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Takeover Offer for Healius Limited – Healius' announced Entitlement Offer

Australian Clinical Labs Limited (**ACL**) refers to its off-market takeover offer for all of the fully paid ordinary shares on issue in Healius Limited (**Healius**), the terms and conditions of which are set out in ACL's replacement bidder's statement dated 14 April 2023 (**Bidder's Statement**)¹ (the **Offer**).²

Healius' Entitlement Offer

ACL notes that, on Monday, 20 November 2023, Healius released to the ASX an announcement and an investor presentation (the **Entitlement Offer Announcements**) that disclosed, amongst other things, that:

- 1 Healius will undertake a fully underwritten pro-rata, accelerated, non-renounceable entitlement offer to raise approximately \$187 million (**Entitlement Offer**). Under the Entitlement Offer, Healius will issue approximately 156.1 million new Healius Shares (**New Healius Shares**) (representing approximately 27.4% of the Healius Shares currently on issue), the proceeds from which will be used to reduce Healius' net debt; and
- 2 Healius' debt financiers have agreed to waive Healius' gearing covenant for 1HY24 and temporarily increase Healius' gearing covenant in respect of 30 June 2024 from 3.5x to 4.0x underlying EBITDA, in conjunction with a commitment from Healius to reduce its total bank facilities and drawn debt by specified amounts before 30 June 2024 (and the proceeds from the Entitlement Offer will be used by Healius to satisfy this commitment).

Likely or expected breaches of certain Conditions

Based on the information in the Entitlement Offer Announcements, ACL has identified the following expected or likely breaches of Conditions:

- **Prescribed Occurrences Condition:**³ if the Entitlement Offer proceeds, it will result in the issue of New Healius Shares. If that occurs, as Healius acknowledges in the Entitlement Offer Announcements, this Condition will not be satisfied; and

¹ As supplemented by ACL's second supplementary bidder's statement dated 22 May 2023, ACL's third supplementary bidder's statement dated 9 October 2023 and ACL's fourth supplementary bidder's statement dated 9 November 2023, and as varied by ACL's notice of variation of the Offer dated 20 July 2023 and ACL's notice of variation of the Offer dated 1 November 2023.

² Capitalised terms used in this announcement have the same meanings given to them in the Bidder's Statement, unless the context requires otherwise.

³ Condition in Section 11.9(o)(iv) of the Bidder's Statement, which relates to Healius making an issue of shares or granting an option over its shares or agreeing to do so (other than certain exceptions).

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- **Debt Covenants:**⁴ based on the information in the Entitlement Offer Announcements, ACL considers that it is likely that the matters described in paragraph (2) above will cause this Condition to not be satisfied.

ACL reserves its right to rely on any or all of the breaches of the Conditions that have occurred, or will or may occur, as a result of the matters summarised above (including those likely or expected breaches specifically identified above), and its right to waive any such breaches.

Offer does not extend to New Healius Shares

As Healius acknowledges in the Entitlement Offer Announcements, the Offer does not extend to any New Healius Shares issued under the Entitlement Offer. However, it is open to ACL to apply to ASIC for a modification of the relevant sections of the Corporations Act to allow the Offer to extend to the New Healius Shares and to allow the Offer Consideration to be amended to take account of the issue of the New Healius Shares under the Entitlement Offer. In the Entitlement Offer Announcements, Healius states to the effect that it is willing to consent to and support any application for such a modification made by ACL. As at the time of this announcement, ACL has not determined whether it will apply for such a modification from ASIC, but reserves its right to do so. It is also not certain whether, if ACL applied for such a modification, ASIC would grant it (whether on conditions acceptable to ACL or at all).

ACL's consideration of the Entitlement Offer

ACL is considering the Entitlement Offer, the information in the Entitlement Offer Announcements, and the likely or expected breaches of Conditions summarised above, as well as the implications of those matters for the Offer. ACL will provide an update to ACL Shareholders and Healius Shareholders at the appropriate time following its detailed review and consideration of those matters and ACL's options in relation to the Offer.

– ENDS –

This announcement was authorised for release to the ASX by the ACL Board.

For further information regarding this announcement, please contact:

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About Australian Clinical Labs

ACL is a leading Australian private provider of pathology services. Our NATA accredited laboratories perform a diverse range of pathology tests each year for a range of clients including doctors, specialists, patients, hospitals and corporate clients. ACL is one of the largest private hospital pathology businesses nationally. ACL is focused on its mission of combining talented people, and medical and scientific leadership, with innovative thinking and technologies to empower decision making that saves and improves patients' lives.

⁴ Condition in Section 11.9(r)(ii) of the Bidder's Statement, which relates to Healius being granted or permitted any waivers, standstills or similar indulgences by lenders in respect of a breach (or a circumstance which, in the absence of such a waiver, standstill or similar indulgence, would have been a breach) of a Debt Covenant.