or

(B) increases, or agrees to increase, the salary, remuneration or other compensation of a Senior Healius Employee (other than as expressly provided for in the Senior Healius Employee's employment contract before the Announcement Date),

(each, a **Relevant Remuneration Payment or Increase**), if the payment of that Relevant Remuneration Payment or Increase to that Senior Healius Employee (whether by itself or together with each other Relevant Remuneration Payment or Increase paid or agreed to be paid to that Senior Healius Employee after the Announcement Date) would result in the aggregate remuneration of that Senior Healius Employee (on a pre-tax basis) in any financial year increasing by 7% or more compared to that Senior Healius Employee's aggregate remuneration for FY23 as at the day before the Announcement Date; or

(vii) **agreement or arrangement:** entering into any agreement or arrangement that will result in any event described in sections 11.9(p)(i) to 11.9(p)(vi) (inclusive) occurring.

For the purposes of this section 11.9(p), without prejudice to ACL's rights under section 11.12:

- ACL will only rely on a breach of the Condition at section 11.9(p)(i)(A) where:
  - in respect of an acquisition of the kind described in the Condition at section 11.9(p)(i)(A), that acquisition would, or would be reasonably likely to, result in the aggregate value or consideration paid or agreed to be paid by the Healius Group in respect of all acquisitions of the kind described in the Condition at section 11.9(p)(i)(A) exceeding $50,000,000; or
  - in respect of a disposal of the kind described in the Condition at section 11.9(p)(i)(A), that disposal would, or would be reasonably likely to, result in the aggregate value or consideration received or agreed to be received by the Healius Group in respect of all disposals of the kind described in the Condition at section 11.9(p)(i)(A) exceeding $50,000,000; and
- ACL will only rely on a breach of the Condition at section 11.9(p)(vi) where the payment of a Relevant Remuneration Payment or Increase to a Senior Healius Employee (whether by itself or together with all other Relevant Remuneration Payment or Increases paid or agreed to be paid to that Senior Healius Employee after the Announcement Date) would result in the aggregate amount of all Relevant Remuneration Payment or Increases paid or agreed to be paid to Senior Healius Employees after the Announcement Date exceeding an amount equal to 7% of the aggregate amount of all total remuneration packages (on a pre-tax basis) of all Senior Healius Employees for FY23 as at the day before the Announcement Date,

(together, the **Condition Confirmation Statements**). For the avoidance of doubt, each Condition Confirmation Statement is only made or given, and only applies, in respect of the Condition expressly referred to in the applicable Confirmation Statement and in respect of no other Condition (including, but not limited to, another Condition that would or may be breached by an event or action referred to in a Condition Confirmation Statement).

(q) **No action in relation to Healius' billing practices**

Between the Announcement Date and the end of the Offer Period (each inclusive):

(i) there is not in effect any preliminary or final decision, order or decree issued by, any fine or penalty imposed by, or demand or requirement for repayment made by, any Public Authority;

(ii) no action, audit or investigation is announced, commenced or threatened by any Public Authority, and no litigation or proceedings are announced, commenced or threatened; and

(iii) no application is made to any Public Authority (other than by ACL or any Associate of ACL),

in relation to the billing practices of any Healius Group Member (including overbilling):

(iv) where the amount claimed, or the amount of the fine or penalty imposed by or demand or requirement for repayment made by the applicable Public Authority, or the subject of the application to the applicable Public Authority (as applicable); or

(v) which would, or is reasonably likely to, result in, or has resulted in, the Healius Group being required to make, or voluntarily making, a payment (or payments) or incurring expenditure (alone or in aggregate),

in excess of $10,000,000.

(r) **Debt Covenants**

Between the Announcement Date and the end of the Offer Period (each inclusive):

(i) no Healius Group Member (individually or collectively with any other Healius Group Members) is in breach of any financial covenant (or other undertaking) in respect of the maintenance of that Healius Group Member's or the Healius Group's capital structure (including, but not limited to, the maintenance of financial ratios) within certain parameters that is made or given by one or more Healius Group Members under a Debt Facility (each, a **Debt Covenant**);

(ii) no waivers, standstills or similar indulgences have been granted or otherwise permitted by the applicable lender(s) in respect of a breach (or a fact, matter, circumstance, action or inaction which, in the absence of such a waiver, standstill or similar indulgence, would have been a breach) by a Healius Group Member (individually or collectively with any other Healius Group Members) of a Debt Covenant.

(s) **No cessation of licences, registrations, certifications or accreditations**

Between the Announcement Date and the end of the Offer Period (each inclusive), no entity within the Healius Group and no employee of the Healius Group breaches the terms and conditions of, fails to renew or ceases to hold, any licenses, registrations, certifications or accreditations required for Medicare billing eligibility.

(t) **No litigation on foot or pending**

Between the Announcement Date and the end of the Offer Period (each inclusive):

(i) no litigation or proceedings against any Healius Group Member which (when aggregated with all other such litigation or proceedings) would, or is reasonably likely to, result in a judgement or order for an amount in excess of $50,000,000 or which (when aggregated with all other such litigation or proceedings) would, or is reasonably likely to, require the Healius Group to undertake expenditure in excess of $50,000,000 is commenced, is pending, is threatened to be commenced, is announced, or is made known to ACL (whether or not becoming public) or Healius, other than any such litigation or proceedings that was publicly announced to the ASX by Healius before the Announcement Date;

(ii) no judgement or order is given or sought in relation to litigation or proceedings against any Healius Group Member for an amount (when aggregated with all other such judgements and orders) in excess of $50,000,000 or requiring (or which, if given, would require) the Healius Group to undertake expenditure (when aggregated with all other such judgements and orders) in excess of $50,000,000, except to the extent such judgement or order, or the seeking of such judgement or order, was publicly announced to the ASX by Healius before the Announcement Date.

(u) **No regulatory action in respect of the conduct of the Healius Group's business**

(i) Between the Announcement Date and the end of the Offer Period (each inclusive):

(A) there is not in effect any preliminary or final decision, order or decree issued by any Public Authority; and

(B) no action, audit or investigation is announced, commenced or threatened by any Public Authority,

specifically against, or otherwise specifically in relation to, any Healius Group Member that Healius or the relevant Public Authority publicly announces, or is required to publicly announce (whether under the ASX Listing Rules or any other applicable law or regulation), other than in consequence of, or in connection with, the Offer or an application to, or a decision or order of, or action or investigation by, ASIC or the Takeovers Panel in exercise of the powers and discretions conferred by the Corporations Act (**Material Regulatory Action**).

(ii) Between the Announcement Date and the end of the Offer Period (each inclusive), no event, change, matter, condition or thing occurs, or is publicly announced by Healius (whether to the ASX or otherwise), which will, or is reasonably likely to, result in a Material Regulatory Action.

(v) **No distributions**

Between the Announcement Date and the end of the Offer Period (each inclusive), Healius does not announce, make, declare or pay any distribution (whether by way of dividend, capital reduction or otherwise and whether in cash or in specie), other than where:

(i) in relation to any such distribution in, or in respect of, a financial half year of the Healius Group ending 31 December (**Financial Half Year**) (**HY Distribution**), the amount of the HY Distribution, when aggregated with the amount of all other such distributions declared or paid by Healius in, or in respect of, that Financial Half Year, does not exceed, and is not reasonably likely to exceed, an amount equal to 70% of the Healius Group's underlying NPAT for that Financial Half Year (calculated in the same manner (including, but not limited to, by applying the same accounting policies) as the underlying NPAT for the Healius Group for 1H23 (as stated on page 7 of the Healius 1H23 Report) was calculated); or

(ii) in relation to any such distribution in, or in respect of, a full financial year of the Healius Group ending on 30 June (**Financial Year**) (**FY Distribution**), the amount of the FY Distribution, when aggregated with the amount of all other such distributions (including, but not limited to, any HY Distributions or other FY Distributions declared or paid by Healius in or in respect of that Financial Year) declared or paid by Healius in, or in respect of, that Financial Year, does not exceed, and is not reasonably likely to exceed, an amount equal to 70% of the Healius Group's underlying NPAT for that Financial Year (calculated in the same manner (including, but not limited to, by applying the same accounting policies) as the underlying NPAT for the Healius Group for 1H23 (as stated on page 7 of the Healius 1H23 Report) was calculated).

No change of control right exercised

(w) **No change of control right exercised**

Between the Announcement Date and the end of the Offer Period (each inclusive), no person exercises or purports to exercise, or states an intention to exercise, any rights under any provision of any agreement or any other instrument to which a Healius Group Member is a party, or by or to which a Healius Group Member or any of its assets may be bound or be subject, which results (or, if the right was exercised, would result) or would reasonably be expected to result (or, if the right was exercised, would reasonably be expected to result) in:

(i) any moneys borrowed by one or more Healius Group Members in excess of $30,000,000 being or becoming repayable or being capable of being declared repayable immediately or earlier than the repayment date specified in the agreement or other instrument under which (or which otherwise set out the terms and conditions on which) such moneys have been made available to the applicable Healius Group Member(s) (**Debt Facility**) or the terms of such a Debt Facility being varied or being capable of being varied (in each case including, but not limited to, because a "review event" (or provision with substantially the same effect) has occurred or been triggered or enlivened under a Debt Facility);

(ii) the interest of a Healius Group Member in any partnership, joint venture, trust, corporation or other entity (or any arrangements relating to such interest) that contributes, or would reasonably be expected to contribute, more than $5,000,000 of underlying EBIT to the Healius Group in any financial year of the Healius Group after FY22 being terminated or disposed of,

as a result of the acquisition of Healius Shares by ACL (other than a right in respect of which a written, enforceable, irrevocable and unconditional waiver has been obtained and announced by Healius to the ASX).

Convertible securities

(x) **No issue of convertible securities, derivatives or other rights**

Between the Announcement Date and the end of the Offer Period (each inclusive), Healius does not issue or grant, or agree to issue or grant, any securities, derivatives or other rights (including Healius Options and/or Healius Rights) convertible into or that may result in the issue of Healius Shares, or any other incentives which are convertible into or may result in the issue of Healius Shares, whether under the long-term or equity incentive plans operated by Healius as at the Announcement Date or otherwise, and does not alter its capital structure or the rights attached to any of the Healius Shares (other than pursuant to the issue of Healius Shares that come to be in the bid class between the Register Date and the end of the Offer Period in accordance with the terms of, or otherwise in connection with, Healius Options and/or Healius Rights, securities, derivatives or other rights that are on issue as at the Register Date).

(y) **Treatment of Healius Rights and Healius Options**

By the end of the Offer Period, all Healius Rights and Healius Options have either converted into Healius Shares or lapsed:

(i) in each case, without any cost to or payment by a Healius Group Member; and

(ii) without limiting subparagraph (i) above, in the case of any Healius Option that is exercised before the end of the Offer Period:

(A) after the holder of that Healius Option has paid or procured the payment of the exercise price in respect of that Healius Option to Healius in full (and in accordance with the terms of issue of that Healius Option as at the Announcement Date); and

(B) no Healius Group Member has made a loan to the holder of that Healius Option of, or to otherwise allow the holder of that Healius Option to fund the payment of, the exercise price in respect of that Healius Option.

11.10 Nature and benefit of Conditions

(a) The FIRB Condition is a condition precedent to the acquisition by ACL of any interest in Healius Shares. Notwithstanding your acceptance of the Offer, unless and until the FIRB Condition is satisfied (or waived):

(i) no contract for the sale of Your Healius Shares will come into force or be binding on you or on ACL;

(ii) ACL will have no rights (conditional or otherwise) in relation to Your Healius Shares;

(iii) if any of Your Healius Shares are held in a CHESS Holding, you will be entitled to withdraw your acceptance in respect of those Shares by having your Controlling Participant transmit a valid originating message to ASX Settlement specifying the Healius Shares to be released from sub position, in accordance with Rule 14.16 of the ASX Settlement Operating Rules; and

(iv) if any of Your Healius Shares are not held in a CHESS Holding, you will be entitled to withdraw your acceptance in respect of those Shares by sending a notice to that effect signed by you (or on your behalf, in which case documentation proving that the person or persons signing the notice are authorised to do so must accompany the notice) to any of the addresses specified on the Acceptance Form, so that it is received at the relevant address at any time prior to the satisfaction (or waiver) of the FIRB Condition.

(b) The Conditions in section 11.9 (other than the FIRB Condition) are conditions subsequent to the formation of a binding contract upon your acceptance of the Offer. The non-fulfilment of any condition subsequent does not, until the end of the Offer Period (or in the case of the Prescribed Occurrences Condition, until the end of the third Business Day after the end of the Offer Period), prevent a contract to sell Your Healius Shares resulting from your acceptance of the Offer from arising, but non-fulfilment of any of those Conditions will have the consequences set out in section 11.12(c) below.

(c) Subject to the Corporations Act and section 11.10(a), ACL alone is entitled to the benefit of the Conditions in section 11.9 and/or to:

(i) rely on any breach or non-fulfilment of; and/or

(ii) waive,

any of them.

(d) Each paragraph and sub-paragraph in section 11.9 constitutes, and is to be construed as, a separate, several and distinct Condition. No Condition will be taken to limit the meaning or effect of any other Condition.

11.11 Conditions apply to multiple events

Where an event occurs that would mean that, at the time the event occurs, a Condition to which this Offer or the contract resulting from your acceptance of this Offer is then subject would be breached or would not be fulfilled, the Condition affected by that event will become two separate Conditions on identical terms, except that:

(a) one of the Conditions relates solely to that event; and

(b) the other Condition specifically excludes that event.

To the extent permitted by law, ACL may declare the Offer free under section 11.12 of this Bidder's Statement from either of those Conditions without declaring it free from the other Condition, and may do so at different times. This section 11.11 may apply any number of times to any Condition (including an Offer Condition (including a Condition arising from a previous operation of this section 11.11).

11.12 Freeing the Offer of Conditions

(a) ACL may free this Offer, and any contract resulting from its acceptance, from all or any of the Conditions, either generally or by reference to a particular fact, matter, event, occurrence or circumstance (or class thereof), by giving a notice to Healius and to ASX declaring this Offer to be free from the relevant Condition or Conditions specified, in accordance with section 650F of the Corporations Act. This notice may be given:

  (i) in the case of the Prescribed Occurrences Condition, not later than 3 Business Days after the end of the Offer Period; and

  (ii) in the case of all of the other Conditions in section 11.9, not less than 7 days before the end of the Offer Period.

(b) ACL may choose to waive certain Conditions in accordance with the terms of the Offer, but ACL may only do so to the extent permitted by law. In particular, ACL cannot waive the FIRB Condition for so long as, under the FATA, such approval must be obtained or the Treasurer (and each of the Treasurer's delegates) is still empowered under the FATA to make an order prohibiting the acquisition of Healius Shares by ACL under the Offer. If the FIRB Condition is not satisfied or waived (subject to such waiver being permitted under the FATA), the Offer will not become unconditional, and your Healius Shares will not be acquired by ACL.

(c) If, at the end of the Offer Period (or in the case of the Prescribed Occurrences Condition, at the end of the third Business Day after the end of the Offer Period), the Conditions in section 11.9 have not been fulfilled and ACL has not declared the Offer (or it has not become) free from those Conditions, all contracts resulting from the acceptance of the Offer will be automatically void.

(d) The date for giving the notice on the status of the conditions required by section 630(1) of the Corporations Act is 21 September 2023 (subject to extension in accordance with section 630(2) of the Corporations Act if the Offer Period is extended).

11.13 Official quotation of ACL Shares

(a) ACL has been admitted to the official list of ASX. ACL Shares of the same class as those to be issued as consideration have been granted official quotation by ASX.

(b) An application has been made to ASX for the granting of official quotation of the ACL Shares to be issued as consideration under the Offer. However, official quotation is not granted automatically on application.

(c) Pursuant to section 625(3) of the Corporations Act, this Offer and any contract that results from your acceptance of it are subject to a condition that permission for admission to official quotation by ASX of the ACL Shares to be issued pursuant to the Offer is granted no later than 7 days after the end of the Offer Period. If this condition is not fulfilled, all contracts resulting from the acceptance of the Offers will be automatically void. The condition set out in section 625(3) of the Corporations Act is not a defeating condition for the purposes of the Corporations Act, and is not of the same nature as the Conditions set out in section 11.9. Section 625(3) of the Corporations Act provides that this Offer cannot be freed of the condition prescribed in that section, and consequently no statement made by ACL, or any other member of the ACL Group, can be taken to be a waiver of that condition.

11.14 Withdrawal of this Offer

(a) This Offer may be withdrawn with the written consent of ASIC, which may be subject to conditions. If ASIC gives such consent, ACL will give notice of the withdrawal to ASX and to Healius and will comply with any other conditions imposed by ASIC.

(b) If, at the time this Offer is withdrawn, all the Conditions in section 11.9 have been freed, all contracts arising from acceptance of the Offer before it was withdrawn will remain enforceable.

(c) If, at the time this Offer is withdrawn, the Offer remains subject to one or more of the Conditions in section 11.9, all contracts arising from its acceptance will become void (whether or not the events referred to in the relevant conditions have occurred).

(d) A withdrawal pursuant to section 11.14 will be deemed to take effect:

   (i) if the withdrawal is not subject to conditions imposed by ASIC, on and after the date on which that consent in writing is given by ASIC; or

   (ii) if the withdrawal is subject to conditions imposed by ASIC, on and after the date on which those conditions are satisfied.

11.15 Variation of this Offer

ACL may vary this Offer in accordance with the Corporations Act.

11.16 No stamp duty

ACL will pay any Australian stamp duty on the transfer of Your Healius Shares to it under the Offer.

11.17 Governing law and jurisdiction

This Offer and any contract that results from your acceptance of it are governed by the laws in force in New South Wales, Australia. In relation to them and related non-contractual matters, each party irrevocably submits to the non-exclusive jurisdiction of courts with jurisdiction in New South Wales, Australia, and waives any right to object to the venue on any ground.

12. Definitions and interpretation

12.1 Definitions

In this Bidder's Statement and in the Acceptance Form, unless the context otherwise appears, the following terms have the meanings shown below:

Term	Meaning
1H20	the half year to 31 December 2019.
1H21	the half year to 31 December 2020.
1H22	the half year to 31 December 2021.
1H23	the half year to 31 December 2022.
2H22	the half year to 30 June 2022.
2H23	the half year to 30 June 2023.
90% Minimum Acceptance Condition	the Condition at section 11.9(a) of this Bidder's Statement.
AASB	Australian Accounting Standards Board standard.
AASB 16	AASB 16 *Leases*.
AASB 117	AASB 117 *Leases*.
ACC	Approved Collection Centre.
ACN	Australian Company Number.
ABN	Australian Business Number.
ACCC	the Australian Competition and Consumer Commission.
ACCC Clearance Condition	the Condition at section 11.9(c) of this Bidder's Statement.
Acceptance Form	the acceptance form enclosed with this Offer and Bidder's Statement or, as the context requires, any replacement or substitute acceptance form provided by or on behalf of ACL (including both the CHESS Acceptance Form and the Issuer Acceptance Form).
ACL	Australian Clinical Labs Limited (ACN 645 711 128).
ACL 1H23 Investor Presentation	the investor presentation released by ACL to the ASX on 20 February 2023 in respect of ACL's financial half-year that ended on 31 December 2022.
ACL 1H23 Report	ACL's Appendix 4D – Half Year Report for the financial half-year that ended on 31 December 2022 that ACL released to the ASX on 20 February 2023.
ACL Board	the board of directors of ACL.

Term	Meaning
ACL Competing Proposal	an offer or proposal that would, if completed substantially in accordance with its terms, result in a Third Party (other than an Associate of ACL), either alone or together with any Associate (other than an Associate of ACL): (a) directly or indirectly acquiring a Relevant Interest in, or having a right to acquire, a legal, beneficial or economic interest in, or control of, 20% or more of the ACL Shares; (b) acquiring Control of ACL; (c) otherwise directly or indirectly: (i) acquiring or merging with ACL, or having the right to so acquire or merge with ACL; or (ii) acquiring or becoming the holder of, or otherwise acquiring or having a right to acquire, a legal, beneficial or economic interest in, or control of, all or a material part of the business or assets of ACL, in each case, whether by way of takeover bid, scheme of arrangement, securityholder-approved acquisition or resolution, de-stapling, reverse takeover bid, capital reduction, capital raising, security buy-back, sale or purchase of assets, joint venture, dual listed company and/or trust structure, synthetic merger or other transaction or arrangement, which is stated to be conditional on the Offer lapsing, being withdrawn or otherwise not proceeding (whether in its entirety or on the terms and/or conditions of the Offer at the applicable time).
ACL Directors	the directors of ACL and **ACL Director** means any one of them.
ACL FY23 EBIT Guidance	the ACL EBIT guidance for FY23 set out in section 1.6 of this Bidder's Statement.
ACL EGM	has the meaning given in section 10.1 of this Bidder's Statement.
ACL Group	ACL and each of its subsidiaries.
ACL Group Member	each of ACL and its subsidiaries (as the context requires).
ACL Performance Right	a performance right to acquire an ACL Share under the terms of the LTVR Plan if the applicable performance-related vesting conditions are satisfied (or otherwise waived in accordance with the LTVR Plan).
ACL Service Rights	a service right to acquire an ACL Share under the terms of the LTVR Plan if the applicable service-related vesting conditions are satisfied (or otherwise waived in accordance with the LTVR Plan).
ACL Shareholder	a person who is registered as the holder of an ACL Share in the ACL share register.
ACL Shareholder Approval Condition	the Condition at section 11.9(e) of this Bidder's Statement.
ACL Shares	fully paid ordinary shares in the capital of ACL.
ACL Statutory Historical Results	has the meaning given in section 1.5(a), and as set out at sections 1.5(c) and 1.5(d), of this Bidder's Statement.
ACL Statutory Historical Statement of Financial Position	has the meaning given in section 1.5(a), and as set out at section 1.5(m), of this Bidder's Statement.
ACL Treasury Shares	has the meaning given in section 7.5 of this Bidder's Statement.
Announcement Date	the date of the announcement of the Offer by ACL, being 20 March 2023.
Approved Collection Centre	has the meaning given in the *Health Insurance Act 1973* (Cth).
ASIC	the Australian Securities and Investments Commission.

12. Definitions and interpretation (continued)

Term	Meaning
ASX	as the context requires, ASX Limited (ABN 98 008 624 691) or the securities market conducted by it.
ATO	the Australian Taxation Office.
Associate	has the meaning given in section 12 of the Corporations Act.
ASX Listing Rules or Listing Rules	the Official Listing Rules of ASX, as amended and waived by ASX from time to time.
ASX Settlement	ASX Settlement Pty Limited (ABN 49 008 504 532).
ASX Settlement Operating Rules	the operating rules of the ASX Settlement which govern the administration of the Clearing House Electronic Sub-register System.
Average Broker FY24 EBIT Multiples	has the meaning given to that term in Annexure B.
Average Broker Target Prices	has the meaning given to that term in Annexure C.
Bidder's Statement	this document, being the replacement statement of ACL under Part 6.5 Division 2 of the Corporations Act (as modified by ASIC Class Order [CO 13/528]) relating to the Offer.
Business Day	a day on which banks are open for business in Sydney, New South Wales, excluding a Saturday, Sunday or public holiday.
CGT	capital gains tax.
CHESS Acceptance Form	the Acceptance Form enclosed with this Offer and Bidder's Statement for Healius Shareholders with a CHESS Holding.
CHESS Holding	a number of Shares which are registered on Healius' share register, being a register administered by the ASX Settlement and which records uncertificated holdings of shares.
Commissioner of Taxation	has the meaning given in the TAA.
Compulsory Acquisition	the compulsory acquisition process in respect of the Healius Shares held by Healius Shareholders that do not accept the Offer under Part 6A.1 and/or Part 6A.2 of the Corporations Act that is expected to occur after successful completion of the Offer (as described in section 6.3(a) of this Bidder's Statement).
Condition	each condition to the Offer set out in section 11.9 of this Bidder's Statement.
Constitution	the constitution of ACL.
Control	has the meaning given in section 50AA of the Corporations Act.
Controlling Participant	in relation to Your Healius Shares, has the same meaning as in the ASX Settlement Operating Rules.
Corporations Act	the *Corporations Act 2001* (Cth).
Corporations Regulations	the *Corporations Regulations 2001* (Cth).
Crescent	Crescent Capital Partners Management Pty Limited (ABN 18 108 571 820).
Crescent Co-Investors	the various funds that ROC Capital Pty Limited (ACN 167 858 764) or Instanz Nominees Pty Ltd (ACN 073 513 658) are the trustee of (as applicable), whose interests in ACL are managed by Crescent under a co-investment arrangement.

Term	Meaning
Crescent Entities	Crescent Capital Partners V, LP (ABN 34 348 297 440), CCP Trusco 1 Pty Limited (ACN 143 361 488) as trustee for Crescent Capital Partners Specific Trust VA (ABN 54 564 537 306) and CCP Trusco 2 Pty Limited (ACN 143 361 497) as trustee for Crescent Capital Partners Specific Trust VB (ABN 47 152 294 308).
Crescent Shareholders	the Crescent Entities and the Crescent Co-Investors.
CY	calendar year.
CY22	the calendar year ended 31 December 2022.
Day Hospitals Business	the "Montserrat Day Hospitals" business operated by Healius as at the Last Practicable Date.
Day Hospitals Sale	the sale by Healius of its Day Hospitals Business, whether on the terms of the binding agreement with Nexus Hospitals announced to the ASX on 9 December 2022 (announcement dated 8 December 2022) or on materially similar terms.
Debt Facility	has the meaning given in section 11.9(w)(i) of this Bidder's Statement.
EBIT	earnings before interest and taxes.
EBITDA	earnings before interest, taxes, depreciation and amortisation.
EPS	earnings per share.
EV	enterprise value.
Existing ACL Shareholders	ACL Shareholders, other than ACL Shareholders that have become ACL Shareholders solely because of the issue of ACL Shares as Offer Consideration.
Existing Healius Shareholders	Healius Shareholders that have received ACL Shares as Offer Consideration or as a result of Compulsory Acquisition.
Expected Cost Synergies	has the meaning given in sub-section 2 of the section of this Bidder's Statement entitled "***Why You Should Accept the Offer***".
FATA	the *Foreign Acquisitions and Takeovers Act 1975* (Cth).
FIRB	the Foreign Investment Review Board.
FIRB Condition	the Condition at section 11.9(b) of this Bidder's Statement.
Foreign Resident CGT Withholding Tax	the amount required to be withheld by ACL and remitted to the Commissioner of Taxation pursuant to Subdivision 14-D of Schedule 1 to the TAA.
FY19	the financial year ended 30 June 2019.
FY20	the financial year ended 30 June 2020.
FY21	the financial year ended 30 June 2021.
FY22	the financial year ended 30 June 2022.
FY23	the financial year ending 30 June 2023.
FY23 Average Broker Forecasts	has the meaning given to that term in Annexure A.
Healius	Healius Limited (ACN 064 530 516).
Healius 1H23 Investor Presentation	the investor presentation released by Healius to the ASX on 27 February 2023 in respect of Healius' financial half-year that ended on 31 December 2022.

12. Definitions and interpretation (continued)

Term	Meaning
Healius 1H23 Report	Healius' Appendix 4D – Half Year Report for the financial half-year that ended on 31 December 2022 that Healius released to the ASX on 27 February 2023.
Healius Board	the board of directors of Healius.
Healius Directors	the directors of Healius and Healius Director means any one of them.
Healius Employee Service Rights	a right to acquire a Healius Share under the terms of the applicable Healius long-term or equity incentive plan(s) operated by Healius as at the Announcement Date, if the applicable vesting conditions are satisfied (or, if applicable, waived).
Healius Group	Healius and each of its subsidiaries.
Healius Group Cost Reset	has the meaning given in sub-section 3 of the section of this Bidder's Statement entitled "***Why You Should Accept the Offer***".
Healius Group Member	each of Healius and its subsidiaries (as the context requires).
Healius Incentive Securities	Healius Rights and Healius Options collectively.
Healius Options	an option to acquire a Healius Share under the terms of the applicable Healius long-term or equity incentive plan(s) operated by Healius as at the Announcement Date at an exercise price of $3.05, if the applicable vesting conditions are satisfied (or, if applicable, waived).
Healius Performance Right	a performance right to acquire a Healius Share under the terms of the applicable Healius long-term or equity incentive plan(s) operated by Healius as at the Announcement Date, if the applicable vesting conditions are satisfied (or, if applicable, waived).
Healius Rights	Healius Performance Rights, Healius Share Rights, Healius Employee Service Rights and Healius Service Rights.
Healius Service Rights	a right to acquire a Healius Share under the terms of the applicable Healius long-term or equity incentive plan(s) operated by Healius as at the Announcement Date, if the applicable vesting conditions are satisfied (or, if applicable, waived).
Healius Shareholder	a person who is registered as the holder of a Healius Share in the Healius share register.
Healius Share Rights	a right to acquire a Healius Share under the terms of the applicable Healius long-term or equity incentive plan(s) operated by Healius as at the Announcement Date, if the applicable vesting conditions are satisfied (or, if applicable, waived).
Healius Shares or Shares	fully paid ordinary shares in the capital of Healius, including those shares on issue at the end of the Offer Period.
Healius Statutory Historical Results	has the meaning given in section 3.6(a), and as set out at sections 3.6(c) and 3.6(d), of this Bidder's Statement.
Healius Statutory Historical Statement of Financial Position	has the meaning given in section 3.6(a), and as set out at section 3.6(l), of this Bidder's Statement.
Healius Underlying Historical Results	has the meaning given in section 3.6(a), and as set out at section 3.6(e), of this Bidder's Statement.
Holder Identification Number	has the same meaning as in the ASX Settlement Operating Rules.
Ineligible Foreign Shareholder	has the meaning given in section 10.3(b) of this Bidder's Statement.
Interested Person	has the meaning in section 10.5 of this Bidder's Statement.

Term	Meaning
Issuer Acceptance Form	the Acceptance Form enclosed with this Offer and Bidder's Statement for Healius Shareholders with a holding of Healius Shares on Healius' issuer sponsored sub register.
Last Practicable Date	the last practicable trading date on the ASX prior to the Announcement Date, being 17 March 2023.
Limited Assurance Opinion	the unmodified, limited assurance opinion issued by PwCS to ACL under *ASAE 3420 Assurance Engagements to Report on the Compilation of Pro Forma Historical Financial Information included in a Prospectus or other Document* on the Merged Group Pro Forma Historical Financial Information, a copy of which is included in the Bidder's Statement at Annexure D.
LIS	Laboratory Information System.
LTM December 2022	the last twelve months to 31 December 2022.
LTM EBITDA	EBITDA for the last twelve months.
LTVR Plan	ACL's long-term variable remuneration plan.
Medlab	the Medlab Pathology business acquired by ACL in December 2021.
Merged Group	the group of companies resulting from the combination of the ACL Group and the Healius Group should the Offer be successful.
Merged Group Pro Forma Historical Financial Information	the pro forma historical financial information in respect of the Merged Group set out in section 7.8 of this Bidder's Statement.
NATA	the National Association of Testing Authorities.
Nominee	the nominee appointed by ACL and approved by ASIC in accordance with section 11.8 of this Bidder's Statement.
NPAT	net profit after tax.
Offer	the offer for Healius Shares under the terms and conditions contained in section 11 of this Bidder's Statement.
Offer Consideration	0.74 ACL Shares for each Healius Share.
Offer Period	the period during which the Offer will remain open for acceptance in accordance with section 11.2 of this Bidder's Statement.
Participant	an entity admitted to participate in the Clearing House Electronic Sub-register System under Rule 4.3.1 and 4.4.1 of the ASX Settlement Operating Rules.
P/E	price-to-earnings.
Post-Results ACL VWAP	has the meaning given in the section of this Bidder's Statement entitled "*Overview of the Offer*".
Post-Results Healius VWAP	has the meaning given in the section of this Bidder's Statement entitled "*Overview of the Offer*".
Potential Operational Improvement Benefit	has the meaning given in sub-section 3 of the section of this Bidder's Statement entitled "*Why You Should Accept the Offer*".
Prescribed Occurrences Condition	the Condition at section 11.9(o) of this Bidder's Statement.

12. Definitions and interpretation (continued)

Term	Meaning
Proposed Merger	the proposed creation of the Merged Group that would result from the acquisition by ACL of all of the Healius Shares on issue under the Offer (including under Compulsory Acquisition).
Prospectus	the prospectus lodged by ACL and ACL SaleCo Limited (ACN 648 177 646) with ASIC on 28 April 2021 and released to the ASX on 14 May 2021.
Public Authority	any government or any governmental, semi governmental, statutory or judicial entity, agency or authority, whether in Australia or elsewhere, including (without limitation) any self regulatory organisation established under statute or otherwise discharging substantially public or regulatory functions, ASX or any other stock exchange, the ATO, the Office of the Australian Information Commissioner and Medicare.
PwCS	PricewaterhouseCoopers Securities Ltd (ABN 54 003 311 617).
RBB Economics	RBB Economics LLP (ABN 78 136 481 055).
Related Bodies Corporate	has the meaning given in section 50 of the Corporations Act.
Relevant Interest	has the meaning given to that term in sections 608 and 609 of the Corporations Act.
Register Date	the date set by ACL under section 633(2) of the Corporations Act, being 7.00pm (Sydney, Australia time) on 21 March 2023.
Rights	all accreditations, rights or benefits of whatever kind attaching or arising from Healius Shares directly or indirectly at or after the Announcement Date (including, but not limited to, all dividends or other distributions and all rights to receive them or rights to receive or subscribe for shares, notes, bonds, options or other securities declared, paid, made or issued by Healius or any of its subsidiaries).
S&P	Standard & Poor.
Securityholder Reference Number	has the same meaning as in the ASX Settlement Operating Rules.
Security Interest	has the same meaning as in section 51A of the Corporations Act.
Share Registry	Link Market Services Limited (ACN 083 214 537).
SIP	Sustainable Improvement Program.
SJGHC	St John of God Health Care.
Small Parcel	a parcel of ACL Shares having a value of less than $500 based on the highest closing price of ACL Shares on the ASX during the period from the date of this Bidder's Statement until the earlier of the end of the Offer Period and five ASX trading days before the first day on which ACL must provide the Offer consideration under the Offer.
Small Parcel Shareholder	a Healius Shareholder who would be entitled to receive a total number of ACL Shares as consideration under the Offer which constitute a Small Parcel.
Sonic	Sonic Healthcare Limited (ASX:SHL).
Successful Offer Completion	completion of the acquisition by ACL of all of the Healius Shares on issue (and the issue of all ACL Shares to Healius Shareholders) under the Offer and, if applicable, Compulsory Acquisition, such that Healius has become a wholly-owned subsidiary of ACL.
Supplementary Target's Statement	a supplementary statement to be provided by Healius under Part 6.5 Division 4 of the Corporations Act relating to the Offer.
TAA	the *Taxation Administration Act 1953* (Cth).

Term	Meaning
Takeover Bid	the acquisition by ACL of Healius Shares under the Offer in accordance with the terms and conditions set out in this Bidder's Statement.
Takeover Transferee Holding	has the same meaning as in the ASX Settlement Operating Rules.
Target's Statement	the statement to be provided by Healius under Part 6.5 Division 3 of the Corporations Act relating to the Offer.
Third Party	a party other than ACL, Healius and any of their Associates.
Treasurer	the Treasurer of the Commonwealth of Australia.
VWAP	volume weighted average price.
Your Healius Shares	subject to section 11.1(g) and section 11.1(h), the Healius Shares (a) in respect of which you are registered, or entitled to be registered, as holder in the register of shareholders of Healius on the Register Date, or (b) to which you are able to give good title at the time you accept this Offer during the Offer Period.

12.2 Interpretation

In this Bidder's Statement and in the Acceptance Form, unless the context otherwise requires:

(a) words and phrases have the same meaning (if any) given to them in the Corporations Act;

(b) words importing a gender include any gender;

(c) words importing the singular include the plural and vice versa;

(d) an expression importing a natural person includes any company, partnership, joint venture, association, corporation or other body corporate and vice versa;

(e) a reference to a section, attachment and schedule is a reference to a section of and an attachment and schedule to this Bidder's Statement as relevant;

(f) a reference to any statute, regulation, proclamation, ordinance or by law includes all statutes, regulations, proclamations, ordinances, or by laws amending, varying, consolidating or replacing it and a reference to a statute includes all regulations, proclamations, ordinances and by laws issued under that statute;

(g) headings and bold type are for convenience only and do not affect the interpretation of this Bidder's Statement;

(h) a reference to time is a reference to time in Sydney, Australia;

(i) a reference to writing includes facsimile transmissions; and

(j) a reference to dollars, $, A$, cents, ¢ and currency is a reference to the lawful currency of the Commonwealth of Australia.

13. Approval of Bidder’s Statement

This Bidder’s Statement has been approved by a unanimous resolution passed by all of the ACL Directors.

Date: 14 April 2023

Signed for and on behalf of **Australian Clinical Labs Limited**

Michael Alscher
Chair
Australian Clinical Labs Limited

Annexure A – FY23 Average Broker Forecasts

This Bidder's Statement includes references to average broker forecast information and numbers for FY23 in respect of Healius (together, the **FY23 Average Broker Forecasts**). The FY23 Average Broker Forecasts were calculated by ACL.

In calculating the FY23 Average Broker Forecasts, except as disclosed below, ACL selected all sell-side broker forecasts:

(a) prepared by brokers that provide sell-side research coverage of both ACL and Healius; and

(b) which ACL had access to on the Last Practicable Date.

The selection criterion described in paragraph (a) above is consistent with the applicable selection criterion used in calculating the Average Broker Target Prices (see Annexure C for more information).

The FY23 Average Broker Forecasts in respect of Healius in the table below have been included in this Bidder's Statement solely as an indication of market views about Healius, and Healius Shareholders are advised that, as at the Last Practicable Date, Healius had not made an announcement to the ASX in which it stated that: (i) the Healius Board adopts any individual or average broker forecast or estimate in respect of FY23 (including, but not limited to, the FY23 Average Broker Forecasts in the table below); or (ii) that the Healius Board expects that its actual results for FY23 will be in line, or will not be in line, with (or will differ materially from) any individual or average broker forecast or estimate in respect of FY23 (including, but not limited to, the FY23 Average Broker Forecast in the table below) or market expectations.

Further information about the FY23 Average Broker Forecasts is set out in the table below.

FY23 revenue	Number of broker forecasts used to calculate the FY23 Average Broker Forecast	Dispersion and range of broker forecasts used in FY23 Average Broker Forecast	Date range of broker forecasts used in FY23 Average Broker Forecast
Healius ($1,720m)	6	Median of $1,721, low of $1,685m and high of $1,750m	27 February 2023 to 7 March 2023

FY23 EBIT	Number of broker forecasts used to calculate the FY23 Average Broker Forecast	Dispersion and range of broker forecasts used in FY23 Average Broker Forecast	Date range of broker forecasts used in FY23 Average Broker Forecast
Healius ($100m)	5	Median of $97, low of $91m and high of $116m	27 February 2023 to 7 March 2023

Adjustments to broker forecasts

Two brokers' forecasts included in the FY23 Average Broker Forecast for Healius set out in the table above have been adjusted by ACL to remove the revenue and EBIT contribution of the Day Hospital Business in FY23 (which these brokers continue to include despite Healius having entered into an agreement in respect of the Day Hospitals Sale) to ensure that it is presented on the same basis as the other brokers that met the selection criteria.

Exclusion of broker forecast

One broker's forecast did not meet the selection criteria for inclusion in the FY23 Average Broker Forecast for Healius' FY23 EBIT as that broker only presented a forecast on a reported EBIT basis. As EBIT (reported) and EBIT (adjusted), or EBIT on an underlying basis, are different metrics, ACL believes that it is reasonable to exclude this broker from inclusion in the FY23 Average Broker Forecast for Healius' FY23 EBIT, and has not disclosed the effect of including this broker's forecast in the FY23 Average Broker Forecast as ACL believes that such information would not be meaningful to Healius Shareholders.

Annexure B – Average Broker FY24 EBIT Multiple

This Bidder's Statement includes statements about the blended forward EV/EBIT multiple of Healius and ACL as at the Last Practicable Date. This was calculated by ACL using the implied EV/EBIT multiples (as at the Last Practicable Date) based on broker EBIT forecasts for FY24 and post AASB 16 enterprise values (as at the Last Practicable Date and based on the Post-Results ACL VWAP and Post-Results Healius VWAP) in respect of each of ACL and Healius (together, the **Average Broker FY24 EBIT Multiples**).

In calculating the Average Broker FY24 EBIT Multiples, ACL selected all sell-side broker forecasts:

(a) prepared by brokers that provide sell-side research coverage of both ACL and Healius; and

(b) which ACL had access to on the Last Practicable Date.

The Average Broker FY24 EBIT Multiples in the table below were used by ACL to calculate the blended forward EV/EBIT multiple described above as ACL considers that they represent an indication of market views about each of ACL's and Healius' respective forward EV/EBIT multiples, and ACL considers FY24 to be the most appropriate reference period for evaluating the normalised forward multiple of the Merged Group as it aligns with Healius' public statements as to the timing for run-rate cost savings to be achieved under the Healius Group Cost Reset. The ACL Directors do not adopt any individual broker forecast or estimate for FY24 in respect of ACL. As at the Last Practicable Date, Healius had not made an announcement to the ASX in which it stated that the Healius Board adopts or does not adopt any individual or average broker forecast or estimate for FY24 in respect of Healius.

Further information about the Average Broker FY24 EBIT Multiples is set out in the table below.

Average Broker FY24 EBIT Multiple	Weight given to Average Broker FY24 EBIT Multiple to calculate blended multiple	Number of brokers used to calculate Average Broker FY24 EBIT Multiple	Dispersion and range of EV/EBIT multiples[1] based on individual broker forecasts used in calculating Average Broker FY24 EBIT Multiple	Date range of broker forecasts used in calculating Average Broker FY24 EBIT Multiple
ACL (13.7x)	32%	5	Median of 13.5x, low of 13.0x and high of 14.8x	20 February 2023 to 7 March 2023
Healius (19.4x)	68%	5	Median of 20.1x, low of 18.2x and high of 20.5x	27 February 2023 to 7 March 2023

Exclusion of broker forecast

One broker's implied EV/EBIT multiples for Healius and ACL did not meet the selection criteria for inclusion in the Average Broker FY24 EBIT Multiples as that broker only presented EBIT forecasts on a reported EBIT basis. As EBIT (reported) and EBIT (adjusted), or EBIT on an underlying basis, are different metrics, ACL believes that it is reasonable to exclude this broker from inclusion in the Average Broker FY24 EBIT Multiples, and has not disclosed the effect of including this broker's implied EV/EBIT multiples for Healius and ACL in the Average Broker FY24 EBIT Multiples as ACL believes that such information would not be meaningful to Healius Shareholders.

1 As at the Last Practicable Date.

Annexure C – Average Broker Target Prices

This Bidder's Statement includes references to average broker target prices in respect of each of ACL and Healius (together, the **Average Broker Target Prices**). The Average Broker Target Prices were calculated by ACL.

In calculating the Average Broker Target Prices, except as disclosed below, ACL selected all sell-side broker target prices:

(a) prepared by brokers that provide sell-side research coverage of both ACL and Healius; and

(b) which ACL had access to on the Last Practicable Date.

ACL believes that the selection criterion described in paragraph (a) above is reasonable as ACL believes that, if a broker provides sell-side research coverage of both ACL and Healius, there is a greater likelihood that the broker is familiar with the operational nature and strategy of both ACL and Healius and, therefore, there is a greater likelihood that the broker took a consistent approach to forecasting.

The Average Broker Target Prices in respect of ACL and Healius in the table below have been included in this Bidder's Statement solely as an indication of market views about ACL and Healius. The ACL Directors do not adopt any individual broker target price in respect of ACL (however, see the ACL FY23 EBIT Guidance in section 2 of this Bidder's Statement, which includes a statement about ACL's view on the consistency of the FY23 Average Broker Forecast for ACL's EBIT with ACL's expected performance for FY23). As at the Last Practicable Date, Healius had not made an announcement to the ASX in which it stated that the Healius Board adopts any individual or average broker target price (including, but not limited to, the Average Broker Target Price in the table below).

Further information about the Average Broker Target Prices is set out in the table below.

Average Broker Target Price	Number of broker target prices used to calculate Average Broker Target Price	Dispersion and range of broker target prices used in Average Broker Target Price	Date range of broker target prices used in Average Broker Target Price
ACL ($4.04)	6	Median of $4.05, low of $3.80 and high of $4.25	20 February 2023 to 7 March 2023
Healius ($2.75)	6	Median of $2.75, low of $2.20 and high of $3.25	27 February 2023 to 7 March 2023

Annexure D – Limited Assurance Opinion

pwc

Board of Directors
Australian Clinical Labs Limited
1868-1892 Dandenong Road
Clayton VIC 3168

14 April 2023

Dear Directors

Independent Limited Assurance Report on Australian Clinical Labs Limited's Compilation of the Merged Group Pro Forma Historical Financial Information

Introduction

We have been engaged by Australian Clinical Labs Limited (**ACL**) to prepare this report for inclusion in the replacement bidder's statement (**Bidder's Statement**) to be dated 14 April 2023 and issued by ACL in connection with the off-market takeover bid by ACL to acquire all of the fully paid ordinary shares on issue in Healius Limited (**Healius**) in consideration of the issue of ordinary shares in ACL (**Offer**).

Expressions and terms defined in the Bidder's Statement have the same meaning in this report.

Scope

You have requested that we perform a limited assurance engagement in relation to ACL's compilation of pro forma financial information for ACL and Healius (together, the **Merged Group**) described below and disclosed in the Bidder's Statement.

See the section of this report titled "Our responsibilities" for further information about the scope of our engagement and review.

Compilation of Merged Group Pro Forma Historical Financial Information

The pro forma financial information of the Merged Group set out in Section 7.8 (**Merged Group Pro Forma Historical Financial Information**) of the Bidder's Statement consists of:

- the **Merged Group Pro Forma Historical Results**, representing the aggregation of the following for the twelve month period ended 31 December 2022:

1

a) the **ACL Adjusted Historical Results**, representing the unadjusted historical results of ACL, derived from the ACL consolidated financial statements for the financial year ended 30 June 2022 (**FY22**) and consolidated interim financial statements for the financial half years ended 31 December 2021 (**1H22**) and 31 December 2022 (**1H23**), which are subject to the adjustments set out in Section 7.8(b)(i) of the Bidder's Statement;

b) the **Healius Adjusted Historical Results**, representing the unadjusted historical results of Healius, derived from the Healius consolidated financial statements for FY22 and consolidated interim financial statements for 1H22 and 1H23, which are subject to the adjustments set out in Section 7.8(b)(i) of the Bidder's Statement; and

c) ACL's estimate of the annual recurring pre-tax cost savings expected to be generated upon creation of the Merged Group (**Expected Cost Synergies**), as detailed in Section 7.4 of the Bidder's Statement,

in each case, as if those events or transactions had occurred as at the date of the Merged Group Pro Forma Historical Results; and

- the **Merged Group Pro Forma Historical Statement of Financial Position**, representing the aggregation of the following as at 31 December 2022:

a) the ACL Statutory Historical Statement of Financial Position as at 31 December 2022, extracted from the ACL consolidated interim financial statements for 1H23; and

b) the Healius Statutory Historical Statement of Financial Position as at 31 December 2022, extracted from the Healius consolidated interim financial statements for 1H23,

in each case prepared by ACL on the basis (including the pro forma adjustments) described in Section 7.8 of the Bidder's Statement (the **applicable criteria**) and on the basis of ACL acquiring all of the ordinary shares in Healius under the Offer (**Successful Offer Completion**).

The Merged Group Pro Forma Historical Financial Information has been compiled by ACL to illustrate the impact of Successful Offer Completion on both ACL and the Merged Group.

The consolidated financial statements of both ACL and Healius for FY20, FY21 and FY22 were audited and the auditor issued unqualified audit opinions on each of these financial periods. The consolidated half year financial statements of both ACL and Healius for 1H22 and 1H23 were reviewed by, in each case, the same auditors, who issued an unqualified review opinion on each of these financial periods.

The nature of this report is such that it can only be issued by an entity which holds an Australian financial services licence under the Corporations Act 2001. PricewaterhouseCoopers Securities Ltd, which is wholly owned by PricewaterhouseCoopers holds the appropriate Australian financial services licence under the Corporations Act 2001.

Directors' responsibilities

The directors of ACL are responsible for properly compiling the Merged Group Pro Forma Historical Financial Information, including its basis of preparation and the selection and determination of pro forma adjustments made to the ACL Statutory Historical Results and Healius Statutory Historical Results and included in the Merged Group Pro Forma Historical Financial Information.

Our responsibilities

Our responsibility is to express a limited assurance conclusion on whether anything has come to our attention that the Merged Group Pro Forma Historical Financial Information has not been properly compiled, in all material respects, by ACL on the basis (including the pro forma adjustments) described in Section 7.8 of the Bidder's Statement (the **applicable criteria**).

We have conducted our limited assurance procedures in accordance with the Standard on Assurance Engagements *ASAE 3420 Assurance Engagements To Report on the Compilation of Pro Forma Historical Financial Information included in a Prospectus or other Document (ASAE 3420)* issued by the Auditing and Assurance Standards Board (AUASB).

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Merged Group Pro Forma Historical Financial Information, nor have we, in the course of this engagement, performed an audit or review of the historical financial information used in compiling the Merged Group Pro Forma Historical Financial Information, or of the Merged Group Pro Forma Historical Financial Information itself.

The Merged Group Pro Forma Historical Financial Information has been prepared to reflect the acquisition of all of the ordinary shares in Healius by ACL under the Offer and assumes that Successful Offer Completion occurs and that the Merged Group was formed on 1 January 2022. The Merged Group Pro Forma Historical Financial Information (and its inclusion in the Bidder's Statement) is for illustrative purposes only. Accordingly, we do not provide any assurance that the actual outcome of the Offer would have been as presented.

A limited assurance engagement to report on whether anything comes to our attention that the Merged Group Pro Forma Historical Financial Information has not been properly compiled, in all material respects, on the basis of the applicable criteria, involves performing procedures to assess whether the applicable criteria used by ACL in the compilation of the Merged Group Pro Forma Historical Financial Information does not provide a reasonable basis for presenting the significant effects directly attributable to the event(s) or transaction(s), and that the:

- related pro forma adjustments give appropriate effect to those criteria; and
- resultant Merged Group Pro Forma Historical Financial Information reflects the proper application of the adjustments to the unadjusted financial information.

The engagement also involves evaluating the overall presentation of the Merged Group Pro Forma Historical Financial Information.

3

The procedures we performed were based on our professional judgement and included making enquiries, primarily of persons responsible for financial and accounting matters, inspection of documents, analytical procedures, evaluating the appropriateness of supporting documentation and agreeing or reconciling with underlying records and other procedures. The procedures performed in a limited assurance engagement vary in nature from, and are less in extent than for, an audit. A limited assurance engagement is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain reasonable assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion about whether the Merged Group Pro Forma Historical Financial Information has been compiled, in all material respects, in accordance with the applicable criteria.

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

Limited Assurance Conclusion

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the Merged Group Pro Forma Historical Financial Information is not compiled, in all material respects, by ACL on the basis of the applicable criteria as described in Section 7.8 of the Bidder's Statement.

Restriction on Use

Without modifying our conclusions, we draw attention to the purpose of the Merged Group Pro Forma Historical Financial Information, being for inclusion in the Bidder's Statement. As a result, the Merged Group Pro Forma Historical Financial Information may not be suitable for use for another purpose.

Notice to readers outside Australia

This report has been prepared solely to comply with the Standard on Assurance Engagements *ASAE 3420 Assurance Engagements To Report on the Compilation of Pro Forma Historical Financial Information included in a Prospectus or other Document (ASAE 3420)* issued by the Auditing and Assurance Standards Board (AUASB). We have not considered the auditing standards or practices of any jurisdictions other than Australia (including the United States of America). Accordingly, this report should not be relied upon as if it had been provided in accordance with or having regard to standards or practice in any other jurisdiction outside Australia.

Consent

PricewaterhouseCoopers Securities Ltd has consented to the inclusion of this assurance report in the Bidder's Statement in the form and context in which it is included.

Liability

PricewaterhouseCoopers Securities Ltd makes no representation regarding, and has no liability for, any other statements or other material in, or omissions from the Bidder's Statement.

Annexure D – Limited Assurance Opinion (continued)

pwc

Independence or Disclosure of Interest

PricewaterhouseCoopers Securities Ltd does not have any interest in the outcome of the Offer, other than in connection with the preparation of this report and participation in due diligence procedures for which normal professional fees will be received.

Financial Services Guide

We have included our Financial Services Guide as Appendix A to our report. The Financial Services Guide is designed to assist retail clients in their use of any general financial product advice in our report.

Yours faithfully

Troy Porter
Authorised Representative
PricewaterhouseCoopers Securities Ltd

5

Appendix A – Financial Services Guide

PRICEWATERHOUSECOOPERS SECURITIES LTD

FINANCIAL SERVICES GUIDE

This Financial Services Guide is dated 14 April 2023

About us

a) PricewaterhouseCoopers Securities Ltd (ABN 54 003 311 617, Australian Financial Services Licence no 244572) ("**PwC Securities**") has been engaged by Australian Clinical Labs Limited ("***ACL***") to provide a report in accordance with Standard on Assurance Engagements *ASAE* 3420 *Assurance Engagements To Report on the Compilation of Pro Forma Historical Financial Information included in a Prospectus or other Document* in relation to the Merged Group Pro Forma Historical Financial Information (the **"Report**") for inclusion in the Bidder's Statement dated 14 April 2023.

b) You have not engaged us directly but have been provided with a copy of the Report as a retail client because of your connection to the matters set out in the Report.

This Financial Services Guide

This Financial Services Guide ("**FSG**") is designed to assist retail clients in their use of any general financial product advice contained in the Report. This FSG contains information about PwC Securities generally, the financial services we are licensed to provide, the remuneration we may receive in connection with the preparation of the Report, and how complaints against us will be dealt with.

Financial services we are licensed to provide

Our Australian financial services licence allows us to provide a broad range of services, including providing financial product advice in relation to various financial products such as securities, interests in managed investment schemes, derivatives, superannuation products, foreign exchange contracts, insurance products, life products, managed investment schemes, government debentures, stocks or bonds, and deposit products.

General financial product advice

a) The Report contains only general financial product advice. It was prepared without taking into account your personal objectives, financial situation or needs

b) You should consider your own objectives, financial situation and needs when assessing the suitability of the Report to your situation. You may wish to obtain personal financial product advice from the holder of an Australian Financial Services Licence to assist you in this assessment.

Fees, commissions and other benefits we may receive

a) PwC Securities charges fees to produce reports, including this Report. These fees are negotiated and agreed with the entity who engages PwC Securities to provide a report. Fees are charged on an hourly basis or as a fixed amount depending on the terms of the agreement with the person who engages us. Our fees for the preparation of this Report are set out in Section 10.6 of the Bidder's Statement.

b) Directors or employees of PwC Securities, PricewaterhouseCoopers, or other associated entities, may receive partnership distributions, salary or wages from PricewaterhouseCoopers.

Associations with issuers of financial products

a) PwC Securities and its authorised representatives, employees and associates may from time to time have relationships with the issuers of financial products. For example, PricewaterhouseCoopers may be the auditor of, or provide financial services to, the issuer of a financial product and PwC Securities may provide financial services to the issuer of a financial product in the ordinary course of its business.

Complaints

If you have a complaint, please raise it with us first, using the contact details listed below. We will endeavour to satisfactorily resolve your complaint in a timely manner. In addition, a copy of our internal complaints handling procedure is available upon request.

If we are not able to resolve your complaint to your satisfaction within 30 days of your written notification, you are entitled to have your matter referred to the Australian Financial Complaints Authority (**"AFCA"**). AFCA provides independent financial services complaint resolution that is free to consumers. AFCA's contact details are as follows:

Australian Financial Complaints Authority
GPO Box 3, Melbourne VIC 3001
Tel: 1800 931 678 (Free Call)

E-mail: info@afca.org.au
Website: www.afca.org.au

PwCS is a member of AFCA. You will not be charged for using the AFCA service.

Contact Details

PwC Securities can be contacted by sending a letter to the following address:

> Mr Troy Porter
> Authorised Representative
> PricewaterhouseCoopers Securities Ltd
> Tower 1, International Towers Sydney
> 200 Barangaroo NSW 2000
> Australia

Annexure E – ASX announcements released by ACL since 10 August 2022

ACL released the following ASX announcements during the period after lodgement of ACL's annual financial report for the financial year ended 30 June 2022 on the ASX on 10 August 2022 and before the issue of this Bidder's Statement:

Date	Announcement
29/03/2023	Change in substantial holding
29/03/2023	Change in substantial holding
29/03/2023	TOV: HLS Panel Receives Application
28/03/2023	Update - Dividend/Distribution - ACL
27/03/2023	Becoming a substantial holder
27/03/2023	Suspension of DRP
27/03/2023	HLS: Directors' Statement re Takeover
22/03/2023	Proposed issue of securities - ACL
20/03/2023	Becoming a substantial holder for HLS
20/03/2023	People to whom information is to be sent
20/03/2023	HLS: Off-market takeover bid from ACL
20/03/2023	Investor Webinar - Takeover Offer for Healius
20/03/2023	Investor Presentation - Takeover Offer for Healius
20/03/2023	Bidder's Statement in relation to Takeover Offer for Healius
20/03/2023	Takeover Offer for Healius Limited
17/03/2023	Notification regarding unquoted securities - ACL
17/03/2023	Change of Director's Interest Notice
17/03/2023	Notification regarding unquoted securities - ACL
17/03/2023	Notification of cessation of securities - ACL
22/02/2023	Ceasing to be a substantial holder
20/02/2023	Dividend/Distribution - ACL
20/02/2023	1H23 results investor presentation

Date	Announcement
20/02/2023	Appendix 4D and 1H23 financial reports
13/02/2023	1H23 Financial Results release details
9/02/2023	Release of Shares from Voluntary Escrow
5/12/2022	Medlab Cyber Incident Update
22/11/2022	Ceasing to be a substantial holder
11/11/2022	Becoming a substantial holder
27/10/2022	Medlab Pathology Cyber Incident
19/10/2022	2022 AGM - Results of Meeting
19/10/2022	2022 AGM - addresses to shareholders
7/10/2022	Change of Director's Interest Notice
7/10/2022	Director Appointment/Resignation
27/09/2022	Change of Director's Interest Notice
20/09/2022	Change of Director's Interest Notice
16/09/2022	Ceasing to be a substantial shareholder
16/09/2022	2022 Annual Report and Corporate Governance Statement
16/09/2022	Appendix 4G
16/09/2022	Notice of Annual General Meeting/Proxy Form
13/09/2022	Change of Director's Interest Notice
7/09/2022	Inclusion in S&P/ASX 300
5/09/2022	Change in substantial holding
5/09/2022	Update - Dividend/Distribution - ACL
26/08/2022	Change in substantial holding
22/08/2022	2022 AGM - Change of Date
22/08/2022	Ceasing to be a substantial holder
17/08/2022	Change in substantial holding
17/08/2022	Becoming a substantial holder
16/08/2022	Becoming a substantial holder

Annexure E – ASX announcements released by ACL since 10 August 2022 (continued)

Date	Announcement
15/08/2022	Ceasing to be a substantial holder
15/08/2022	Change in substantial holding
12/08/2022	Second letter from Crescent Capital
12/08/2022	Letter received from Crescent Capital
10/08/2022	Dividend/Distribution - ACL
10/08/2022	FY22 Investor Presentation
10/08/2022	FY22 Financial Statements
10/08/2022	Appendix 4E - Preliminary Financial Report

Australian Clinical Labs Limited
1868 Dandenong Road
Clayton, Vic, 3168

ABN 94 645 711 128

AUSTRALIAN Clinicalabs

Australian Clinical Labs Limited

ABN 94 645 711 128

LINK Market Services

Need help?

Contact Australian Clinical Labs Limited Offer Information Line

Phone 1800 882 147 (from within Australia) or +61 1800 882 147 (from outside Australia) between 8.30am and 5.00pm (Sydney time), Monday to Friday

A Your name

SAMPLE NAME 1
SAMPLE NAME 2
<SAMPLE A/C>
SAMPLE ADDRESS 1
SAMPLE ADDRESS 2

Your holding

Holder Identification Number: X12345678910

Healius Shares held as at Register Date: 99,999,999

If your holding has changed between the Register Date and the time of your acceptance of the Offer, then write your current holding of Healius Shares here. Your acceptance will be granted in respect of your updated holding.

This is an important document. If you are in doubt as to how to complete this form, please consult your financial or other professional adviser immediately.

CONTROLLING PARTICIPANT'S NAME

Broker's Name printed here

Takeover Acceptance Form – CHESS Subregister

This is a personalised form (**Acceptance Form**) for the sole use of the holder and holding recorded above.

B You must give your instructions to your controlling participant to accept the Offer

If you correctly sign and return this form, you will be deemed to have accepted the Offer in respect of **ALL** of your Healius Shares. Your form must be received before the Offer closes.

* ☐ **Offer Consideration** – 0.74 ACL Shares for each Healius Share held, subject to the terms and conditions of the Offer, as set out in the Bidder's Statement.

* Mark this box if you wish to accept the Offer for all of your Healius Shares

To accept the Offer, you may either:

- directly instruct your Controlling Participant to accept the Offer on your behalf; or
- sign and return this Acceptance Form in accordance with the instructions overleaf so ACL and/or Link can contact your Controlling Participant on your behalf and relay your instructions. If your Controlling Participant acts on your instruction, CHESS will send you a confirmation notice.

C Non-Withholding Declaration

☐ By marking this box, I/we declare that either:

- I/we am/are Australian tax resident(s); or
- I/we am/are not Australian tax resident(s) and the Healius Shares I/we, together with my/our 'associates', hold are 'membership interests' but not 'indirect Australian real property interests' (as those terms are defined in the Income Tax Assessment Act 1936 (Cth) and Income Tax Assessment Act 1997 (Cth), as relevant).

<u>One way that the Healius Shares will not be indirect Australian real property interests is where you together with your associates have held less than 10% of the Healius Shares at all times during the 2 years before acceptance</u>. Please refer to Section 9.4 of the Bidder's Statement for further details before completing this section

If you do not mark this box, Australian Clinical Labs Limited may withhold 12.5% of the Offer Consideration otherwise payable to you.

If this box is marked, you authorise Australian Clinical Labs Limited to instruct your Controlling Participant on your behalf to select CHESS takeover consideration code **HLSNWH** for all your Healius Shares in a CHESS Holding. If you do not mark this box, you authorise Australian Clinical Labs Limited to instruct your Controlling Participant on your behalf to select CHESS takeover consideration code **HLS001** for all your Healius Shares in a CHESS Holding.

D Contact details

Please provide your contact name and telephone number in case we need to speak to you about this Acceptance Form.

Telephone Number where you can be contacted during business hours

( )

Contact Name (PRINT)

E You must sign this form for your instructions in this Acceptance Form to be executed

I/We, the person(s) named above, accept the Offer in respect of all my/our Healius Shares and hereby agree to transfer to Australian Clinical Labs Limited all my/our Healius Shares for the consideration specified in the Offer, and on the terms and conditions of the Offer as set out in the Bidder's Statement.

Securityholder 1 (Individual)	Securityholder 2 (Individual)	Securityholder 3 (Individual)
Sole Director & Sole Company Secretary/Sole Director (delete one)	Secretary/Director (delete one)	Director

Please refer overleaf for further important instructions

REGISTRY USE ONLY

HIN **Broker PID** **Holding**

ACL TKO002

Further Important Instructions

Your Healius Shares are in a CHESS Holding. Accordingly, you do not need to complete and return this Acceptance Form to Link to accept the Offer (but may choose to do so in accordance with the instructions below). You can instead contact your Controlling Participant and instruct them to accept the Offer on your behalf in sufficient time before the end of the Offer Period to enable your Controlling Participant to give effect to your acceptance of the Offer on CHESS during business hours. If you decide to use this Acceptance Form to authorise us to contact your Controlling Participant on your behalf, follow the instructions below. You should allow Link Market Services Limited (**Link**) sufficient time for the delivery of the Acceptance Form to your Controlling Participant on your behalf. Neither Australian Clinical Labs Limited, nor Link will be responsible for any delays incurred by this process.

This Acceptance Form relates to an offer (**Offer**) by Australian Clinical Labs Limited (ABN 94 645 711 128) (**ACL**) to acquire all of your Healius Shares, being fully paid ordinary shares in the capital of Healius Limited (ACN 064 530 516) (**Healius**), the terms of which are set out in the replacement bidder's statement in respect of the Offer issued by ACL dated 14 April 2023, as replaced or supplemented (the **Bidder's Statement**). This Acceptance Form and the Bidder's Statement that it accompanies are important documents that require your immediate attention. In particular, please refer to section 11.5 of the Bidder's Statement, which contains information about the effect of acceptance of the Offer. Capitalised terms used, but not otherwise defined, in this Acceptance Form have the meanings given to them in the Bidder's Statement.

Completion instructions

A

- **Please check the front page** to ensure that your name and address are correct. If incorrect, please write your correct details and initial the amendments. Amendments to your name or address can only be processed by your Controlling Participant.
- **Please note** your consideration will be issued in the names as they appear on the Healius register.

C

Please mark the box if you declare that either:

- you are an Australian tax resident; or
- you are not Australian tax resident and the Healius Shares that you, together with your 'associates', hold are 'membership interests' but not 'indirect Australian real property interests' (as those terms are defined in the *Income Tax Assessment Act 1936* (Cth) *and Income Tax Assessment Act 1997* (Cth), as relevant).

If you do not mark the box, Australian Clinical Labs Limited may withhold 12.5% of the Offer Consideration otherwise payable to you. Please refer to section 9.4 of the Bidder's Statement for further details before completing this section.

E

- **Please sign this Acceptance Form** in the places for signature(s) set out on the front page and in accordance with the following instructions:
  - **Joint Securityholders:** If your Healius Shares are held in the names of more than one person, all of those persons must sign this Acceptance Form.
  - **Corporations:** This Acceptance Form must be signed by either two directors or a director and a company secretary. Alternatively, where the company has a sole director and, pursuant to the Corporations Act, there is no company secretary, or where the sole director is also the sole company secretary, that director may sign alone. Alternatively, a duly appointed attorney may sign.
  - **Powers of attorney:** If this Acceptance Form is signed under a power of attorney, please attach a certified copy of the power of attorney to this Acceptance Form when you return it. If this Acceptance Form is signed under power of attorney, the attorney declares that he/she has no notice of revocation of the power of attorney.
  - **Deceased Estates:** All the executors and administrators must sign this Acceptance Form. When you return this Acceptance Form, please attach it to a certified copy of probate, letters of administration or certificate of grant accompanied (where required by law for the purpose of transfer) by a certificate of payment of death or succession duties and (if necessary) a statement in terms of section 1071B(9)(b)(iii) of the Corporations Act.

Personal Information Collection Notification Statement: Personal information about you is held on the public register in accordance with Chapter 2C of the Corporations Act. For details about Link Group's personal information handling practices including collection, use and disclosure and how you may access and correct your personal information and raise privacy concerns, visit our website at www.linkmarketservices.com.au for a copy of the Link Group condensed privacy statement, or contact us by phone on +61 1800 502 355 (free call within Australia) 9am–5pm (Sydney time) Monday to Friday (excluding public holidays) to request a copy of our complete privacy policy.

Lodgement instructions

- Lodge completed Acceptance Form(s) and any other documents required by the above instructions to:

Mailing Address
Link Market Services Limited
Takeover Bid for Healius
Locked Bag A14
SYDNEY SOUTH NSW 1235

or

Hand Delivery
Link Market Services Limited
Takeover Bid for Healius
Parramatta Square, Level 22, Tower 6,
10 DARCY STREET, PARRAMATTA NSW 2150

or

Email Delivery
Takeover@linkmarketservices.com.au

- A reply paid envelope is enclosed for use within Australia.

Your acceptance must be received by no later than the end of the Offer Period, which is 7:00pm (Sydney time) on the last day of the Offer Period.

If you have any questions about the terms of the Offer or how to accept, please call the Offer Information Line on the following numbers between 8.30am and 5.00pm (Sydney time), Monday to Friday:

within Australia: 1800 882 147
outside Australia: +61 1800 882 147

Australian Clinical Labs Limited
ABN 94 645 711 128

LINK Market Services

Need help?

Contact Australian Clinical Labs Limited Offer Information Line

Phone 1800 882 147 (from within Australia) or +61 1800 882 147 (from outside Australia) between 8.30am and 5.00pm (Sydney time), Monday to Friday

A Your name

SAMPLE NAME 1
SAMPLE NAME 2
<SAMPLE A/C>
SAMPLE ADDRESS 1
SAMPLE ADDRESS 2

Your holding

Securityholder Reference Number: I12345678910

Healius Shares held as at Register Date: 99,999,999

If your holding has changed between the Register Date and the time of your acceptance of the Offer, then write your current holding of Healius Shares here. Your acceptance will be granted in respect of your updated holding.

This is an important document. If you are in doubt as to how to complete this form, please consult your financial or other professional adviser immediately.

Takeover Acceptance Form – Issuer Sponsored Subregister

This is a personalised form (**Acceptance Form**) for the sole use of the holder and holding recorded above.

B You must give your instructions to accept the Offer

If you correctly sign and return this form, you will be deemed to have accepted the Offer in respect of **ALL** of your Healius Shares. Your form must be received before the Offer closes.

* ☐ **Offer Consideration** – 0.74 ACL Shares for each Healius Share held, subject to the terms and conditions of the Offer, as set out in the Bidder's Statement.

*Mark this box if you wish to accept the Offer for all of your Healius Shares.

C Non-Withholding Declaration

☐ By marking this box, I/we declare that either:

- I/we am/are Australian tax resident(s); or
- I/we am/are not Australian tax resident(s) and the Healius Shares I/we, together with my/our 'associates', hold are 'membership interests' but not 'indirect Australian real property interests' (as those terms are defined in the Income Tax Assessment Act 1936 (Cth) and Income Tax Assessment Act 1997 (Cth), as relevant).

<u>One way that the Healius Shares will not be indirect Australian real property interests is where you together with your associates have held less than 10% of the Healius Shares at all times during the 2 years before acceptance.</u> Please refer to section 9.4 of the Bidder's Statement for further details before completing this section.

If you do not mark this box, Australian Clinical Labs Limited may withhold 12.5% of the Offer Consideration otherwise payable to you.

D Contact details

Please provide your contact name and telephone number in case we need to speak to you about this Acceptance Form.

Telephone Number where you can be contacted during business hours	Contact Name (PRINT)
( )	

E You must sign this form for your instructions in this Acceptance Form to be executed

I/We, the person(s) named above, accept the Offer in respect of all my/our Healius Shares and hereby agree to transfer to Australian Clinical Labs Limited all my/our Healius Shares for the consideration specified in the Offer, and on the terms and conditions of the Offer as set out in the Bidder's Statement.

Securityholder 1 (Individual)	Securityholder 2 (Individual)	Securityholder 3 (Individual)
Sole Director and Sole Company Secretary/ Sole Director (delete one)	Secretary/Director (delete one)	Director

Please refer overleaf for further important instructions

REGISTRY USE ONLY

SRN

Holding

ACL TKO001

Further Important Instructions

Your Healius Shares are in an Issuer Sponsored Holding. To accept the Offer, you must complete and return this Acceptance Form in accordance with the instructions below.

This Acceptance Form relates to an offer (**Offer**) by Australian Clinical Labs Limited (ABN 94 645 711 128) (**ACL**) to acquire all of your Healius Shares, being fully paid ordinary shares in the capital of Healius Limited (ACN 064 530 516) (**Healius**), the terms of which are set out in the replacement bidder's statement in respect of the Offer issued by ACL dated 14 April 2023, as replaced or supplemented (the **Bidder's Statement**). This Acceptance Form and the Bidder's Statement that it accompanies are important documents that require your immediate attention. In particular, please refer to section 11.5 of the Bidder's Statement, which contains information about the effect of acceptance of the Offer. Capitalised terms used, but not otherwise defined, in this Acceptance Form have the meanings given to them in the Bidder's Statement.

Completion instructions

A

- **Please check the front page** to ensure that your name and address are correct. If incorrect, please write your correct details and initial the amendments. Amendments to your name can only be processed by the Healius share registry.
- **Please note** your consideration will be issued in the names as they appear on the Healius register.

C

Please mark the box if you declare that either:

- you are an Australian tax resident; or
- you are not Australian tax resident and the Healius Shares that you, together with your 'associates', hold are 'membership interests' but not 'indirect Australian real property interests' (as those terms are defined in the *Income Tax Assessment Act 1936* (Cth) *and Income Tax Assessment Act 1997* (Cth), as relevant).

If you do not mark the box, Australian Clinical Labs Limited may withhold 12.5% of the Offer Consideration otherwise payable to you. Please refer to Section 9.4 of the Bidder's Statement for further details before completing this section.

E

- **Please sign this Acceptance Form** in the places for signature(s) set out on the front page and in accordance with the following instructions:
  - **Joint Securityholders:** If your Healius Shares are held in the names of more than one person, all of those persons must sign this Acceptance Form.
  - **Corporations:** This Acceptance Form must be signed by either two directors or a director and a company secretary. Alternatively, where the company has a sole director and, pursuant to the Corporations Act, there is no company secretary, or where the sole director is also the sole company secretary, that director may sign alone. Alternatively, a duly appointed attorney may sign.
  - **Powers of attorney:** If this Acceptance Form is signed under a power of attorney, please attach a certified copy of the power of attorney to this Acceptance Form when you return it. If this Acceptance Form is signed under power of attorney, the attorney declares that he/she has no notice of revocation of the power of attorney.
  - **Deceased Estates:** All the executors and administrators must sign this Acceptance Form. When you return this Acceptance Form, please attach it to a certified copy of probate, letters of administration or certificate of grant accompanied (where required by law for the purpose of transfer) by a certificate of payment of death or succession duties and (if necessary) a statement in terms of section 1071B(9)(b)(iii) of the Corporations Act.

Personal Information Collection Notification Statement: Personal information about you is held on the public register in accordance with Chapter 2C of the Corporations Act. For details about Link Group's personal information handling practices including collection, use and disclosure and how you may access and correct your personal information and raise privacy concerns, visit our website at www.linkmarketservices.com.au for a copy of the Link Group condensed privacy statement, or contact us by phone on +61 1800 502 355 (free call within Australia) 9am–5pm (Sydney time) Monday to Friday (excluding public holidays) to request a copy of our complete privacy policy.

Lodgement instructions

- Lodge completed Acceptance Form(s) and any other documents required by the above instructions to:

Mailing Address	or	**Hand Delivery**	or	**Email Delivery**
Link Market Services Limited Takeover Bid for Healius Locked Bag A14 SYDNEY SOUTH NSW 1235		Link Market Services Limited Takeover Bid for Healius Parramatta Square, Level 22, Tower 6, 10 DARCY STREET, PARRAMATTA NSW 2150		takeover@linkmarketservices.com.au

- A reply paid envelope is enclosed for use within Australia.

Your acceptance must be received by no later than the end of the Offer Period, which is 7:00pm (Sydney time) on the last day of the Offer Period.

If you have any questions about the terms of the Offer or how to accept, please call the Offer Information Line on the following numbers between 8.30am and 5.00pm (Sydney time), Monday to Friday:

within Australia: 1800 882 147
outside Australia: +61 1800 882 147