

**ASX Announcement (ASX: HLS)**

ASX Limited  
Market Announcements Office  
Exchange Centre  
Level 4, 20 Bridge Street  
Sydney NSW 2000

4 May 2023



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Dear Sir/ Madam

**Healius Limited (ASX: HLS) – off-market takeover bid by Australian Clinical Labs Limited (ASX: ACL) – lodgement of Target’s Statement**

We attach, as required by item 14 of section 633(1) of the *Corporations Act 2001* (Cth), a copy of the target’s statement (**Target’s Statement**) of Healius Limited (ACN 064 530 516) (**Healius**) in response to the off-market takeover bid by Australian Clinical Labs Limited (ACN 645 711 128) (**ACL**) for all of the fully paid ordinary shares in Healius.

The Target’s Statement has been sent to ACL and lodged with the Australian Securities and Investments Commission today.

The Target’s Statement will today be sent to Healius shareholders by the following means:

- (a) Healius shareholders who have nominated an email address to receive communications from Healius will receive an email to their nominated email address with a link to an electronic copy of the Target’s Statement; and
- (b) Healius shareholders who have not nominated an email address to receive communications from Healius will receive a letter from Healius to their registered postal address, which will contain details of a link to an electronic copy of the Target’s Statement.

Healius shareholders may also request a hard copy of the Target’s Statement be sent to them (if in Australia, by pre-paid ordinary post, or, if outside Australia, by pre-paid airmail post) by contacting the Healius Shareholder Information Line on 1300 103 401 (if in Australia) or +61 2 9066 4063 (if outside Australia) from 9am to 5pm Monday to Friday (Sydney time).

Authorised for release by the Board.

**ENDS**

For further information contact:

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**Shareholders**

Computershare Investor Centre  
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<https://www.computershare.com/au>

*For over 30 years Healius has been one of Australia’s leading healthcare companies, committed to supporting quality, affordable and accessible healthcare for all Australians. Today, Healius has two core diagnostics businesses, pathology and imaging. Through its unique footprint of centres and its 10,500 employees, Healius provides Australia-wide specialty diagnostic services to consumers and their referring practitioners.*

# Target's Statement

This Target's Statement has been issued by Healius Limited (ACN 064 530 516) in response to the conditional unsolicited off-market takeover bid made by Australian Clinical Labs Limited (ACN 645 711 128).

## THIS IS AN IMPORTANT DOCUMENT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to its contents, you should contact your financial, tax or other professional adviser immediately.

**YOUR HEALIUS DIRECTORS UNANIMOUSLY RECOMMEND THAT YOU**

# REJECT

the Offer and **DO NOTHING** in relation to any documents received from Australian Clinical Labs Limited

IF YOU HAVE ANY QUESTIONS IN RELATION TO THE OFFER YOU CAN CONTACT THE HEALIUS SHAREHOLDER INFORMATION LINE ON 1300 103 401 (WITHIN AUSTRALIA) OR +61 2 9066 4063 (OUTSIDE AUSTRALIA) WHICH IS AVAILABLE MONDAY TO FRIDAY, BETWEEN 9:00AM TO 5:00PM (SYDNEY TIME).

Financial adviser

**GRESHAM**

Legal adviser

**KING & WOOD  
MALLESONS**  
金杜律师事务所



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# Important notices

This document is the Target's Statement dated 4 May 2023 given by Healius under Part 6.5 Division 3 of the Corporations Act. This Target's Statement is given in response to the replacement Bidder's Statement dated 14 April 2023 which ACL served on Healius on 14 April 2023 in relation to the Offer by ACL to acquire all of your Healius Shares. The purpose of this Target's Statement is to provide you, as a Healius Shareholder, with information in response to the Bidder's Statement to assist you in your decision as to whether or not to accept the Offer.

You should read this Target's Statement in its entirety before making a decision as to whether or not to accept the Offer for your Healius Shares.

## Defined terms and interpretation

Capitalised terms and certain abbreviations used in this Target's Statement have the meanings set out in the glossary in Section 9.1. In addition, unless the contrary intention appears or the context requires otherwise, words and phrases used in this Target's Statement have the same meaning and interpretation as in the Corporations Act.

Section 9.2 sets out some rules of interpretation which apply to this Target's Statement.

Unless otherwise specified, all references to \$, A\$, AUD and cents are references to Australian currency.

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

## No account of personal circumstances

This Target's Statement and the recommendations and other information contained in it do not constitute financial product advice and should not be taken as personal financial or taxation advice, as each Healius Shareholder's deliberations and decision will depend upon their own financial situation, tax position, investment objectives and particular needs.

Your Healius Directors encourage you to seek independent financial and taxation advice before making a decision as to whether or not to accept the Offer for your Healius Shares.

## Disclaimer regarding forward looking statements

This Target's Statement contains forward looking statements. Forward looking statements generally relate to future events or future financial or operating performance. In some cases, you can identify forward looking statements because they contain words such as "aim", "may", "might", "will", "likely", "shall", "should", "expects", "foresee", "plans", "anticipates", "could", "is confident", "intends", "target", "projects", "contemplates", "believes", "estimates", "predicts", "potential" or "continue" or the negative of these words or other similar terms or expressions that convey expectations, strategy, plans or intentions.

You should be aware that such statements are not guarantees or predictions of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors that could cause the actual results, performance or achievements of Healius to be materially different from future results, performance or achievements expressed or implied by those statements. Those risks and uncertainties include factors and risks specific to the industry in which Healius operates as well as general economic conditions 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 and such deviations are both normal and to be expected. None of Healius, Healius Group, any of its officers or employees, or any person named in this Target's Statement with their consent or any person involved in the preparation of this Target's Statement makes any representation, warranty, assurance or guarantee (either 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 statements.

The forward looking statements in this Target's Statement reflect views held only as at the date of this Target's Statement. Subject to any continuing obligations under the Listing Rules or the Corporations Act, Healius and its officers disclaim any obligation or undertaking to update or revise any forward looking statements to reflect any change in expectations in relation to them or any change in events, conditions or circumstances on which any forward looking statement is based.

## ASIC and ASX disclaimer

A copy of this Target's Statement was lodged with ASIC and given to ASX on 4 May 2023. None of ASIC, ASX or any of their respective officers takes any responsibility for the content of this Target's Statement.

## Disclaimer as to information

The information in this Target's Statement about ACL has been compiled from or is otherwise based on information obtained from publicly available sources and has not been independently audited or verified by Healius or its advisers. Accordingly, Healius does not, subject to the Corporations Act, make any representation or warranty (either express or implied), as to the accuracy or completeness of such information. If the information obtained or the public sources is inaccurate or incomplete, this may affect the information included in this Target's Statement. In particular, if the information has been used as the basis for forward looking statements in this Target's Statement, this may add to the risk that actual values, results, performance or achievements will differ materially from those expressed or implied by the forward looking statements.

## Foreign jurisdictions and Ineligible Foreign Shareholders

The release, publication or distribution of this Target's Statement in jurisdictions other than Australia may be restricted by law or regulation in such other jurisdictions and persons who come into possession of it should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable laws or regulations. This Target's Statement has been prepared in accordance with Australian law and the information contained in this Target's Statement may not be the same as that which would have been disclosed if this Target's Statement had been prepared in accordance with the laws and regulations outside Australia.

Healius Shareholders that are Ineligible Foreign Shareholders will not be entitled to receive the Offer Consideration 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 ASX with the net proceeds returned in cash calculated in accordance with Section 11.8 of the Bidder's Statement. Refer to Section 10.3(b) of the Bidder's Statement or Section 5.12 for further information.

## Charts, diagrams and rounding

Any diagrams, charts, maps, graphs and tables appearing in this Target's Statement are illustrative only and may not be drawn to scale. Unless stated otherwise, all data contained in diagrams, charts, maps, graphs and tables is based on information available at the date of this Target's Statement. A number of amounts, percentages, prices, estimates and other figures in this Target's Statement are subject to the effect of rounding. Accordingly, actual numbers may differ from those set out in this Target's Statement.

## Websites

The content of Healius' website does not form part of this Target's Statement and Healius Shareholders should not rely on website content.

Any website links in this Target's Statement are textual references only. Information contained in, or otherwise accessible from, those websites does not form part of this Target's Statement.

## Privacy

Healius has collected your information from the Healius Share Registry for the purpose of providing you with this Target's Statement. The type of information Healius has collected about you includes your name, contact details and information on your shareholding in Healius. Without this information, Healius would be hindered in its ability to issue this Target's Statement. The Corporations Act requires the name and address of shareholders to be held in a public register. Your information may be disclosed on a confidential basis to Healius' Related Bodies Corporate and external service providers (such as the Healius Share Registry and print and mail service providers) and may be required to be disclosed to regulators such as ASIC. If you would like details of information about you held by Healius, please contact [privacyofficer@healius.com.au](mailto:privacyofficer@healius.com.au). Healius' privacy policy is available at [www.healius.com.au/privacy-policy](http://www.healius.com.au/privacy-policy). The registered address of Healius is Level 22, 161 Castlereagh St, Sydney NSW 2000.

## Healius Shareholder Information Line

Healius has established a Healius Shareholder Information Line which Healius Shareholders should call if they have any queries in relation to the Offer. The telephone number for the Healius Shareholder Information Line is:

- 1300 103 401 (within Australia); or
- +61 2 9066 4063 (outside Australia),

which is available Monday to Friday between 9:00am and 5:00pm (Sydney time).

Further information relating to the Offer can be obtained from Healius' website at [www.healius.com.au/ACL-takeover-offer](http://www.healius.com.au/ACL-takeover-offer).

## Key dates

Date of Offer	21 April 2023
Date of this Target's Statement	4 May 2023
Scheduled close of Offer Period (unless withdrawn or extended)	7:00pm (Sydney time) on 29 September 2023

Note: the closing date for the Offer may change as permitted by the Corporations Act.

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# Chair's letter



Dear Healius Shareholder

## YOUR DIRECTORS RECOMMEND YOU REJECT THE PLAINLY INADEQUATE OFFER

You should have recently received a Bidder's Statement from Australian Clinical Labs Limited (**ACL**) in relation to its unsolicited conditional offer to acquire all of your shares in Healius Limited (**Healius**) (**Offer**). ACL is offering 0.74 ACL Shares for each Healius Share.

Your Board has carefully considered the Offer to assess whether it is in the best interests of Healius Shareholders. Your Board believes the Offer is unattractive in terms of its structure, certainty and terms, and unanimously recommends you **REJECT** the Offer. Your Healius Directors will continue to make decisions having regard to the best interests of Healius Shareholders.

For clarity, your Board is not opposed to engaging in discussions with ACL, or another party, in relation to a control transaction or merger proposal that is in the best interests of Healius Shareholders. However, for the reasons outlined in this Target's Statement, the Offer on its current terms is clearly not that transaction.

### Reasons for the Board's recommendation

The key reasons why your Healius Directors recommend you **REJECT** the Offer are outlined below:

- |    |   |
|----|---|
| 1. | The Offer is plainly inadequate. ACL is seeking control of Healius but offers no cash and no premium.   |
| 2. | The unsolicited conditional Offer is opportunistically timed and would result in an unfair transfer of value from Healius Shareholders to ACL Shareholders. |
| 3. | There is material uncertainty that the Offer would deliver the Expected Cost Synergies.   |
| 4. | The Offer is highly conditional and uncertain to proceed.   |
| 5. | If you accept the Offer, you may be unable to accept a superior proposal if one emerges.  |
| 6. | You should consider the motivations of ACL's largest shareholder and the uncertainty of future ownership and control of ACL.                                |

- The Offer is plainly inadequate. ACL is seeking control of Healius but offers no cash and no premium:** the implied value of the Offer based on the closing price of Healius Shares on the Last Practicable Date<sup>1</sup> is \$2.67 per Healius Share. This represents a 13.0% discount to the closing price of Healius Shares on the same date.

The Offer contains no premium for control, yet ACL intends to exert both management and board control over the Merged Group that would be created if the Offer were successful.<sup>2</sup>

- The unsolicited conditional Offer is opportunistically timed and would result in an unfair transfer of value from Healius Shareholders to ACL Shareholders:** the Offer exchange ratio has represented an implied discount to the prevailing Healius Share price on approximately 96% of the trading days since ACL listed on ASX in May 2021.<sup>3</sup> The opportunistically timed Offer would result in an unfair transfer of value to ACL Shareholders, including ACL's largest shareholder, Crescent Capital Partners (**Crescent**) (an Australian private equity firm).

- There is material uncertainty that the Offer would deliver the Expected Cost Synergies:** the requirement for ACCC approval and the existence of the 90% Minimum Acceptance Condition means that there is a real likelihood that ACL may not achieve all of the Expected Cost Synergies.

Your Healius Directors note that ACL has issued a replacement Bidder's Statement that reflects important changes that ACL agreed to make in order to address some of the serious concerns Healius had with ACL's original Bidder's Statement. In our view, the material uncertainties and their consequences remain inadequately disclosed to Healius Shareholders.

- The Last Practicable Date is 2 May 2023, being the last practicable trading date on ASX prior to finalisation of this Target's Statement. See Section 1.1 for further details.
- ACL has indicated in its Bidder's Statement that the senior management of the Merged Group will predominantly comprise ACL's current senior management team. ACL intends to replace all of your Healius Directors with nominees from ACL should the Offer be successful. ACL has not made any decision as to whether any existing Healius Directors would be asked to join the ACL Board.
- See Section 1.2(a).

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### Expected Cost Synergies

As noted above, ACL offers no premium. Rather, the Offer represents a material discount. ACL has claimed that the majority of the benefits that would accrue to Healius Shareholders would be as a result of merging the 2 companies with cost synergies to be extracted over 4 to 5 years. Given that the businesses compete in many of the same markets in pathology, such a merging would require prior ACCC approval. This is a lengthy and uncertain process with a potentially wide range of outcomes – from refusal, to approval subject to conditions (including divestments) through to unconditional approval.

Your Healius Directors consider the outcome of the ACCC process to be highly uncertain and ACL's assumptions to be overly simplistic and should be regarded with scepticism. In our view, the lowest probability outcome of the ACCC process is ACCC approval without any requirement for divestments. Any requirement for material divestments would have an adverse impact on any available synergies. Yet, in order to portray the Offer as having benefits for Healius Shareholders, ACL presents what your Healius Directors believe to be the lowest probability outcome as the highest probability outcome.

### 90% Minimum Acceptance Condition

The Offer is subject to a minimum acceptance condition of 90%. Should ACL fail to achieve this level of acceptances it would be unable to fully merge or integrate the 2 companies without having regard to minority investors who remain Healius Shareholders. This would lead to significant complexity and a reduction in any Expected Cost Synergies following the conclusion of the ACCC process. Given the composition of the Healius share register, your Healius Directors consider the prospect of meeting the 90% Minimum Acceptance Condition to be highly uncertain.<sup>4</sup>

Your Directors note that Perpetual Investment Management (part of the Perpetual Group) and Tanarra, owning approximately 12.4% and 8.5% of Healius respectively (20.9% in total), have both labelled the Offer in its current form as “*unattractive*”. Additionally, approximately 27% of Healius' share register as at the Last Practicable Date is comprised of index and quant funds that are typically unable to accept conditional offers, meaning there is a real likelihood that ACL will be required to waive the 90% Minimum Acceptance Condition.

4. **The Offer is highly conditional and uncertain to proceed:** the Offer is subject to an extensive list of 25 individual Conditions and triggering any of the Conditions may cause the Offer to lapse. There is no certainty the Offer will proceed. If you accept the Offer whilst it remains subject to Conditions, you may lose control of your Healius Shares (subject to limited rights to revoke or withdraw your acceptance<sup>5</sup>) and be unable to trade your Healius Shares for the duration of the Offer Period (approximately 5 months, currently scheduled to close on 29 September 2023 unless extended).
5. **If you accept the Offer, you may be unable to accept a superior proposal if one emerges:** accepting the Offer may deny you the benefit of any subsequent superior proposal by another party, should one emerge during the lengthy Offer Period.<sup>6</sup>
6. **You should consider the motivations of ACL's largest shareholder and the uncertainty of future ownership and control of ACL:** ACL's largest shareholder (30.1%) is Australian private equity firm, Crescent.<sup>7</sup> The chair of ACL is the founding partner of Crescent. Your Healius Directors do not believe Crescent is a long-term holder of ACL Shares. The ACL Shares held by Crescent are no longer escrowed and Crescent sold 28.9 million ACL Shares on 12 August 2022 representing 14.3% of the issued share capital of ACL. Healius Shareholders should assume that Crescent will look to exit their investment in accordance with Crescent Capital Partners Fund V tenure, expected to be between 2025 and 2027, described by Crescent as the date at which investors should expect this fund to be fully realised. Your Directors believe this could create short term incentives not aligned with the interests of longer term holders and the orderly achievement of the up to 5 year merger integration programme ACL has proposed.

Each Healius Director who holds or controls Healius Shares intends to **REJECT** the Offer in relation to those Healius Shares.

To **REJECT** the Offer, you should **DO NOTHING** and **TAKE NO ACTION** in relation to all documents sent to you by ACL.

If you have any queries in relation to this Target's Statement or the Offer, you can call the Healius Shareholder Information Line on 1300 103 401 (within Australia) or +61 2 9066 4063 (outside Australia) which is available Monday to Friday between 9:00am to 5:00pm (Sydney time).

Yours sincerely



**Jenny Macdonald**  
Chair  
Healius Limited

4. See Section 1.3(b).

5. You may revoke your acceptance of the Offer at any time until the FIRB Condition has been satisfied (or waived, if permitted by law). However, you may not receive any notice from ACL before that occurs. Once the FIRB Condition has been satisfied (or waived, if permitted by law), you will only be able to withdraw your acceptance in the limited circumstances provided under the Corporations Act. See Section 5.7 for further information on withdrawal rights.

6. As at the date of this Target's Statement, no superior proposal has emerged.

7. See Section 2.4 of the Bidder's Statement for further information on the shareholding and voting power of Crescent and/or its Associates in ACL.

## How to REJECT the Offer

- 1** To **REJECT** the Offer, **DO NOTHING** and **TAKE NO ACTION** in relation to all documents sent to you by ACL.
- 2** You should read this Target's Statement which contains your Healius Directors' recommendation to **REJECT** the Offer and the reasons for this recommendation.
- 3** If you have any queries in relation to the Offer, please contact the Healius Shareholder Information Line on 1300 103 401 or +61 2 9066 4063 (outside Australia) which is available Monday to Friday between 9:00am and 5:00pm (Sydney time).

To **REJECT** the Offer, **DO NOTHING** and **TAKE NO ACTION** in relation to all documents sent to you by ACL.

## Key Reasons to REJECT the Offer

- 1** The Offer is plainly inadequate. ACL is seeking control of Healius but offers no cash and no premium.
- 2** The unsolicited conditional Offer is opportunistically timed and would result in an unfair transfer of value from Healius Shareholders to ACL Shareholders.
- 3** There is material uncertainty that the Offer would deliver the Expected Cost Synergies.
- 4** The Offer is highly conditional and uncertain to proceed.
- 5** If you accept the Offer, you may be unable to accept a superior proposal if one emerges.
- 6** You should consider the motivations of ACL's largest shareholder and the uncertainty of future ownership and control of ACL.

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# Healius Directors' recommendation and intention to REJECT the Offer

## Directors of Healius

The Healius Directors as at the date of this Target's Statement are:

- Ms Jennifer (Jenny) Macdonald, Chair and Non-Executive Director;
- Ms Maxine Jaquet, Managing Director and Chief Executive Officer;
- Mr Gordon Davis, Non-Executive Director;
- Ms Sally Evans, Non-Executive Director;
- Ms Kathryn (Kate) McKenzie, Non-Executive Director;
- Professor John Mattick, Non-Executive Director; and
- Mr Charles Taylor, Non-Executive Director.

## Recommendations and intentions

In assessing the Offer, your Healius Directors have had regard to a number of considerations, including the information set out in this Target's Statement and the Bidder's Statement.

Based on this assessment and for the reasons set out in this Target's Statement (in particular those set out in Section 1), your Healius Directors believe that the Offer is unattractive in terms of its structure, certainty and terms.

## Each of your Healius Directors recommends that you REJECT the Offer

Each of your Healius Directors who, as at the date of this Target's Statement, hold or control Healius Shares intends to **REJECT** the Offer in relation to those Healius Shares (refer to Section 8.1(a) for more information on the respective Healius shareholdings of your Healius Directors).

To **REJECT** the Offer you should **DO NOTHING** and **TAKE NO ACTION** in relation to all documents sent to you by ACL.

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# 1. Reasons to **REJECT** the Offer

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# 1. Reasons to REJECT the Offer

## 1.1 The Offer is plainly inadequate. ACL is seeking control of Healius but offers no cash and no premium

The Offer is an all scrip offer. If you accept the Offer, you will become an ACL Shareholder and will receive 0.74 ACL Shares for every Healius Share you own (based on the exchange ratio under the Offer). You will not receive any cash for the sale of your Healius Shares under the Offer.<sup>8</sup>

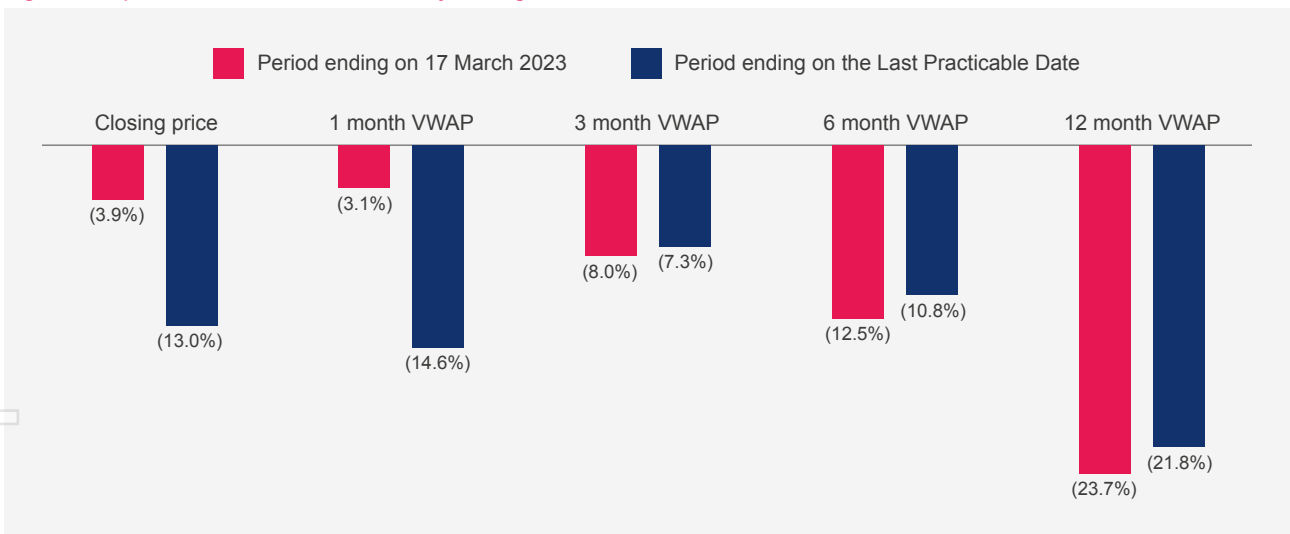
ACL has described the Offer as a “nil-premium merger”. Your Healius Directors believe this is incorrect.<sup>9</sup> The ACL Offer is an unsolicited, hostile takeover where ACL, a smaller business than Healius, is seeking to obtain control of Healius without paying a control premium.<sup>10</sup>

The implied value of the Offer based on the closing price of ACL Shares on the Last Practicable Date is \$2.67 (**Implied Offer Value**).

The Implied Offer Value of \$2.67 represents:

- a discount of 3.9% to the last trading price for Healius Shares on 17 March 2023, the last trading day prior to the Announcement Date;
- a discount of 13.0% to the closing price of Healius Shares on the Last Practicable Date;
- a discount of 3.1% and 14.6% to the 1-month VWAPs to 17 March 2023 and the Last Practicable Date respectively;
- a discount of 8.0% and 7.3% to the 3-month VWAPs to each of 17 March 2023 and the Last Practicable Date respectively;
- a discount of 12.5% and 10.8% to the 6-month VWAPs to 17 March 2023 and the Last Practicable Date respectively; and
- a discount of 23.7% and 21.8% to the 12-month VWAPs to 17 March 2023 and the Last Practicable Date respectively.<sup>11</sup>

Figure 1: Implied Offer Value discount to key trading metrics<sup>12</sup>



8. See Sections 5.12 and 5.13 for details of the consideration payable in certain circumstances to Ineligible Foreign Shareholders and Small Parcel Shareholders who are not eligible to receive ACL Shares under the Offer and who will instead receive the net proceeds of the sale on ASX of the ACL Shares to which they would have otherwise been entitled.

9. 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 H1FY23 Report to the ASX) to 17 March 2023 (defined in the Bidder's Statement as Post-Results Healius VWAP and Post-Results ACL VWAP respectively). ACL has used this as the basis for statements in the Bidder's Statement describing the Offer as representing a "nil-premium merger", stating that ACL believes that the trading in ACL Shares and Healius Shares in this period is more representative of the trading values of Healius and ACL in an informed market than share price comparisons in any prior period after ACL's listing on the ASX. Healius believes prior periods are reasonable to include for the reasons given in Section 1.2(b).

10. ACL has indicated in its Bidder's Statement that it intends to control both senior management and the Healius Board. Whilst ACL intends to undertake a review, it expects the senior management team of the Merged Group to predominantly comprise members from ACL's current senior management team. If Successful Offer Completion occurs, ACL also intends to replace all of the Healius Directors with nominees from ACL. It is unclear whether any existing Healius Directors will be asked to join the ACL Board.

11. Trading data sourced from IRESS. As permitted by the ASIC Corporations (Consents to Statements) Instrument 2016/72, ASX share price trading information can be sourced from IRESS without its consent. 1-month VWAP calculated over the period 20 February 2023 to 17 March 2023 and 3 April 2023 to 2 May 2023. 3-month VWAP calculated over the period 19 December 2022 to 17 March 2023 and 3 February 2023 to 2 May 2023. 6-month VWAP calculated over the period 19 September 22 to 17 March 23 and 3 November 22 to 2 May 2023. 12-month VWAP 18 March 2022 to 17 March 2023 and 3 May 2022 to 2 May 2023.

12. VWAP calculations as per footnote 11.

# 1. Reasons to REJECT the Offer continued

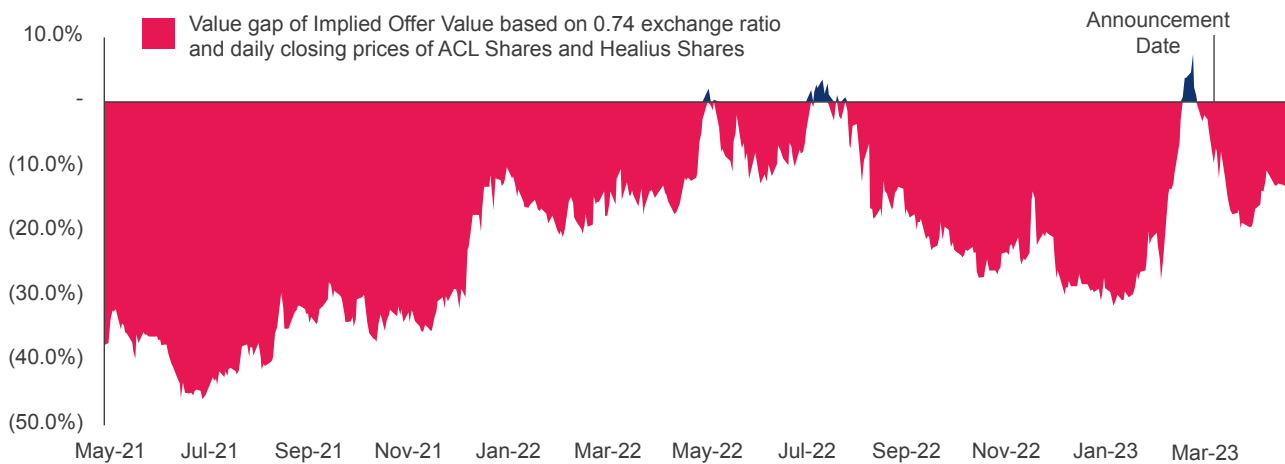
## 1.2 The unsolicited conditional Offer is opportunistically timed and would result in an unfair transfer of value from Healius Shareholders to ACL Shareholders

### (a) The Offer is opportunistically timed

ACL listed on ASX on 14 May 2021. Other than on limited occasions (the blue shaded areas above the line in the chart below) the Implied Offer Value based on ACL's 0.74 exchange ratio represented a discount to the Healius Share price. Specifically, there have been 502 trading days between the date of ACL's ASX listing and the Last Practicable Date. ACL's 0.74 exchange ratio has represented a nil-premium merger or better on only 4.2% of those trading days (i.e., approximately 21 days).

ACL has chosen to time (and price) the Offer to coincide with one of only a limited number of periods where the Offer could be described as a nil-premium merger. ACL's Offer is opportunistically timed.

Figure 2: Value gap of Implied Offer Value – since ACL's ASX listing



### (b) The Offer exchange ratio is unfair to Healius Shareholders

The Offer adopts a 0.74 exchange ratio based on a selective and limited 14-day trading period of Healius Shares and ACL Shares (from 28 February 2023 to 17 March 2023).

The basis for this exchange ratio is unfair to Healius Shareholders for the following reasons:

- ACL has chosen to ignore trading periods prior to 28 February 2023. Your Healius Directors believe it is reasonable to assess a range of longer periods in determining the fairness of the exchange ratio. The longer periods have the benefit of reducing the impact of shorter-term volatility and trends, both positive and negative. Your Healius Directors note that Healius is obliged to update the market on a regular basis with any information that is material to the price or value of Healius Shares, in accordance with its continuous disclosure obligations. Having adhered to its continuous disclosure obligations, especially over the most recent years which has seen significant volatility in Healius' operations, the market has been informed at all times, not only limited to the period post the release of H1FY23 results that ACL has selectively adopted to describe the Offer as representing a "nil-premium merger"; and
- the period selected by ACL follows the release of ACL's H1FY23 results and therefore ACL Shares were trading with an entitlement to ACL's interim dividend of \$0.07 per share. This has the impact of unfairly reducing the exchange ratio (further in ACL's favour) because Healius Shareholders who accept the Offer will not be entitled to receive this interim dividend.

The graph below shows a hypothetical exchange ratio over time assuming a nil-premium merger and illustrates the opportunistic period that ACL has used to calculate the Offer exchange ratio.

**Figure 3: Hypothetical exchange ratio (ACL Shares per Healius Share)**



The table below shows that the exchange ratio to achieve a hypothetical nil-premium merger increases materially above 0.74 if assessed against the last 1, 3, 6 and 12 month VWAPs, respectively. In making this observation, your Healius Directors make no determination on what an appropriate exchange ratio would be. Any such ratio would also need to appropriately reflect additional qualitative aspects regarding Healius and ACL, including those set out in this Target's Statement.

**Figure 4: Exchange ratio based on differing VWAP periods ending 17 March 2023**

	OFFER	1 MONTH VWAP	3 MONTH VWAP	6 MONTH VWAP	12 MONTH VWAP
ACL Share price	\$3.66	\$3.50	\$3.26	\$3.35	\$3.97
Applicable Healius Share price	\$2.72	\$2.76	\$2.91	\$3.05	\$3.50
Implied exchange ratio	0.74x	0.79x	0.89x	0.91x	0.88x

Note: Trading data sourced from IRESS. Prices for the Offer use Post-Results Healius VWAP and Post-Results ACL VWAP as used by ACL in the Bidder's Statement. 1 month VWAP calculated over the period 20 February 2023 to 17 March 2023. 3 month VWAP calculated over the period 19 December 2022 to 17 March 2023. 6 month VWAP calculated over the period 19 September 2022 to 17 March 2023. 12 month VWAP calculated over the period 18 March 2022 to 17 March 2023.

The below table outlines the implied exchange ratios to achieve a hypothetical nil-premium merger with respect to the most recent trading of Healius Shares and ACL Shares.

**Figure 5: Exchange ratio based on differing VWAP periods ending on the Last Practicable Date**

	OFFER	1 MONTH VWAP	3 MONTH VWAP	6 MONTH VWAP	12 MONTH VWAP
ACL Share price	\$3.66	\$3.55	\$3.44	\$3.33	\$3.88
Applicable Healius Share price	\$2.72	\$3.13	\$2.88	\$2.99	\$3.41
Implied exchange ratio	0.74x	0.88x	0.84x	0.90x	0.88x

Note: Trading data sourced from IRESS. Prices for the Offer use Post-Results Healius VWAP and Post-Results ACL VWAP as used by ACL in the Bidder's Statement. 1 month VWAP calculated over the period 3 April 2023 to 2 May 2023. 3 month VWAP calculated over the period 3 February 2023 to 2 May 2023. 6 month VWAP calculated over the period 3 November 22 to 2 May 2023. 12 month VWAP calculated over the period 3 May 2022 to 2 May 2023.

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# 1. Reasons to REJECT the Offer continued

## 1.3 There is material uncertainty that the Offer would deliver the Expected Cost Synergies

A key reason for ACL proposing an offer without a premium is that the Offer assumes Healius Shareholders will benefit from Expected Cost Synergies after the takeover. Your Healius Directors believe there is a high degree of uncertainty that, and significant risk as to whether the Offer will achieve the Expected Cost Synergies. Notwithstanding, ACL expects one-off costs to achieve the Expected Cost Synergies (depending on the ownership scenario) of between \$70 million and \$93 million.

Key issues impacting the ability for ACL to achieve the Expected Cost Synergies include:

- uncertainty regarding the outcome of the ACCC process (the ACCC Clearance Condition) and the impact of potential divestments that the ACCC may require;<sup>13</sup>
- the risk that ACL does not obtain 100% control of Healius (the 90% Minimum Acceptance Condition);<sup>14</sup>
- the hostile transaction structure; and
- significant integration risks and execution challenges.

On 14 April 2023, ACL issued a replacement Bidder's Statement reflecting important changes that ACL agreed to make in order to clarify serious concerns Healius had with ACL's original Bidder's Statement. Those changes included confirmations that where Healius becomes a controlled entity of ACL but not a wholly owned Subsidiary of ACL<sup>15</sup>:

- the full realisation of the Expected Cost Synergies will require agreement to be reached with Healius in relation to the operation of their respective businesses in a way which allows them to realise the Expected Cost Synergies. Any such agreement:
  - will likely involve detailed negotiations between ACL and the independent Healius Directors at the relevant time acting on behalf of Healius and in the interests of Healius Shareholders as a whole; and
  - may be required to be approved by a resolution at a general meeting of Healius Shareholders (at which ACL in its capacity as a Healius Shareholder is not entitled to vote).

Healius notes that in these circumstances, there is a risk that agreement cannot be reached between ACL and Healius, or where agreement is reached, that agreement is not approved by minority Healius Shareholders (where such approval is required) such that the full benefit of the Expected Cost Synergies cannot be achieved;

- ACL expects that in the event those Expected Cost Synergies are achieved (reduced in these circumstances to \$88 million), this will result in further one-off tax and structuring costs of approximately \$18 million to \$23 million as a result of implementing the arrangements necessary to achieve the Expected Cost Synergies in this scenario (incremental to the expected one-off costs of \$70 million to achieve the Expected Cost Synergies where ACL acquires 90% or more of Healius Shares); and
- there is a risk that any agreement between ACL and Healius for the purpose of realising the Expected Cost Synergies (see also Section 5.9(b)) 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 such, the terms of any such agreements may ultimately result in Healius Shareholders who do not accept the Offer receiving a smaller share of the Expected Cost Synergies than under the pro forma ownership of the Merged Group described in the Bidder's Statement.

### (a) The ACCC Clearance Condition

The Offer is conditional on obtaining ACCC approval (on an unconditional basis).

On 12 April 2023 the ACCC commenced public market enquiries into the Offer with a provisional date of 22 June 2023 for an announcement, being either the ACCC's findings (final decision) or a statement of issues identifying lines of further inquiry that the ACCC wishes to undertake.

Healius believes there is a real possibility that the ACCC will impose conditions that will include obligations to undertake divestments of Approved Collection Centres and pathology laboratories in locations where market concentration is considered to be unacceptable.

The risk of potential ACCC divestments and the financial impact on net realisable synergies may be material. Your Healius Directors do not believe this has been adequately assessed and disclosed in the Bidder's Statement.

13. Divestments may result in revenue dis-synergies which will have an offsetting impact on the Expected Cost Synergies.

14. Where ACL obtains more than 50% but less than 90% control of Healius, the Bidder's Statement indicates that ACL expects to achieve a substantial amount of the Expected Cost Synergies, but this is based on an assumption that ACL can reach an arrangement with Healius in a manner that allows ACL to access potential commercial synergies. See further below.

15. That is, where ACL acquired a Relevant Interest in more than 50%, but less than 90%, of Healius Shares on issue.

## (b) The 90% Minimum Acceptance Condition

ACL must obtain a Relevant Interest in at least 90% of Healius Shares in order to Compulsorily Acquire the remaining outstanding Healius Shares and achieve 100% control of Healius. The ability for ACL to meet the 90% Minimum Acceptance Condition is highly uncertain given the composition of Healius' share register. In particular:

- Healius' 2 largest shareholders, Perpetual Investment Management (part of the Perpetual Group) and Tanarra, owning approximately 12.4% and 8.5% of Healius respectively (20.9% in total), have both labelled the Offer in its current form as "unattractive";<sup>16</sup>
- Tanarra (8.5%) has stated publicly that "it considers both the exchange rate offered by ACL for Healius Shares, and the offer conditions, to be very unattractive. It therefore has no intention to accept ACL's offer."; and
- approximately 27% of Healius' share register as at the Last Practicable Date is comprised of index and quant funds that are typically unable to accept conditional offers, meaning there is a real likelihood that ACL will be required to waive the 90% Minimum Acceptance Condition.

If ACL waives the 90% Minimum Acceptance Condition to encourage acceptances of the Offer, there is a real risk that it will not obtain a Relevant Interest above 90% and will therefore not be in a position to acquire 100% of Healius. Potential ACL ownership scenarios and impacts on potential synergy outcomes are outlined in the table below.

ACL OWNERSHIP OF HEALIUS	POTENTIAL SYNERGY OUTCOMES
Less than 50%	ACL is unlikely to control Healius and will not be in a position to achieve the Expected Cost Synergies.
More than 50% but less than 90%	<p>Healius will not become a wholly owned Subsidiary of ACL and Healius will continue to have minority shareholders.</p> <p>ACL will be unable to directly access Healius' cash flows and will be limited to dividends determined by the Healius Board. ACL may not have the ability to fully implement the changes required to realise the Expected Cost Synergies as this will require agreement with Healius and potentially also the approval of minority Healius Shareholders (see below).</p> <p>In this scenario, your Healius Directors would expect Healius to maintain a separate Board, separate management and to remain listed on ASX.</p>
More than 90%	<p>If ACL obtains a Relevant Interest of 90% or more it will have the ability to Compulsorily Acquire the remaining Healius Shares to obtain 100% control of Healius. Healius will become a wholly owned and controlled Subsidiary of ACL.</p> <p>ACL will seek to effect changes to maximise potential synergies.</p>

Where ACL obtains more than 50% but less than 90% control of Healius, ACL's Bidder's Statement indicates that ACL expects to achieve a substantial amount of the Expected Cost Synergies, but this is based on an assumption that ACL can reach an arrangement with Healius in a manner that allows ACL to access potential commercial synergies. ACL also believes that any potential synergies realised would be shared proportionately between ACL Shareholders and Healius Shareholders.

Your Healius Directors believe these assertions are potentially problematic, overly simplistic and lack practical insight into how Healius would need to manage potential conflicts of interest and related party issues. Healius would expect the potential for synergy realisation to be materially reduced in this scenario and there is no certainty that any potential synergies would be realised proportionately between ACL Shareholders and Healius Shareholders.

16. The Perpetual Group had a Relevant Interest in 12.431% of Healius Shares as at the date of its last substantial shareholder notice, dated 3 March 2023, lodged prior to the Last Practicable Date. Tanarra had a Relevant Interest in 7.84% of Healius Shares as at the date of its last substantial shareholder notice, dated 19 January 2023, lodged prior to the Last Practicable Date and has since announced that the Tanarra Long Term Value Fund owns 8.5% of Healius.



# 1. Reasons to REJECT the Offer continued

In particular, challenges are likely to arise from:

- the need to enter into complex arrangements between ACL and Healius (such as asset acquisitions or disposals, joint ventures or long-term outsourcing agreements) to give effect to synergy realisations;
- the difficulties in negotiating such arrangements, noting that Healius will need to independently negotiate terms which are in the best interests of Healius Shareholders as a whole (and which may therefore conflict with the interests of ACL) and ensure that Healius and its minority shareholders are adequately protected; and
- the likely requirement to obtain minority Healius Shareholder approval under the Listing Rules and/or Corporations Act for material related party dealings between ACL and Healius, which would involve convening general meetings of Healius Shareholders and providing detailed disclosure in relation to the relevant transaction/s (in some cases requiring the preparation of an independent expert's report).

## (c) The hostile transaction structure

ACL has adopted a hostile takeover structure which does not permit active engagement with the Healius Board or management team. This means ACL's assessment of potential synergies is one-sided and has not been based on a proper exchange of up-to-date, accurate information that has been robustly tested and validated between the parties, including from independent sources.

## (d) Integration risks and execution challenges

Healius is a significantly larger and more complex business than ACL in terms of the nature of its operations (Healius also operates an Imaging operation which ACL does not), geographic footprint, workforce and laboratory network.

ACL's existing management team has no experience in managing a business the size of Healius (or the Merged Group) in directly comparable roles and has no observable experience in executing a large-scale and complex synergy realisation programme as outlined in the Bidder's Statement.

For example, approximately one-third of the synergies proposed by ACL are expected to be generated from the consolidation of the Merged Group's laboratory footprint in certain states.

There are two ways to consolidate laboratories in the same region, being:

- shutting down one of the laboratories and re-directing volumes from the Approved Collection Centres to the other laboratory, assuming it has sufficient spare capacity; or
- integrating the two laboratories using a common LIS to obtain the full economies of scale.

Ideally, any consolidation of laboratories is best done on the back of a common LIS to optimally manage the upstream implications (before the test is done) and downstream implications (after the test is done.) An example of an upstream implication is being able to use a digitised collections process in the Approved Collection Centre, as part of the broader LIS workflow, to electronically capture data about the test and also affix specimen barcodes that are readily compatible with instruments used in the destination laboratory. An example of a downstream implication is being able to have the past history of a given patient's results included in the report that goes back to the referring doctor which has important clinical utility and also impacts certain eligibility checks for billing. Whilst there may be some technical workarounds such as sending information back and forth between two separate LISs, this adds significant operational risk, in particular as Healius is in the midst of its own technology change programme.

ACL has grown mainly through acquisitions including Healthscope Pathology, St John of God Health Care Pathology, Perth Pathology, Sun Doctors, and more recently Medlab Pathology. These acquisitions have come with established laboratories, with integration and consolidation understood to be focused on small, sub-scale laboratories.

This assumption is supported by the Bidder's Statement which calls out that whilst "a key strategic priority will be to move to a single national instance of LIS...these actions are not expected to be completed until more than four years post completion." While plausible, this is a complex process and would need to be carefully choreographed with the business' existing systems. Not only will it take several years to realise these benefits but it will be risky as ACL does not demonstrate experience in managing the complexity of integrating large laboratories.

It is also not clear how the \$28 million of technology costs (out of the \$70 million of total one-off cash implementation costs proposed to realise the \$95 million of Expected Cost Synergies over 4 years<sup>17</sup>) will be deployed in the absence of moving to a common set of systems.

17. Or where Healius becomes a controlled entity of ACL but not a wholly owned Subsidiary, \$88 million to \$93 million of one off cash implementation costs to realise Expected Cost Synergies of \$88 million.

Healius is heavily investing in technology as a basis for competitive differentiation in an industry that is being re-shaped by digital health mega trends. Healius is positioning to provide industry leading experiences to patients and doctors, drive step-change automation in laboratory workflows, and leverage connected health data sets to provide value-added clinical services to referrers. This requires a modern set of technology capabilities suited for scale and agility.

Healius is rolling out a vastly superior technology platform using a modular best-of-breed approach. This is based on a combination of:

- off-the-shelf globally-proven vendor solutions for clinical applications such as for laboratory instrumentation where Healius is adopting a configuration-based software from a world-class company that is serving over 6,000 laboratories and hospitals across 85 countries;
- select in-house developed solutions for customer facing applications such as for referrals, collections and results which provide agility to continuously improve services for patients and doctors as a source of advantage; and
- a state-of-the-art database platform shared across applications.

Healius has already migrated 14+ years of comprehensive data out of its legacy systems and built in-house solutions that digitise its referrals, collections, and results delivery services with radically improved customer experiences, as well as key workflows in major laboratory departments, for example in histology and cytology. Healius remains on course to deliver the remainder of the transformational works well within the allocated approximately \$90 million investment budget.<sup>18</sup>

In comparison, ACL's current technology platform is understood to be based on a dated LIS mainframe application. Healius' experience with similar technology suggests several drawbacks including antiquated user interfaces, lack of configuration functionality relying on writing code with obsolete computer languages with limited talent pool in the market, lack of modern workflow orchestration, and no modern APIs for direct integration (as outlined in Section 2). In the view of Healius, it is not in the best interest of any proposed Merged Group to operate on outdated technology systems.

Healius is well versed in operating different business units using modern consolidated technology platforms. However, integration of any new businesses into the new Healius technology systems will have to be carefully orchestrated in the right sequence given Healius is amid its own operational change programme, the absence of which would otherwise lead to unnecessary operational risk. This will also impact the scope and timing of a major proportion of the Expected Cost Synergies.

The Bidder's Statement does not provide sufficient disclosure to determine if these impacts have been appropriately considered in terms of implementation costs and timeframes.

## 1.4 The Offer is highly conditional and uncertain to proceed

The Offer is subject to an extensive list of 25 individual Conditions, the triggering of which may cause the Offer to lapse. These Conditions apply for the length of the Offer Period (approximately 5 months, currently scheduled to close on 29 September 2023 unless withdrawn or extended).

As described in Section 5.3, there is a real likelihood that during the Offer Period several of the Conditions may be triggered. The effect of this will be to provide ACL with an option to waive the relevant Conditions or to let the Offer lapse.

If you accept the Offer whilst it remains subject to Conditions, you will lose control of your Healius Shares and give up your right to trade your shares for the duration of the Offer Period (subject to limited rights to revoke or withdraw your acceptance),<sup>19</sup> without any certainty the Offer will succeed.

The details of all 25 Conditions are set out in full in Section 11.9 of the Bidder's Statement. Healius Shareholders should refer to Section 5.3 of this Target's Statement for more information on the status of the Conditions.

## 1.5 If you accept the Offer, you may be unable to accept a superior proposal if one emerges

If you accept the Offer, you may not be able to obtain the benefit of any subsequent superior proposal by another party, should one emerge during the Offer Period, unless in limited circumstances you are eligible to revoke or withdraw your acceptance or the Offer lapses.

Healius Shareholders should however be aware that Healius has not received a superior proposal since the Announcement Date.

18. In 2018, Healius announced an expected \$100 million to be invested in the programme, later revising this to approximately \$90 million.

19. You may revoke your acceptance of the Offer at any time until the FIRB Condition has been satisfied. However, you may not get any notice from ACL before that occurs. Once the FIRB Condition has been satisfied (or waived, if permitted by law), you will only be able to withdraw your acceptance in the limited circumstances provided under the Corporations Act. See Section 5.7 of this Target's Statement for further information on withdrawal rights.

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# 1. Reasons to REJECT the Offer continued

## 1.6 You should consider the motivations of ACL's largest shareholder and the uncertainty of future ownership and control of ACL

ACL's largest shareholder (30.1%) is Australian private equity firm, Crescent.<sup>20</sup> The chair of ACL is the founding partner of Crescent.

Crescent has been invested in ACL since 2015 with the investment held in a mature fund. Your Healius Directors do not believe Crescent is a long-term holder of ACL. The ACL Shares are no longer escrowed and Crescent sold 28.9 million ACL Shares on 12 August 2022 representing 14.3% of the issued share capital of ACL. Healius Shareholders should assume that Crescent will look to exit its investment over time. If the Offer successfully completes, Crescent's shareholding will be materially diluted, providing Crescent with additional flexibility to exit its investment. The interests of longer-term holders, which would be to realise the Expected Cost Synergies over the up to 5 year programme in an orderly and sustainable way that does not threaten or compromise clinical governance or service standards, may not be aligned with the potentially shorter term interests of Crescent.

ACL notes its intention to replace your current Healius Directors with nominees from ACL should the Offer be successful. There is no certainty that any Healius Directors will be invited to join the ACL Board. It is not stated within the Bidder's Statement whether the Crescent nominees to the ACL Board, including the Chairman, will step down from their directorships.

Your Healius Directors believe the significant holding of Crescent in ACL represents a potential source of conflicts of interest. This risk may be most relevant in the event ACL obtains more than 50% but less than 90% control of Healius. In this scenario, Healius will have minority shareholders whose interests may not align with ACL and ACL's largest shareholder, Crescent.

20. See Section 2.4 of the Bidder's Statement for further information on the shareholding and voting power of Crescent and/or its Associates in ACL.

## **2. Your Directors' response to ACL's claims**

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## 2. Your Directors' response to ACL's claims

### Healius REJECTS certain claims made by ACL

Set out on the previous pages are the key reasons for your Healius Directors' unanimous recommendation that you **REJECT** ACL's Offer.

In addition to these reasons, your Healius Directors have concerns arising from certain further claims made by ACL in the Bidder's Statement which Healius selectively responds to as outlined below:

ACL CLAIM	YOUR HEALIUS DIRECTORS' COMMENT
<p><b>ACL management's and the ACL Board's pathology experience is materially greater than that of Healius</b></p>	<p>The Healius Board has refreshed the senior management team with a number of appointments in the past 6 months, including Ms Maxine Jaquet (CEO, previously CFO and COO), Mr Paul Anderson (CFO) and Dr Phil Lucas (Imaging CEO). This has been undertaken to ensure the necessary capabilities are in place to deliver on Healius' next generation diagnostics strategy and growth agenda.</p> <p>Led by Ms Jaquet, each member of the new team has extensive experience in their respective fields and is fully committed to working together to deliver on Healius' strategy and growth agenda. The Board believes this new senior management team has the right experience and credentials to deliver improved operational outcomes and financial performance for Healius and its shareholders, supported by long-standing and clinically-strong divisional management teams.</p> <p>As CEO, Ms Jaquet has extensive executive experience, and brings a strategic approach. Maxine has led significant turnaround efforts, generating substantial margin improvement and business growth. She has also established and managed complex international partnerships, and has deep commercial and operational line management experience across industrials and consumer sectors.</p> <p>At Healius her track record includes:</p> <ul style="list-style-type: none"> <li>• leading the portfolio strategy which created a pure diagnostics business, divesting the Medical Centres, Adora IVF and Day Hospitals businesses, resulting in higher growth on a free cash flow and return on invested capital basis;</li> <li>• managing the transition of Medical Centres, Adora IVF and Day Hospitals business operations out of the Group;</li> <li>• building a dynamic leadership team;</li> <li>• investing in leading-edge technology in Pathology and Imaging;</li> <li>• leading two efficiency reviews with significant productivity gains; and</li> <li>• establishing and growing the successful private-billing GP network, Health &amp; Co., prior to its sale with the Healius Medical Centres.</li> </ul> <p>As CFO, Mr Anderson has over 20 years' experience in senior management and considerable capability in change management. In his prior role at Network Ten, Mr Anderson served as CEO for 5 years and was critical in restructuring and growing the business during a period of organisational, industry and digital disruption. Mr Anderson will have considerable influence over the pace and scope of change and investment in Healius to deliver the new digital, data and customer capabilities and improved effectiveness of the Healius operating model.</p> <p>The Chief Executives of the Pathology and Imaging divisions also have strong qualifications and experience as both practising clinicians and commercial leaders.</p>

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ACL CLAIM	YOUR HEALIUS DIRECTORS' COMMENT
<p><b>ACL management's and the ACL Board's pathology experience is materially greater than that of Healius</b> continued</p>	<p>The CEO of Pathology, Mr John McKechnie, has 40+ years' experience. After working as a medical scientist, laboratory and operations manager, he ran QML Pathology and TML Pathology before being appointed Chief Executive of Healius Pathology in August 2019.</p> <p>Mr McKechnie works hand-in-hand with Mr Ian McPhan, the Chief Operating Officer of Pathology, who also has 40+ years' experience and has held state and national leadership roles at large-scale pathology businesses including Healius.</p> <p>Mr McKechnie and Mr McPhan are ably supported by a clinical leadership team with extensive and long-dated expertise and capabilities in their respective fields.</p> <p>The CEO of Imaging, Dr Phil Lucas, is a radiologist with over 25 years' experience. Dr Lucas was a founding partner and director of PRP Diagnostic Imaging (<b>PRP</b>) for 15 years having established the first PRP clinics and was instrumental in growing the business to over 24 highly-profitable sites. Dr Lucas has deep expertise in building out a team-based network of radiologists with sub-specialty skills.</p>
<p><b>ACL management has a greater ability to successfully drive the Healius operational turnaround</b></p>	<p>ACL claims in its Bidder's Statement that "...ACL's management team has a greater ability to successfully drive [the Healius] operational turnaround."</p> <p>Healius is a materially larger and more complex business than ACL (and includes an Imaging operation).</p> <p>ACL's existing management team has no experience in managing a business the size of Healius (or the Merged Group) in directly comparable roles and has no observable experience in executing a large-scale and complex synergy realisation programme as outlined in the Bidder's Statement. Moreover, it is Healius' view that the majority of ACL's so called operational turnaround was based on a series of very small/ non-complex pathology businesses including Perth Pathology (2016), St John of God Health Care Pathology (2016), Sun Doctors (2021) and MedLab (2021). The largest of these businesses, St John of God Health Care Pathology, is smaller and less complex in scale than Healius Pathology's smallest business unit in Western Australia.</p> <p>Furthermore, Healius' specialist procurement capabilities have allowed the business to develop a competitive advantage as evidenced by an average consumables percentage of revenue over FY21, FY22 and H1FY23 of 13.7%.</p> <p>Your Healius Directors' remain highly confident in the ability of the Healius senior management team to drive improved operational outcomes over time.</p>
<p><b>Operational turnaround initiatives announced by Healius in the past have been impacted by material time delays and have failed to deliver the expected improvements – LIS</b></p>	<p>ACL claims in its Bidder's Statement:</p> <p><i>"...Healius has repeatedly reinvented the [LIS] 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."</i></p> <p>Healius has maintained adherence to its continuous disclosure obligations with consistent market announcements highlighting the status of the LIS programme.</p> <p>Healius announced in 2018 and remains well within its revised \$90 million investment budget<sup>21</sup> and maintains that the expected synergy benefits from the programme will be approximately \$15 to \$20 million per annum.</p> <p>In terms of delivery, Healius has:</p> <ul style="list-style-type: none"> <li>• already migrated 14+ years of comprehensive data sets out of its legacy systems into a new cloud-based state-of-the-art data platform; and</li> <li>• built in-house solutions that digitise its referrals, collections and results delivery services with a radically improved customer experiences, as well as key workflows in major laboratory departments, for example in histology and cytology.</li> </ul>

21. In 2018, Healius announced an expected \$100 million to be invested in the programme, later revising this to approximately \$90 million.



## 2. Your Directors' response to ACL's claims continued

ACL CLAIM	YOUR HEALIUS DIRECTORS' COMMENT
<p><b>Healius Shareholders are expected to benefit from access to ACL's systems</b></p>	<p>The Bidder's Statement states that "<i>Healius Shareholders are expected to benefit from access to ACL's management, systems and capabilities in executing an operational performance turnaround at Healius.</i>"</p> <p>Healius is heavily investing in technology as a basis for competitive differentiation in an industry that is being re-shaped by digital health mega trends. Healius is positioning to provide industry leading experiences to patients and doctors, drive step-change automation in laboratory workflows, and leverage connected health data sets to provide value-added clinical services to referrers. This requires a modern set of technology capabilities suited for scale and cannot be achieved by re-purposing dated legacy systems of small companies.</p> <p>Healius' digital investment is underpinned by:</p> <ul style="list-style-type: none"> <li>• an in-house team with deep expertise in large scale digital transformation as well as building and operating complex laboratory information systems;</li> <li>• a modular best-of-breed approach using a combination of: <ul style="list-style-type: none"> <li>— off-the-shelf globally-proven vendor solutions for clinical applications such as for laboratory instrumentation;</li> <li>— select in-house developed solutions for customer facing applications such as for referrals, collections and results which provide agility to continuously improve services for patients and doctors as a source of advantage; and</li> <li>— a state-of-the-art database platform shared across applications; and</li> </ul> </li> <li>• an overall technology stack characterised by user friendly front-end interfaces, modern programming languages, API enabled integrations, highly scalable cloud databases and advanced cyber security protections.</li> </ul> <p>In comparison, ACL's current technology platform is understood to be based on a dated LIS mainframe application. Healius' experience with similar technology suggests several drawbacks:</p> <ul style="list-style-type: none"> <li>• antiquated user interface – DOS like command-line-based screens that are outdated and provide a poor user experience for staff;</li> <li>• lacks modern workflow orchestration – application based around data entry forms with basic validation that do not support workflows required in areas such as anatomical pathology;</li> <li>• lack of configuration functionality – requires writing scripts in legacy code for ongoing changes such as process improvements. In addition, a limited third-party skill base exists to manage legacy mainframe applications written in obsolete computer languages; and</li> <li>• no modern APIs for integration – dated systems architecture stifles direct integration with other new solutions such as digital pathology, microbiology automation, genetics, voice recognition, clinical decisioning tools, emerging instrumentation software, etc which are essential to unlock value.</li> </ul> <p>Healius is also sharing technologies across Pathology and Imaging where possible to leverage cost synergies (e.g., electronic referrals, results delivery, appointment booking, secure messaging, data platform) as well as, in due course, to deliver integrated diagnostics offerings underpinned by a single view of patients and doctors.</p> <p>Your Healius Directors believe Healius' technology strategy and capability positions Healius to create a sustainable competitive advantage in an evolving health consumer landscape.</p>

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ACL CLAIM	YOUR HEALIUS DIRECTORS' COMMENT
<p><b>Operational turnaround initiatives announced by Healius in the past have been impacted by material time delays and have failed to deliver the expected improvements – Project Leapfrog</b></p>	<p>The Bidder's Statement states the following regarding the Project Leapfrog operational initiative announced in 2018 that aimed to increase operational capacity in Healius' Medical Centres:</p> <p><i>"...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."</i></p> <p>These statements are inaccurate. In February 2020, Healius announced that it had paused further investment in Project Leapfrog to allow newly created capacity to be filled and deliver required returns. This was aligned to the strategy of confining expenditure. In parallel Healius was preparing the Medical Centres business for sale.</p> <p>Healius announced the sale of Medical Centres in June 2020 for \$500 million. Despite the challenging environment caused by COVID-19 at the time of the sale, Healius was able to achieve an attractive valuation for Healius Shareholders, and allowed Healius to commence an on-market buyback for Healius Shareholders and materially improved the free cash flow generation of the business. This outcome would not have been achieved without the initial investments in Project Leapfrog. Furthermore, the sale of the business was the basis for transferring the costs to discontinued operations, in adherence with AASB guidelines.</p> <p>Since this time, no further updates on Project Leapfrog were provided to Healius Shareholders because Healius had sold the Medical Centres division.</p>
<p><b>Healius' acquisition of Agilix Biolabs was value destructive to Healius Shareholders</b></p>	<p>ACL claims in its Bidder's Statement that Healius' most recent acquisition, Agilix Biolabs, was value destructive to Healius Shareholders.</p> <p>Agilix is positioned in a high growth sector which will enable it to grow significantly faster than traditional pathology or imaging volumes. Healius expects that benefits will be driven through the complementary nature of Agilix's scientific / clinical research and development capabilities and Healius' existing strengths in genetics and histopathology.</p> <p>Healius is focused on driving earnings growth and value creation within Agilix. Healius is actively managing performance, with initiatives implemented expected to facilitate the next phase of growth in FY24 and FY25, including:</p> <ul style="list-style-type: none"> <li>• management and scientific personnel review (new CEO appointed in January 2023);</li> <li>• completed opening of a second laboratory in Adelaide in February 2022 for large molecule and pharmacodynamic work and a new toxicology facility in Brisbane; and</li> <li>• exploring commercial partnerships with overseas laboratories to enable a global proposition from Phase 1 to Phase 3 clinical trials.</li> </ul> <p>Healius continues to believe in the medium and long-term growth potential of Agilix and that it will create value for Healius Shareholders.</p>

## 2. Your Directors' response to ACL's claims continued

ACL CLAIM	YOUR HEALIUS DIRECTORS' COMMENT
<p><b>ACL currently intends to conduct a strategic review of Healius' Imaging business when commercially practicable after Successful Offer Completion</b></p>	<p>ACL notes in its Bidder's Statement that it intends to conduct a review of the strategic role of the Imaging business should the Offer be successful. Your Healius Directors note that the ACL management team have no experience running an Imaging operation.</p> <p>Your Healius Directors note a potential outcome of a strategic review is the sale of particular assets or divisions within the scope of the review.</p> <p>Healius has invested in its diagnostic imaging business, recently rebranded as Lumus Imaging, including in radiologist recruitment, imaging equipment, upgrade and refit of its community facilities and development of a greenfield clinic pipeline, roll-out of consumer facing digital tools, and development of its new brand and online presence.</p> <p>Following a decline in Imaging revenue in FY22 as the industry-wide impacts of COVID-19 were felt, H1FY23 has seen Healius' imaging operations rebound and the business is experiencing above-market revenue growth. With the recent appointment of Dr Phil Lucas as CEO, Lumus Imaging is well-placed to deliver organic growth into the medium-term building on its strong hospital and community presence, underpinned by a detailed site-by-site strategy and also a network strategy that is demand driven with the relevant mix of modalities, specialties and capabilities to meet growth markets.</p> <p>Your Healius Directors believe Healius Shareholders deserve to realise upside from both a return to pre-COVID volumes and from Lumus Imaging's improving performance which leverages the capabilities of Healius' leadership and operational teams. The Offer would see the benefit of a rebound in earnings accrue partly to ACL Shareholders at the expense of Healius Shareholders.</p>
<p><b>The Proposed Merger is expected to deliver a reduced carbon footprint</b></p>	<p>The Bidder's Statement states that the Proposed Merger is expected to deliver a reduced carbon footprint. For example, on page 33 ACL claims the following:</p> <p><i>"The combination of ACL and Healius is also expected to create a more environmentally sustainable business by reducing carbon emissions."</i></p> <p>The basis for this appears to be optimising the laboratory and national courier networks. Any proper assessment of the Proposed Merger's impact on carbon footprint would require a review of extensive non-public information concerning Healius and its operations. Furthermore, Healius Directors expect this would overlap with Healius' existing carbon reduction plans which are already in the process of being implemented.</p> <p>Given the statements relate to future matters and do not consider Healius' existing plans, your Healius Directors view such statements as misleading unless ACL has reasonable grounds for making them, which have not been disclosed.</p>

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### **3. Frequently asked questions**

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### 3. Frequently asked questions

This Section answers some commonly asked questions in relation to the Offer. It is not intended to address all relevant issues for Healius Shareholders. This Section should be read together with the rest of this Target's Statement.

#	QUESTION	ANSWER	FURTHER INFORMATION
<b>3.1 Information about the Offer</b>			
(a)	<b>What is this Target's Statement?</b>	This Target's Statement has been prepared by Healius and provides Healius' response to the Bidder's Statement to help you decide whether to accept or reject the Offer, including the recommendation of your Healius Directors to <b>REJECT</b> the Offer.	N/A
(b)	<b>What is the Bidder's Statement?</b>	The Bidder's Statement is the document setting out the terms of the Offer. ACL lodged the Bidder's Statement with ASIC on 14 April 2023 and served it on Healius on the same date. The Bidder's Statement was sent to Healius Shareholders on 21 April 2023.	N/A
(c)	<b>Who is ACL?</b>	ACL is an ASX-listed pathology services provider in Australia.	Section 5.1
(d)	<b>What is ACL offering for my Healius Shares under the Offer?</b>	ACL is offering 0.74 ACL Shares for each Healius Share that you hold. Please refer to FAQ 3.5(e) for further details on the consideration payable to Ineligible Foreign Shareholders and to FAQ 3.5(f) for further details on the consideration payable to Small Parcel Shareholders.	Section 5.2(a)
(e)	<b>When does the Offer close?</b>	The Offer is currently scheduled to close at 7:00pm (Sydney time) on 29 September 2023, unless withdrawn or extended in accordance with the Corporations Act.  Your Healius Directors will keep you informed if there are any material developments in relation to the Offer.  If you wish to follow the Healius Directors' recommendation and <b>REJECT</b> the Offer, you do not need to do anything.	Section 5.2(b)
(f)	<b>Can ACL extend the closing date of the Offer?</b>	Yes. ACL can extend the Offer in accordance with the Corporations Act.  In addition, the Offer Period may be extended automatically in certain circumstances.  However, the Offer Period cannot exceed 12 months.	Section 5.2(c)

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#	QUESTION	ANSWER	FURTHER INFORMATION
<b>3.2 The recommendation of your Healius Directors</b>			
(a)	<b>What is the recommendation of your Healius Directors?</b>	Your Healius Directors unanimously recommend that you <b>REJECT</b> the Offer. To follow your Healius Directors' recommendation, you should <b>DO NOTHING</b> . If there is a change in this recommendation or any material developments in relation to the Offer, Healius will lodge a supplementary target's statement.	Page 5 and Section 1
(b)	<b>Why do your Healius Directors recommend you REJECT the Offer?</b>	The key reasons why your Healius Directors recommend you <b>REJECT</b> the Offer are: <ul style="list-style-type: none"> <li>• the Offer is plainly inadequate. ACL is seeking control of Healius but offers no cash and no premium;</li> <li>• the Offer is opportunistically timed and will result in an unfair transfer of value from Healius Shareholders to ACL Shareholders;</li> <li>• there is material uncertainty that the Offer would deliver the Expected Cost Synergies;</li> <li>• the Offer is highly conditional and uncertain to proceed;</li> <li>• if you accept the Offer, you may be unable to accept a superior proposal if one emerges; and</li> <li>• you should consider the motivations of ACL's largest shareholder and the uncertainty of future ownership and control of ACL.</li> </ul>	Section 1
(c)	<b>What do your Healius Directors intend to do with their own Healius Shares?</b>	Each Healius Director who holds or controls Healius Shares intends to <b>REJECT</b> the Offer in respect of those Healius Shares.	Section 8.1
(d)	<b>What happens if the Offer Consideration is improved?</b>	If ACL improves the Offer Consideration, your Healius Directors will carefully consider the revised Offer and advise you accordingly.	Section 5.6
(e)	<b>What will happen if a superior proposal emerges?</b>	Your Healius Directors will carefully consider any competing or superior proposal and will advise Healius Shareholders accordingly.	Section 7.2(b)
(f)	<b>Why did Healius decide not to appoint an independent expert to assess the Offer?</b>	<p>Appointment and production of an independent expert report is not a legal requirement in the context of the Offer. It is only required where a bidder owns more than 30% of the target or if there is a common director. This does not apply in relation to the Offer.</p> <p>For an independent expert's report to be meaningful, it should be based on reasonable information that is not potentially misleading.</p> <p>An accurate assessment of synergies would require the exchange of up-to-date information between the parties relevant to an assessment of synergies which has not occurred.</p> <p>Your Healius Directors believe there is a high degree of uncertainty regarding the Expected Cost Synergies that could be achieved. This is due to the requirement for ACCC approval (unconditional) and the 90% Minimum Acceptance Condition. There is a real likelihood these Conditions may not be satisfied which would mean ACL may not achieve all of its Expected Cost Synergies. Accordingly, your Healius Directors do not currently believe there is a reasonable basis to make an assessment of potential net synergies.</p>	–



## 3. Frequently asked questions continued

#	QUESTION	ANSWER	FURTHER INFORMATION
<b>3.3 Your choices as a Healius Shareholder</b>			
(a)	<b>What choices do I have as a Healius Shareholder?</b>	<p>As a Healius Shareholder, you have 3 choices available:</p> <ol style="list-style-type: none"> <li><b>REJECT the Offer and DO NOTHING</b> and remain a Healius Shareholder (unless your Healius Shares are Compulsorily Acquired). If you agree with the Healius Directors' recommendation to <b>REJECT</b> the Offer then do not fill in or return any of the Offer documentation. Ignore all correspondence, documents and communications received from ACL. You are not required to do anything.</li> <li><b>Sell your Healius Shares on ASX</b> (unless you have already accepted the Offer and have not validly revoked or withdrawn your acceptance as permitted in limited circumstances (see Section 5.7)) which may be at a higher or lower price than the Implied Offer Value of the Offer Consideration. If you wish to sell your Healius Shares on ASX, you should not accept the Offer and should instruct your broker at the time you wish to sell.</li> <li><b>Accept the Offer for all of your Healius Shares.</b> If you choose to accept the Offer you should follow the instructions in the Bidder's Statement. However, you should note that the Healius Directors' unanimous recommendation is that you <b>REJECT</b> the Offer. Once you accept the Offer, you may only validly revoke or withdraw your acceptance in limited circumstances (see Section 5.7).</li> </ol> <p>If you are in any doubt as to what to do, your Healius Directors recommend that you seek independent financial and taxation advice from your professional advisers. Healius Shareholders should carefully consider the Healius Directors' recommendation and other important information set out in this Target's Statement.</p>	Section 4
(b)	<b>What happens if I do nothing?</b>	<p>You will remain a Healius Shareholder.</p> <p>However, if ACL acquires 90% or more of Healius Shares, ACL has stated that it intends to Compulsorily Acquire your Healius Shares.</p> <p>If ACL acquires between 50% and 90% of Healius Shares under the Offer and all of the Conditions of the Offer are satisfied or waived, you will become a minority shareholder of Healius.</p>	Sections 5.8, 5.9 and 7.3
(c)	<b>How do I REJECT the Offer?</b>	To <b>REJECT</b> the Offer, you should <b>DO NOTHING</b> . You should <b>TAKE NO ACTION</b> in relation to all documents from ACL regarding the Offer.	Section 4
(d)	<b>How do I accept the Offer?</b>	To accept the Offer, you should refer to Section 11.3 of the Bidder's Statement for instructions on how to do so. However, the Healius Directors unanimously recommend that you <b>REJECT</b> the Offer.	Section 4
(e)	<b>What are the risks of rejecting the Offer?</b>	If you <b>REJECT</b> the Offer you will continue to hold Healius Shares and your investment will remain subject to the risks associated with Healius.	Section 7.3

#	QUESTION	ANSWER	FURTHER INFORMATION
(f)	<b>What are the risks of accepting the Offer?</b>	<p>If you accept the Offer and become a shareholder of ACL, your investment will become subject to the risks associated with ACL. Once you accept the Offer, you may only validly revoke or withdraw your acceptance in limited circumstances (see Section 5.7).</p> <p>Further information about the risks associated with an investment in ACL are described in detail in Section 8 of the Bidder's Statement.</p>	Section 7.2
(g)	<b>What are the consequences of accepting the Offer now?</b>	<p>If you accept the Offer, you will, subject to your right to revoke or withdraw your acceptance of the Offer in limited circumstances (see Section 5.7):</p> <ul style="list-style-type: none"> <li>• limit your right to sell your Healius Shares on ASX (or any other trading platform) or otherwise deal with your Healius Shares while the Offer remains open (this may prevent you from accepting any superior proposal, if such an offer were to emerge); and</li> <li>• relinquish control of your Healius Shares with no guarantee of receiving the Offer Consideration until if and when the Offer becomes unconditional.</li> </ul> <p>The effect of accepting the Offer is set out in Section 11.5 of the Bidder's Statement. You should read those provisions in full to understand the effect that acceptance will have on your ability to exercise rights attaching to your Healius Shares and the representations and warranties which you make if you accept the Offer.</p> <p>It is uncertain when, if ever, the Offer will become unconditional. As stated at page 8 of the Bidder's Statement, the ACCC clearance process is expected to take at least 6 months, therefore if you accept the Offer it is unlikely you will receive any Offer Consideration until this process concludes. Given this, and that the Offer Period will remain open until 29 September 2023, there is no pressing need for you to take any action in relation to the Offer.</p>	Section 5.6
(h)	<b>Can I accept the Offer for only some of my Healius Shares?</b>	<p>No, the terms of the Offer allow you to accept the Offer only for all of your Healius Shares unless you hold the Healius Shares as trustee or nominee for, or otherwise on account of, another person.</p>	Section 5.2
(i)	<b>If I accept, can I later change my decision and revoke or withdraw my acceptance?</b>	<p>You may revoke your acceptance of the Offer at any time until the FIRB Condition has been satisfied (or waived, if permitted by law). However, you may not get any notice from ACL before that occurs.</p> <p>Once the FIRB Condition of the Offer is satisfied (or waived, if permitted by law), you will only be permitted to withdraw your acceptance if the Offer lapses without becoming unconditional or the Offer is varied by ACL in a way that extends the Offer Period and postpones ACL's obligations to pay the Offer Consideration by more than one month and the Offer is still subject to one or more Conditions.</p> <p>Section 11.5 of the Bidder's Statement describes in more detail the circumstances in which Healius Shareholders may validly withdraw their acceptance.</p>	Section 5.7

### 3. Frequently asked questions continued

#	QUESTION	ANSWER	FURTHER INFORMATION
(j)	<b>If I choose to accept the Offer, when will I receive my ACL Shares?</b>	<p>If you accept the Offer, you will have to wait until the earlier of:</p> <ul style="list-style-type: none"> <li>• one month after the Offer is validly accepted by you or, if the Offer is subject to a defeating Condition, within one month after the Offer becomes unconditional; and</li> <li>• 21 days after the end of the Offer Period, provided the Offer has become unconditional,</li> </ul> <p>before you receive your Offer Consideration.</p> <p>It is uncertain when, if ever, the Offer will become unconditional. As stated at page 8 of the Bidder's Statement, the ACCC clearance process is expected to take at least 6 months, therefore if you accept the Offer it is unlikely you will receive any Offer Consideration until this process concludes. Given this, and that the Offer Period will remain open until 29 September 2023, there is no pressing need for you to take any action in relation to the Offer.</p>	Section 5.2(a)
(k)	<b>Can I be forced to sell my Healius Shares?</b>	<p>You cannot be forced to sell your Healius Shares unless ACL is legally entitled to proceed to Compulsory Acquisition of the Healius Shares.</p> <p>If ACL obtains more than 90% voting power in Healius, then (subject to satisfaction of various legal requirements) ACL will be entitled to proceed to Compulsory Acquisition of Healius Shares held by Healius Shareholders who did not accept the Offer, in which case you will receive the same consideration as the Offer Consideration, but it will take longer for you to receive your Offer Consideration.</p>	Section 5.8
(l)	<b>During the period of the Offer, can I sell my Healius Shares on ASX?</b>	<p>Yes, unless you have accepted the Offer in respect of those Healius Shares and have not validly revoked or withdrawn your acceptance (see Section 5.7).</p> <p>If you sell your Healius Shares on market:</p> <ul style="list-style-type: none"> <li>• you will not benefit from any possible increase in the value of Healius Shares; and</li> <li>• you will not benefit from any possible increase in the consideration that may be provided under the Offer or any other offer, should one emerge.</li> </ul>	Section 4

#### 3.4 Conditions and their implications

(a)	<b>What are the conditions to the Offer?</b>	<p>The Offer is highly conditional. The Conditions include (in summary form only):</p> <ul style="list-style-type: none"> <li>• <b>90% Minimum Acceptance Condition:</b> ACL acquiring a Relevant Interest in at least 90% (by number) of all of the Healius Shares (on a fully diluted basis);</li> <li>• <b>FIRB Condition:</b> 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;</li> <li>• <b>ACCC Clearance Condition:</b> ACCC confirming to ACL that it does not intend to oppose, intervene or seek to prevent the acquisition of Healius Shares under the Offer (on an unconditional basis);</li> </ul>	Section 5.3
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#	QUESTION	ANSWER	FURTHER INFORMATION
(a)	<p><b>What are the conditions to the Offer?</b> continued</p>	<ul style="list-style-type: none"> <li>• <b>no other regulatory action:</b> 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;</li> <li>• <b>ACL Shareholder Approval Condition:</b> ACL receiving necessary ACL Shareholder approvals under Listing Rule 7.1 for the issue of ACL Shares as Offer Consideration and, if required by ASX, under 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;</li> <li>• <b>announcements regarding Healius' expected FY23 financial performance:</b> 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;</li> <li>• <b>Healius' FY23 financial results:</b> 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;</li> <li>• <b>accounting policies:</b> Healius not making any voluntary changes to its accounting policies in preparing its audited financial statements for the Healius Group for FY23;</li> <li>• <b>Healius' post-FY23 EBIT margin:</b> Healius not publicly making certain statements regarding the Healius Group not achieving a specified EBIT margin after FY23;</li> <li>• <b>no ACL Competing Proposal:</b> no ACL Competing Proposal is made or announced by a Third Party or is otherwise received by ACL;</li> <li>• <b>equal access to information:</b> 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;</li> <li>• <b>no materially inaccurate public information:</b> 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;</li> </ul>	Section 5.3

### 3. Frequently asked questions continued

#	QUESTION	ANSWER	FURTHER INFORMATION
(a)	<p><b>What are the conditions to the Offer?</b> continued</p>	<ul style="list-style-type: none"> <li>• <b>no material adverse change:</b> 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 likely 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;</li> <li>• <b>no market fall:</b> the S&amp;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 2 consecutive days;</li> <li>• <b>Prescribed Occurrences Condition:</b> none of the prescribed occurrences listed in section 652C of the Corporations Act occurring;</li> <li>• <b>no other material occurrences:</b> 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;</li> <li>• <b>no action in relation to Healius' billing practices:</b> 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;</li> <li>• <b>Debt Covenants:</b> 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;</li> <li>• <b>no cessation of licenses, registrations, certifications or accreditations:</b> 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;</li> <li>• <b>no litigation on foot or pending:</b> 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;</li> <li>• <b>no regulatory action in respect of the conduct of the Healius Group's business:</b> 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;</li> </ul>	Section 5.3

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#	QUESTION	ANSWER	FURTHER INFORMATION
(a)	<b>What are the conditions to the Offer?</b> continued	<ul style="list-style-type: none"> <li>• <b>no distributions:</b> 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);</li> <li>• <b>no change of control right exercised:</b> no change of control right being exercised 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;</li> <li>• <b>no issue of convertible securities, derivatives or other rights:</b> 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</li> <li>• <b>treatment of Healius Rights and Healius Options:</b> all Healius Rights and Healius Options having either converted into Healius Shares or lapsed before the end of the Offer Period.</li> </ul> <p>This is only a summary of the Conditions of the Offer. See Section 5.3 for further details and the views of the Healius Board on the likelihood of the Conditions being satisfied. The Conditions are also set out in full in Section 11.9 of the Bidder's Statement.</p>	Section 5.3
(b)	<b>Can ACL waive the Conditions?</b>	Yes, ACL can waive any or all of the Conditions (other than any Conditions which are regulatory approvals and required by law).	N/A
(c)	<b>What happens if the Conditions of the Offer are not satisfied or waived by ACL?</b>	If the Conditions are not satisfied or waived by ACL before the Offer closes, the Offer will lapse, and you will not receive the Offer Consideration (even if you had accepted the Offer). However, you would then be free to deal with your Healius Shares.	Section 5.4
(d)	<b>What happens if I accept the Offer and the Conditions are satisfied or waived?</b>	<p>If you have accepted the Offer and each of the Conditions are satisfied or waived, then the Offer will become unconditional, you will relinquish control of your Healius Shares and the rights attaching to them to ACL and receive the Offer Consideration from ACL.</p> <p>Once you accept the Offer, you may only validly revoke or withdraw your acceptance in limited circumstances (see Section 5.7).</p>	Section 5.6

## 3. Frequently asked questions continued

#	QUESTION	ANSWER	FURTHER INFORMATION
<b>3.5 Other</b>			
(a)	<b>What impact does the Offer have on any Healius dividends or other rights?</b>	<p>ACL will be entitled to all Rights (including any Healius dividends) declared, paid, made, or which arise or accrue after the Announcement Date in respect of any Healius Shares that it acquires pursuant to acceptances of the Offer.</p> <p>If any Rights are declared, paid, made or arise or accrue in cash after the Announcement Date, ACL will (provided the same has not been paid to ACL) be entitled to reduce the Offer Consideration payable by it to any Healius Shareholders who accept the Offer by an amount equal to the value of the cash Rights in respect of their accepted Healius Shares.</p> <p>If any non-cash Rights are issued or made or arise or accrue after the Announcement Date, ACL will (provided the same has not been issued to ACL) be entitled to reduce the Offer Consideration payable by it to any Healius Shareholders who accept the Offer by an amount equal to the value of the non-cash Rights (as reasonably assessed by ACL) in respect of their accepted Healius Shares.</p> <p>See Sections 11.5(c)(vii) and 11.7(d) of the Bidder's Statement for more information.</p>	N/A
(b)	<b>Are there any tax consequences of accepting the Offer?</b>	<p>A general outline of the tax consequences for certain Healius Shareholders of accepting the Offer is set out in Section 9 of the Bidder's Statement and Section 5.10.</p> <p>Your Healius Directors note, in relation to Section 9.2(f) of the Bidder's Statement, that 'scrip for scrip' CGT rollover relief will not be available to Healius Shareholders if ACL waives the 90% Minimum Acceptance Condition and does not obtain at least 80% of Healius Shares. As noted in Section 1.3(b), given the composition of the Healius Share register, the prospect of ACL achieving the 90% Minimum Acceptance Condition is highly uncertain. Unless CGT rollover relief is available, accepting Healius Shares who are Australian residents (and in certain circumstances, non-Australian residents) for tax purposes and who make a capital gain from accepting the Offer may be required to pay (in cash) tax on those gains. There is no cash component in the Offer to pay any such tax.</p> <p>You should not rely on the outline in the Bidder's Statement (or this FAQ 3.5(b) or Section 5.10) as advice on your own affairs. It does not deal with the position of certain Healius Shareholders. Your Healius Directors encourage you to seek your own professional financial and taxation advice before making a decision whether or not to accept the Offer.</p>	Section 5.10
(c)	<b>Will I need to pay brokerage or stamp duty if I accept the Offer?</b>	<p>If your Healius Shares are registered in an issuer sponsored holding in your name on acceptance of the Offer, you will not incur any brokerage fees or be obliged to pay stamp duty in connection with your acceptance of the Offer.</p> <p>If your Healius Shares are registered in a CHES 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 if you accept 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.</p>	Section 5.10



#	QUESTION	ANSWER	FURTHER INFORMATION
(d)	<b>Can ACL withdraw its Offer?</b>	ACL may only withdraw the Offer with the written consent of ASIC in accordance with the requirements of the Corporations Act and subject to the conditions (if any) specified in such consent.	Section 5.2(d)
(e)	<b>I am a Healius Shareholder based overseas. How does the Offer affect me?</b>	If you are an Ineligible Foreign Shareholder and accept the Offer, you will not be entitled to receive ACL Shares under the Offer. Instead, if you accept the Offer, you will be paid by the Nominee the net proceeds of the sale (on ASX by the Nominee) of the ACL Shares you would have otherwise been entitled to.	Section 5.12
(f)	<b>What happens if I am a Small Parcel Shareholder?</b>	If you are a Small Parcel Shareholder and accept the Offer, you will not be entitled to receive ACL Shares under the Offer. Instead, if you accept the Offer, you will be paid by the Nominee the net proceeds of the sale (on ASX by the Nominee) of the ACL Shares you would have otherwise been entitled to.	Section 5.13
(g)	<b>Is the Offer open to exercised Healius Options and/or Healius Rights?</b>	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.	Section 8.6
(h)	<b>Will Healius remain listed on ASX?</b>	<p>That depends on the outcome of the Offer.</p> <p>If ACL Compulsorily Acquires the Healius Shares (as is its stated intention if it becomes entitled to do so), ACL will seek to delist Healius from ASX at the conclusion of the Compulsory Acquisition process. In addition, ACL has stated that if it were to acquire a Relevant Interest of more than 50% but less than 90% of Healius Shares, and then only if ACL declares the Offer unconditional or the 90% Minimum Acceptance Condition to the Offer is waived, ACL also intends to seek to delist Healius from ASX. Further information on ACL's intentions on delisting Healius is set out at Section 6.4(c) of the Bidder's Statement.</p> <p>Any proposal to delist Healius from ASX will require ASX's consent and may be subject to conditions imposed by ASX.</p> <p>Although there is a possibility of Healius being delisted if ACL obtains a Relevant Interest of more than 50% but less than 90% of Healius Shares, the Healius Directors consider it is unlikely for Healius to be delisted in this circumstance so long as there are a substantial number of minority Healius Shareholders.</p>	Section 5.14
(i)	<b>How can I get updates on the Healius Share price?</b>	You can receive updates by visiting the ASX website at <a href="http://www.asx.com.au">www.asx.com.au</a> using the code 'HLS'.	Section 8.11
(j)	<b>If I have any questions who can I contact?</b>	<p>You can contact the Healius Shareholder Information Line on 1300 103 401 (within Australia) or +61 2 9066 4063 (outside Australia) between 9:00am and 5:00pm (Sydney time), Monday to Friday.</p> <p>Announcements made to ASX by Healius and other information relating to the Offer can be obtained from Healius' website at <a href="http://www.healius.com.au/invest-in-us/news-room/asx-announcements">www.healius.com.au/invest-in-us/news-room/asx-announcements</a>.</p>	N/A

## **4. Your choices as a Healius Shareholder**

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## 4. Your choices as a Healius Shareholder

### The Healius Directors unanimously recommend that you REJECT the Offer

However, as a Healius Shareholder you have 3 choices currently available to you.

Your Healius Directors encourage you to consider your personal risk profile, investment objectives and financial and tax circumstances before making a decision as to whether or not to accept the Offer for your Healius Shares.

<p><b>Option 1</b> <b>REJECT the Offer</b></p>	<p>If you do not wish to accept the Offer and wish to retain your Healius Shares, you should <b>DO NOTHING</b>. Simply disregard the documents sent to you by ACL. In particular, you should not complete or return the Acceptance Form that accompanied the Bidder's Statement, nor should you respond to any documentation sent to you by ACL or any other communication from ACL (including telephone solicitation or canvassing by ACL or its representatives).</p> <p><b>This is the approach recommended by your Healius Directors.</b></p> <p>You should note that:</p> <ul style="list-style-type: none"> <li>• if you choose not to accept the Offer, you will not receive any ACL Shares unless ACL holds 90% of the Healius Shares at the end of the Offer Period. In this event (subject to satisfaction of various legal requirements), ACL will become entitled to Compulsorily Acquire all those Healius Shares that it does not already own (see Section 5.8 for further information regarding Compulsory Acquisition); and</li> <li>• if ACL acquires more than 50% but less than 90% of the Healius Shares and all of the Conditions of the Offer are satisfied or waived, and you continue to hold Healius Shares, you will be exposed to the risks associated with being a minority shareholder of Healius. Some of these risks are explained in Section 5.9.</li> </ul>
<p><b>Option 2</b> <b>Sell your Healius Shares on market</b></p>	<p>During the Offer Period, you may sell your Healius Shares on market through ASX at the prevailing market price for cash (less any brokerage), provided you have not accepted the Offer (or, if you have accepted the Offer, provided you have validly revoked or withdrawn that acceptance (see your rights at Section 5.7)).</p> <p>As at the Last Practicable Date, the closing price of Healius Shares was \$3.07, being higher than the Implied Offer Value of \$2.67 per Healius Share offered under the Offer (based on the closing price of ACL Shares on the ASX on the Last Practicable Date (being \$3.61)).</p> <p>However, there is no guarantee that the price you will receive for your Healius Shares on market will be higher than the Implied Offer Value. You should be aware that the market price of Healius Shares may rise or fall in the period during which the Offer remains open and following the close of the Offer. The latest trading price of Healius Shares may be obtained from the ASX website (<a href="http://www.asx.com.au">www.asx.com.au</a>) using the code 'HLS'.</p> <p>If you sell your Healius Shares on market, you will receive the consideration for your Healius Shares sooner than if you accept the Offer while it is subject to Conditions. However, you:</p> <ul style="list-style-type: none"> <li>• will lose the ability to accept the Offer and receive the Offer Consideration (and any subsequent improvement in the Offer Consideration), in relation to those Healius Shares;</li> <li>• will lose the ability to accept any superior proposal for your Healius Shares if one emerges;</li> <li>• will receive cash consideration for the sale of your Healius Shares which may be more or less than the value of the Offer Consideration;</li> <li>• may incur a tax liability on the sale of those Healius Shares;</li> <li>• may incur a brokerage charge; and</li> <li>• will lose the opportunity to receive future returns from Healius in relation to those Healius Shares.</li> </ul> <p>You should contact your broker for information on how to sell your Healius Shares on ASX and your tax adviser to determine your tax implications from such a sale.</p>

## 4. Your choices as a Healius Shareholder continued

### Option 3

#### Accept the Offer

The Healius Directors unanimously recommend that you **REJECT** the Offer. It is uncertain when, if ever, the Offer will become unconditional. As stated at page 8 of the Bidder's Statement, the ACCC clearance process is expected to take at least 6 months, therefore if you accept the Offer it is unlikely you will receive any Offer Consideration until after this process concludes. Given this, and that the Offer Period will remain open until 29 September 2023, there is no pressing need for you to take any action in relation to the Offer.

However, if you choose to accept the Offer:

- you will not receive the Offer Consideration unless and until each of the Conditions of the Offer are all either satisfied or waived by ACL. Details of the Offer Consideration that you will receive if you accept the Offer are set out in Section 5.2(a) as well as in the Bidder's Statement;
- you will only be able to revoke or withdraw your acceptance in limited circumstances which are set out in Section 5.7, meaning that you may not be able to sell your Healius Shares on market or accept a higher price as part of a superior proposal if one emerges; and
- you may be liable for tax on the disposal of your Healius Shares as a result of your acceptance. An overview of the taxation consequences for certain Australian resident Healius Shareholders of selling Healius Shares is provided in Section 9 of the Bidder's Statement. See also Section 5.10 for further information on the tax consequences of the Offer.

If ACL increases the Offer Consideration, all Healius Shareholders, whether or not they have already accepted the Offer before then, will be entitled to receive the increased Offer Consideration if they accept the Offer and it becomes unconditional.

Further information on the consequences of accepting the Offer is discussed in Section 5.6. See Section 11.3 of the Bidder's Statement and the Acceptance Form provided to you by ACL for instructions on how to accept the Offer.

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**5. Information about ACL,  
the Offer and other  
important information**

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## 5. Information about ACL, the Offer and other important information

### 5.1 Information about ACL<sup>22</sup>

#### (a) Overview

ACL is an ASX-listed company incorporated in Australia and a provider of pathology services (ASX code: ACL). The company was formed from a rebrand of Healthscope's Australian pathology business, which was acquired by Crescent in 2015.<sup>23</sup> The business then acquired St John of God Health Care's pathology business in 2016, Perth Pathology in 2016, and SunDoctors in 2021 contemporaneously with its IPO. 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 providing pathology testing services to medical practitioners, specialists, patients, hospitals, and corporate entities.

ACL operates a national network of 1,326 Approved Collection Centres, 31 skin cancer clinics (through its SunDoctors brand), 75 NATA-accredited laboratories, and are supported by approximately 85 pathologists and 500 scientists.

The company has over 24 contracts with public hospitals including Bendigo Health in Victoria, Barwon Health – University Hospital Geelong in Victoria, Northern Beaches Hospital in New South Wales, and the St John of God Health Care Midland Hospital in Western Australia. In addition, ACL provides pathology services to private hospitals including Healthscope and St John of God Health Care private hospitals.

#### (b) Overview of ACL's interest in Healius

According to Section 4.6 of the Bidder's Statement, ACL did not have any voting power in Healius or a Relevant Interest in any Healius Shares as at the date of the Bidder's Statement.

### 5.2 Summary of the Offer

ACL has lodged with ASIC and served on Healius a copy of the Bidder's Statement, which contains the Offer to Healius Shareholders to acquire all of your Healius Shares, including any rights attaching to those Healius Shares.

You may only accept the Offer in respect of all of your Healius Shares unless you hold some of your Healius Shares as a trustee or nominee for, or otherwise on account of, another person.<sup>24</sup> You cannot accept the Offer in respect of only some of your Healius Shares.

#### (a) Offer Consideration

ACL is offering 0.74 ACL Shares for every Healius Share that you hold.

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.

If you are an Ineligible Foreign Shareholder or a Small Parcel Shareholder, you will not be entitled to receive ACL Shares under the Offer. See Sections 5.12 and 5.13 for further information.

If you accept the Offer, you will have to wait until the earlier of:

- (i) one month after the Offer is validly accepted by you or, if the Offer is subject to a defeating Condition, within one month after the Offer becomes unconditional; and
- (ii) 21 days after the end of the Offer Period, provided the Offer has become unconditional, before you receive the Offer Consideration.

It is uncertain when, if ever, the Offer will become unconditional.

22. This information regarding ACL has been collated from public sources, including the Bidder's Statement and the website of ACL at <https://www.clinicallabs.com.au/> and has not been independently verified. The information included should not be considered comprehensive.

23. See Section 2.4 of the Bidder's Statement for further information on the shareholding and voting power of Crescent Capital Partners and/or its Associates in ACL.

24. If you hold some, or all, of your Healius Shares as trustee or nominee for, or otherwise on account of, another person, you may accept the Offer 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. See Section 11.1(h) of the Bidder's Statement for further information.

### (b) Offer Period

The Offer Period is open for acceptance from 21 April 2023 until 7:00pm (Sydney time) on 29 September 2023, unless it is withdrawn or the Offer Period is extended in accordance with the Corporations Act. If you choose to accept the Offer, then your acceptance must be received by ACL before the end of the Offer Period. Instructions on how to accept the Offer are set out in the Bidder's Statement and on the Acceptance Form that accompanies the Bidder's Statement. If you want to accept the Offer, you should follow those instructions carefully to ensure that your acceptance is valid. Once you accept the Offer, you may only validly revoke or withdraw your acceptance in limited circumstances (see Section 5.7).

If your Healius Shares are in a CHES Holding and you want to accept the Offer, you should accept the Offer online in accordance with Section 11.3(c)(i) of the Bidder's Statement or complete the CHES Acceptance Form, or give instructions to your broker in sufficient time before the end of the Offer Period to allow your broker to initiate your acceptance under CHES. If your Healius Shares are in an issuer sponsored holding and you want to accept the Offer, you should accept the Offer online in accordance with Section 11.3(b)(i) of the Bidder's Statement or complete and deliver the Issuer Acceptance Form in sufficient time so that it is received by ACL before the end of the Offer Period.

### (c) Extension of the Offer Period

If the Offer is unconditional (that is, all the Conditions are satisfied or waived), ACL may extend the Offer Period at any time before the end of the Offer Period. However, if the Offer is subject to Conditions, ACL may extend the Offer Period at any time before it gives Healius Shareholders a Notice of Status of Conditions (as described in Section 5.5), but may only extend the Offer after it gives the Notice of Status of Conditions in the circumstances described in the next paragraph or in other limited circumstances set out in the Corporations Act, which only apply where another person also announces or makes a takeover bid for Healius Shares.

ACL must extend the Offer Period if, within the last 7 days of the Offer Period, ACL increases the Offer Consideration or ACL's voting power in Healius increases to more than 50%. If that happens, the Offer Period is automatically extended so that it ends 14 days after that event.

The maximum duration of the Offer Period is 12 months.

### (d) Withdrawal of the Offer

ACL may withdraw the Offer at any time but only in limited circumstances where it obtains the written consent of ASIC and subject to the conditions (if any) specified in such consent. See Section 11.14 of the Bidder's Statement for more information.

### (e) Lapse of the Offer

The Offer will lapse if, at the end of the Offer Period, the Conditions to which the Offer is subject (as summarised in Section 5.3) are not satisfied or waived. If this occurs then any acceptances of the Offer given by Healius Shareholders will be void. Healius Shares the subject of any such acceptances will be returned to you and you will be free to deal with them as you choose.

## 5.3 Conditions of the Offer

The Offer is subject to a substantial number of Conditions. Those Conditions are set out in full in Section 11.9 of the Bidder's Statement.

If all of these Conditions are not satisfied, or waived by ACL, before the end of the Offer Period (including any extended Offer Period), then the Offer will lapse and the Offer Consideration will not be issued to Healius Shareholders who have accepted the Offer. Furthermore, Healius Shareholders who accept the Offer will, in the meantime, lose their ability to deal with their Healius Shares (sell them on market) or accept any superior proposal, should one eventuate, except in limited circumstances where Healius Shareholders have validly revoked or withdrawn their acceptance of the Offer (see Section 5.7).



## 5. Information about ACL, the Offer and other important information continued

When considering how these Conditions may affect the prospects of success of the Offer, you should be aware of the following information:

### (a) Conditions wholly or partly outside of Healius' control

Many of the Conditions are wholly or partly outside the control of Healius. These Conditions include those set out in the table below.

NAME OF CONDITION AND SECTION OF BIDDER'S STATEMENT	SUMMARY OF CONDITION	LIKELY TO BE SATISFIED
<b>90% Minimum Acceptance Condition</b>  See Bidder's Statement Section 11.9(a)	ACL acquiring a Relevant Interest in at least 90% (by number) of all of the Healius Shares (on a fully diluted basis).	Unknown. This Condition is wholly outside of Healius' control.  However, given the composition of the Healius share register, the prospect of ACL satisfying to the 90% Minimum Acceptance Condition is highly uncertain. See Section 1.3(b) for further details.
<b>FIRB Condition</b>  See Bidder's Statement Section 11.9(b)	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.	Unknown. This Condition is wholly outside of Healius' control.
<b>ACCC Clearance Condition</b>  See Bidder's Statement Section 11.9(c)	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).	Unknown. This Condition is wholly outside of Healius' control.  The ACCC has commenced market enquiries with a provisional date of 22 June 2023 for the announcement of the ACCC's findings. That announcement may be a final decision or a statement of issues identifying the basis of further enquiry that the ACCC wishes to undertake. <sup>25</sup>
<b>No other regulatory action</b>  See Bidder's Statement Section 11.9(d)	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.	Unknown.
<b>ACL Shareholder Approval Condition</b>  See Bidder's Statement Section 11.9(e)	ACL receiving necessary ACL Shareholder approvals under Listing Rule 7.1 for the issue of ACL Shares as Offer Consideration and, if required by ASX, under 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.	Unknown. This Condition is wholly outside of Healius' control.

25. The Bidder's Statement notes that the ACCC clearance process is expected to take at least 6 months.

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NAME OF CONDITION AND SECTION OF BIDDER'S STATEMENT	SUMMARY OF CONDITION	LIKELY TO BE SATISFIED
<p><b>Announcements regarding Healius' expected FY23 financial performance</b></p> <p>See Bidder's Statement Section 11.9(f)</p>	<p>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.</p>	<p>No. Healius intends to release its audited financial statements and annual report for FY23 in accordance with its statutory obligations in August 2023 and to comply with its continuous disclosure obligations in the interim period.</p> <p>However, Healius considers that the amounts specified by ACL in Section 11.9(g) of the Bidder's Statement as the maximum permitted amounts to be incurred by Healius (and excluded from the calculations of reported EBIT and profit from continuing operations for FY23) in respect of pathology digital transformation costs, restructuring &amp; termination costs and transaction costs have been arbitrarily set by ACL without due regard to previous disclosures Healius has made to the market and the costs that might reasonably be incurred in Healius' circumstances.</p> <p>Based on expenditure to date and anticipated expenditure for the remainder of FY23, Healius expects its costs in these areas to exceed ACL's arbitrary permitted amounts and accordingly expects that reported EBIT and profit from continuing operations for FY23 (including the impact of costs over those permitted amounts) will be less than the target amounts specified by ACL, meaning this Condition is likely to be triggered. As announced to ASX on 2 May 2023, Healius does not expect underlying EBIT for FY23 to differ materially from FY23 average underlying EBIT analyst consensus of \$98.6m.</p>
<p><b>Healius' FY23 financial results</b></p> <p>See Bidder's Statement Section 11.9(g)</p>	<p>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.</p>	<p>No. For the reasons set out above in relation to the "Announcements regarding Healius' expected FY23 financial performance" Condition at Bidder's Statement Section 11.9(f), Healius expects that reported EBIT and profit from continuing operations for FY23 will be less than the target amounts arbitrarily specified by ACL, meaning this Condition is likely to be triggered.</p> <p>In addition, as noted at section 5.3(b) below in respect of the "no other material occurrences" Condition at Section 11.9(p) of the Bidder's Statement, there is a likelihood that Healius' net debt plus current tax liabilities less current tax assets following completion of the sale of day hospitals on 1 May 2023 exceeds ACL's specified amount of \$437.3 million. If this situation continues as at 30 June 2023, the net debt aspect of this Condition will also be triggered.</p>

## 5. Information about ACL, the Offer and other important information continued

NAME OF CONDITION AND SECTION OF BIDDER'S STATEMENT	SUMMARY OF CONDITION	LIKELY TO BE SATISFIED
<b>Healius' post-FY23 EBIT margin</b> See Bidder's Statement Section 11.9(i)	Healius not publicly making certain statements regarding the Healius Group not achieving a specified EBIT margin after FY23.	Healius intends to release its audited financial statements and annual report for FY23 in accordance with its statutory obligations in August 2023 and to comply with its continuous disclosure obligations in the interim period and thereafter.
<b>No ACL Competing Proposal</b> See Bidder's Statement Section 11.9(j)	No ACL Competing Proposal is made or announced by a Third Party or is otherwise received by ACL.	Unknown. This Condition is wholly outside of Healius' control.
<b>No materially inaccurate public information</b> See Bidder's Statement Section 11.9(l)	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.	Unknown. Healius is not currently aware of or anticipating any occurrence which it considers would be reasonably likely to trigger this Condition.
<b>No material adverse change</b> See Bidder's Statement Section 11.9(m)	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 likely 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.	Unknown. Healius is not currently aware of any material adverse change which it considers would be reasonably likely to trigger this Condition. However, unforeseen events may emerge during the Offer Period which are wholly or partially outside of Healius' control and which may trigger this Condition.
<b>No market fall</b> See Bidder's Statement Section 11.9(n)	The S&P/ASX 200 Index not falling by 10% or more from the level of that index at close of trading on the last trading day prior to the Announcement Date and remaining at, or below, that level for at least 2 consecutive days.	Unknown. This Condition is wholly outside Healius' control.
<b>No action in relation to Healius' billing practices</b> See Bidder's Statement Section 11.9(q)	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.	Unknown. However, Healius is not currently aware of or anticipating any regulatory action which it considers would be reasonably likely to trigger this Condition.

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NAME OF CONDITION AND SECTION OF BIDDER'S STATEMENT	SUMMARY OF CONDITION	LIKELY TO BE SATISFIED
<p><b>Debt Covenants</b></p> <p>See Bidder's Statement Section 11.9(r)</p>	<p>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.</p>	<p>No. As announced to the ASX by Healius on 1 May 2023, in order to provide additional financial flexibility as the market recovers post COVID-19, Healius has agreed with its banking group to amend the covenant gearing ratio under its debt facilities from 3.5 times to 4.0 times to provide additional headroom for the 30 June 2023 and 31 December 2023 testing dates. The arrangements agreed with the lenders trigger this Condition.</p>
<p><b>No cessation of licenses, registrations, certifications or accreditations</b></p> <p>See Bidder's Statement Section 11.9(s)</p>	<p>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.</p>	<p>Unknown. However, Healius is not currently aware of or anticipating any occurrence which it considers would be reasonably likely to trigger this Condition.</p>
<p><b>No litigation on foot or pending</b></p> <p>See Bidder's Statement Section 11.9(t)</p>	<p>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 of \$50,000,000 (when aggregated with all such other litigation or proceedings, or judgements and orders).</p>	<p>Unknown. This Condition is wholly or partially outside Healius' control. However, Healius is not currently aware of or anticipating any occurrence which it considers would be reasonably likely to trigger this Condition.</p>
<p><b>No regulatory action in respect of the conduct of the Healius Group's business</b></p> <p>See Bidder's Statement Section 11.9(u)</p>	<p>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.</p>	<p>Unknown. This Condition is wholly or partially outside Healius' control. However, Healius is not currently aware of or anticipating any occurrence which it considers would be reasonably likely to trigger this Condition.</p>
<p><b>No change of control right exercised</b></p> <p>See Bidder's Statement Section 11.9(w)</p>	<p>No change of control right being exercised 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.</p>	<p>Unknown. This Condition is wholly or partially outside Healius' control.</p> <p>Healius Group Members are parties to a number of contracts which contain counterparty change of control rights which could potentially be triggered in connection with the Offer, as set out further in Section 8.4(b). However, Healius is not currently aware of any person having exercised, or stated that they intended to exercise, any such rights thereunder which would be reasonably likely to trigger this Condition.</p>

## 5. Information about ACL, the Offer and other important information continued

### (b) Conditions which may require Healius to take or refrain from taking actions where this may not be in interests of Healius Shareholders

Many of the Conditions require Healius to take (or refrain from taking) various actions, where satisfying those Conditions may not necessarily be in the interests of Healius Shareholders. These Conditions include those set out in the table below.

In the context of an extended Offer Period which is due to last until 29 September 2023 at the earliest, Healius considers that the drafting of many of the Conditions is unduly restrictive on the ordinary course of business for Healius. This may give rise to situations where undertaking ordinary course actions (which are not material in the overall context of Healius' operations) results in certain Conditions becoming incapable of being satisfied.

On this basis, it is possible that by Healius continuing its ordinary operations, certain Conditions may become incapable of being satisfied in the future (including the Conditions at Section 11.9(o) (Prescribed Occurrences Condition), Section 11.9(p) (No other material occurrences) and Section 11.9(x) (No issue of convertible securities, derivatives or other rights) of the Bidder's Statement).

In such circumstances, if a Condition is not satisfied during the Offer Period, ACL will have discretion as to whether to declare the Offer free of the Condition or to allow the Offer to lapse.

The Healius Directors will make a decision to pursue any opportunity, or take any action, having regard to the best interests of Healius and Healius Shareholders, the fiduciary duties of the Healius Directors and the applicable policies and guidance of the Takeovers Panel.

NAME OF CONDITION AND SECTION OF BIDDER'S STATEMENT	SUMMARY OF CONDITION	LIKELY TO BE SATISFIED
<b>Accounting policies</b> Bidder's Statement Section 11.9(h)	Healius not making any voluntary changes to its accounting policies in preparing its audited financial statements for the Healius Group for FY23.	Yes. Healius does not presently have any intention to make any changes to its accounting policies which would be reasonably likely to trigger this Condition.
<b>Equal access to information</b> Bidder's Statement Section 11.9(k)	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.	Potentially not. While no such information has been provided as at the date of this Target's Statement, this Condition seeks to impose an unreasonable constraint on the Healius Board's ability to pursue the best outcome for Healius Shareholders in the event of a competing proposal arising.  Healius will make any decision to respond to or facilitate any competing proposal having regard to the best interests of Healius and Healius Shareholders, the fiduciary duties of the Healius Directors and the applicable policies and guidance of the Takeovers Panel, and does not intend to be bound by this Condition.

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NAME OF CONDITION AND SECTION OF BIDDER'S STATEMENT	SUMMARY OF CONDITION	LIKELY TO BE SATISFIED
<p><b>Prescribed Occurrences Condition</b></p> <p>Bidder's Statement Section 11.9(o)</p>	<p>None of the prescribed occurrences listed in section 652C of the Corporations Act occurring.</p>	<p>Potentially not. As this Condition will be on foot for the duration of the extended Offer Period, it is possible that this Condition could become incapable of being fulfilled in the future as a result of Healius operating in the ordinary course of its business and in the interests of Healius Shareholders. For example, the issue of additional Healius Performance Rights as noted below, in respect of the Condition relating to no issue of convertible securities, derivatives or other rights (see Section 11.9(x) of the Bidder's Statement), could trigger limb (iv) of the Prescribed Occurrences Condition through Healius agreeing to make an issue of Healius Shares under ordinary course employee incentive arrangements.</p>
<p><b>No other material occurrences</b></p> <p>Bidder's Statement Section 11.9(p)</p>	<p>No other specified material occurrences occurring in relation to the Healius Group, being specified occurrences in relation to acquisitions or disposals<sup>26</sup>, 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<sup>27</sup> and other incentives.</p>	<p>Potentially not. Given the overall extent to which this Condition restricts Healius' activities over a lengthy period of time (noting the Offer Period is scheduled to close on 29 September 2023 and may be further extended by ACL) and the limited latitude and flexibility afforded by this Condition, the Healius Directors consider that, by Healius pursuing opportunities in the ordinary course of its business and in the interests of Healius Shareholders, it is possible that this Condition will become incapable of being satisfied in the future. For example, in order to protect the goodwill of the business and avoid material adverse consequences of disruption that may occur during the prolonged Offer Period, Healius has entered into retention arrangements with key employees by agreeing to allow extended notice periods (remaining on market based terms) under those employees' service agreements.</p> <p>In addition, Healius considers that the Healius Group's net debt plus current tax liabilities less current tax assets in the period since the Announcement Date has exceeded ACL's proposed \$558 million limit for more than 30 days or is likely to remain in excess of that amount (or ACL's proposed \$437.3 million limit following completion of the sale of day hospitals on 1 May 2023) for more than 30 days, triggering paragraph (ii)(A) of the Condition at Section 11.9(p) of the Bidder's Statement.</p>

26. A materiality threshold for the restrictions on 'acquisitions and disposals' in this Condition (see page 164 of Section 11.9 of the Bidder's Statement) has been included by ACL. The effect of this modification is to limit acquisitions or disposals by the Healius Group (or a Healius Group Member) of any company, business or shares or other securities in any company to those transactions which are reasonably likely to result in the aggregate value or consideration paid or agreed to be paid for the acquisition or disposal to exceed \$50,000,000.

27. ACL has qualified the restrictions on Senior Healius Employee (as defined in the Bidder's Statement) remuneration in this Condition (see page 164 of Section 11.9 of the Bidder's Statement). The effect of this modification is that ACL will only rely on a trigger of this Condition in this regard if the increase of remuneration for any Senior Healius Employees would in aggregate exceed 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.

## 5. Information about ACL, the Offer and other important information continued

NAME OF CONDITION AND SECTION OF BIDDER'S STATEMENT	SUMMARY OF CONDITION	LIKELY TO BE SATISFIED
<b>No distributions</b>  Bidder's Statement Section 11.9(v)	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).	Yes. Healius does not presently have any intention to make any distributions which would be reasonably likely to trigger this Condition.
<b>No issue of convertible securities, derivatives or other rights</b>  Bidder's Statement Section 11.9(x)	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).	<p>Potentially not. It is possible Healius will not meet this Condition. Given the extent to which this Condition restricts Healius' activities over a lengthy period of time (noting the Offer Period is scheduled to close on 29 September 2023 and may be further extended by ACL) and the limited latitude and flexibility afforded by this Condition, the Healius Directors consider that, by Healius conducting its business in the ordinary course and in the interests of Healius Shareholders, it is possible that this Condition will become incapable of being fulfilled in the future.</p> <p>At Healius' Annual General Meeting on 20 October 2022, Healius Shareholders approved the issuance of a maximum of 12,000,000 Healius Performance Rights (and 12,000,000 Healius Shares on vesting of those rights) over a 3-year period. Subject to compliance with the Listing Rules, Healius intends to issue additional Healius Performance Rights in accordance with that approval and consistent with past practice generally regarding employee remuneration.<sup>28</sup></p>
<b>Treatment of Healius Rights and Healius Options</b>  Bidder's Statement Section 11.9(y)	All Healius Rights and Healius Options having either converted into Healius Shares or lapsed before the end of the Offer Period.	Unknown. Any treatment of Healius Rights and Healius Options under the Offer will be determined in accordance with their applicable terms and the Healius Board will exercise any discretions under those terms at the appropriate time having regard to the best interests of Healius and Healius Shareholders. See Section 8.6 for further details of the impact of the Offer on Healius Rights and Healius Options.

28. The FY23 grant of Healius Performance Rights under the Healius Equity Incentive Plan was substantially complete at the time Healius received the Bidder's Statement. 2 Business Days prior to receiving the Bidder's Statement, the offers in respect of the FY23 grant had been accepted by eligible participants. As noted at Section 8.8 of this Target's Statement, Healius has been granted a waiver from ASX from Listing Rule 7.9 (which provides that for 3 months after being told in writing that a person is making a takeover in respect of an entity, the entity must not issue equity securities) to permit the issue of 3,005,603 Healius Performance Rights to eligible participants as part of the FY23 grant and Healius intends to issue those as soon as reasonably practicable.



## 5.4 Consequences of Conditions not being satisfied

As discussed in Section 5.3, there is no certainty that the Conditions of the Offer will be satisfied.

You should be aware that, even if the Conditions of the Offer are not satisfied (or are triggered, as appropriate), they may be waived by ACL.

If any Condition is unsatisfied (or has been triggered), and has not been waived, ACL will have an option as to whether to proceed with the acquisition of Healius Shares under its Offer (by waiving the relevant Conditions, other than any regulatory approvals required by law) or allow its Offer to lapse with unsatisfied Conditions. Generally speaking, ACL would not have to decide whether to proceed with the acquisition of Healius Shares under its Offer until the date that it is required to provide its Notice of Status of Conditions which, as discussed in Section 5.5, can be postponed if the Offer Period is extended.

If, by the end of the Offer Period the Conditions have not been satisfied or waived, the Offer will lapse and all acceptances of the Offer will be void and have no effect.

## 5.5 Notice of Status of Conditions

The Bidder's Statement indicates that ACL will give a Notice of Status of Conditions on 21 September 2023.

ACL is required to set out in its Notice of Status of Conditions:

- (a) whether the Offer is free of any or all of the Conditions;
- (b) whether, so far as ACL knows, any of the Conditions have been satisfied; and
- (c) ACL's voting power in Healius at that time.

If the Offer Period is extended before the date on which the Notice of Status of Conditions is to be given, the date that ACL must give its Notice of Status of Conditions will be taken to be postponed for the same period. In the event of such an extension, ACL is required, as soon as practicable after the extension, to notify ASX and Healius of the new date for giving the Notice of Status of Conditions.

In addition, if a Condition of the Offer is satisfied during the Offer Period but before the date on which the Notice of Status of Conditions is required to be given, ACL must, as soon as practicable, give ASX and Healius a notice stating that the particular Condition has been satisfied.

## 5.6 Effect of acceptance

Accepting the Offer while it is conditional may (subject to the limited revocation and withdrawal rights set out at Section 5.7):

- (a) **prevent you from accepting any superior proposal** that may be made or any alternative superior transaction that may be recommended by the Healius Board (noting that as at the date of this Target's Statement the Healius Directors are not aware of any other takeover offer or transaction which may be made or announced for Healius Shares). Should another takeover offer or transaction be announced during the Offer Period, Healius will issue a supplementary target's statement providing further information to Healius Shareholders;
- (b) **prevent you from selling** or otherwise dealing with your Healius Shares on market during the Offer Period;
- (c) **result in you relinquishing control of your Healius Shares to ACL and the rights attaching to them with no guarantee of payment** until the Offer becomes, or is declared, unconditional – and as the Offer Period could be extended by ACL so that its Offer is open for up to 12 months, this could result in further delays in ACL issuing the Offer Consideration;
- (d) **give ACL the option to keep your Healius Shares** if the Conditions are not satisfied, but ACL declares the Offer unconditional (other than any regulatory approvals required by law) by waiving the 90% Minimum Acceptance Condition;
- (e) **require ACL to return your Healius Shares** if the Conditions are not satisfied or waived and the Offer lapses (as discussed in Section 5.2(e)); and
- (f) **result in you being liable to pay tax** on the disposal of your Healius Shares which may have financial consequences (as discussed in Section 5.10).

If ACL improves the Offer Consideration, all Healius Shareholders who have accepted the Offer (whether or not they have accepted prior to that improvement) will be entitled to the benefit of that improved consideration.

The effect of acceptance of the Offer is set out in more detail in Section 11.5 of the Bidder's Statement. You should read those provisions in full to understand the effect that acceptance will have on your ability to exercise the rights attaching to your Healius Shares and the representations and warranties that you are deemed by ACL to give to it by accepting the Offer.

## 5. Information about ACL, the Offer and other important information continued

### 5.7 Revocation and withdrawal rights

If you accept the Offer, you will have a right to revoke or withdraw your acceptance only in limited circumstances. Those rights comprise a revocation right to the extent that the FIRB Condition of the Offer has not been satisfied (or waived, if permitted by law) and general statutory withdrawal rights under the Corporations Act. In summary:

#### (a) Revocation rights in respect of FIRB Condition

You may revoke your acceptance of the Offer if the FIRB Condition (set out in Section 11.9(b) of the Bidder's Statement) has not, at the time of your withdrawal, been satisfied (or waived, if permitted by law). However, you may not get any notice from ACL before that occurs. Once the FIRB Condition is satisfied (or waived, if permitted by law), you will only be permitted to withdraw your acceptance in the limited circumstances set out below.

See Section 11.10(a) of the Bidder's Statement for details on how you may revoke your acceptance of the Offer prior to the FIRB Condition being satisfied.

#### (b) Statutory withdrawal rights under the Corporations Act

Under the Corporations Act, you may withdraw your acceptance of the Offer if ACL varies the Offer in a way that postpones, for more than one month, the time when ACL needs to meet its obligations under the Offer (for example, by extending the Offer Period by more than one month) and the Offer is still subject to any Conditions at that time.

If this occurs, ACL is required to send you a notice at the time explaining your rights in this regard.

In these circumstances, you will have a period of one month after the date of receiving notice to withdraw your acceptance.

Your statutory withdrawal rights will terminate upon the expiry of that one month period, although if the Offer Period is then further extended, you may receive further statutory withdrawal rights.

### 5.8 Compulsory Acquisition

#### (a) Post-bid Compulsory Acquisition

ACL will be entitled to Compulsorily Acquire any outstanding Healius Shares for which it has not received acceptances on the same terms as the Offer if, during or at the end of the Offer Period, ACL (taken together with its Associates):

- (i) has a Relevant Interest in at least 90% (by number) of the Healius Shares on issue at the relevant time; and
- (ii) has acquired at least 75% (by number) of Healius Shares for which it has made an Offer.

ACL has indicated in Section 6.3 of its Bidder's Statement that if it becomes entitled to proceed to Compulsorily Acquire outstanding Healius Shares, it intends to do so.

If the Compulsory Acquisition thresholds above are met, ACL will have one month from the end of the Offer Period within which to give Compulsory Acquisition notices to Healius Shareholders who have not accepted the Offer, but it may choose to commence Compulsory Acquisition as soon as the relevant thresholds are satisfied. The consideration payable by ACL will be the Offer Consideration last offered under the Offer.

In addition, ACL must also offer to buy out the remaining holders of any outstanding securities that are convertible into Healius Shares. In such circumstances, ACL must give notice of the terms of the acquisition along with an expert's report to holders of those convertible securities of their right to be bought out, during, or within one month after the end of, the Offer Period. A copy of the notice must be lodged with ASX and ASIC. Within one month after the notice is given by ACL, the relevant holders of those convertible securities may choose to give ACL notice requiring ACL to acquire their securities. A Healius Shareholder has statutory rights to challenge the Compulsory Acquisition, but this will require the relevant Healius Shareholder to establish to the satisfaction of a court that the terms of the Offer do not represent fair value for their Healius Shares. Healius Shareholders should be aware that, if their Healius Shares are Compulsorily Acquired, they are not likely to receive the Offer Consideration until at least one month after the Compulsory Acquisition notices are sent.

## (b) General Compulsory Acquisition

If ACL does not become entitled to Compulsorily Acquire Healius Shares in accordance with the above procedures, it may nevertheless become entitled to exercise general Compulsory Acquisition rights in relation to the Healius Shares and any securities that are convertible to Healius Shares under Part 6A.2 Division 1 of the Corporations Act.

Broadly, ACL will be entitled to Compulsorily Acquire:

- (i) all outstanding Healius Shares, if ACL (either alone or together with its Related Bodies Corporate) holds full beneficial interests in at least 90% (by number) of Healius Shares; and
- (ii) any outstanding securities that are convertible into Healius Shares, if ACL's voting power in Healius is at least 90% and ACL (either alone or together with its Related Bodies Corporate) holds full beneficial interests in at least 90% (by value) of all securities in Healius that are Healius Shares or convertible into Healius Shares.

If this threshold is met, ACL will have 6 months after ACL becomes a 90% holder within which to give Compulsory Acquisition notices to the relevant holders. The Compulsory Acquisition notices sent must be accompanied by an expert's report and an objection form.

The expert's report must consider whether ACL's price for Compulsory Acquisition under this procedure gives "fair value" for the Healius securities concerned and the expert's reasons for forming that opinion.

Healius securityholders with at least 10% of the securities covered by the Compulsory Acquisition notice may challenge any Compulsory Acquisition relating to their securities and object to the acquisition before the end of the objection period (which must be at least one month). If this occurs, ACL may apply to the court for approval of the acquisition of the securities covered by the notice. The court must approve the acquisition if ACL establishes that the terms offered give fair value for the securities being acquired. The costs incurred by any securityholder who objects in legal proceedings in relation to the Compulsory Acquisition must be borne by ACL, unless the court is satisfied that the securityholder acted improperly, vexatiously or otherwise unreasonably.

## 5.9 Implications of ACL acquiring less than 90% of Healius Shares

- (a) If ACL waives the 90% Minimum Acceptance Condition and acquires a Relevant Interest of more than 50%, but less than 90%, of Healius Shares (and all the other Conditions are satisfied or waived), Healius Shareholders who do not accept the Offer will become minority shareholders in Healius. There are a number of possible implications and risks of rejecting the Offer and remaining a Healius Shareholder in this regard, including:
  - (i) the number of Healius Shares traded on ASX could be significantly reduced, thereby potentially lessening the value of the shareholdings of Healius Shareholders who do not accept the Offer (i.e., these Healius Shareholders run the risk of being minority shareholders in a company with reduced share trading liquidity). Healius Shares could become an illiquid and infrequently traded share and, as such, the ASX market price may no longer be a reliable indicator of value or be at a lower price should Healius Shareholders wish to sell them in the future;
  - (ii) there is a risk that Healius could be fully or partially removed from certain S&P/ASX market indices due to lack of free float and/or liquidity;
  - (iii) subject to satisfying the relevant ASX requirements, ACL has stated its intention to seek to remove Healius from the official list of ASX (see Section 5.14 for more information on the implications of a potential delisting). If this occurs, Healius Shares will not be able to be traded on ASX;
  - (iv) ACL will be in a position to cast the majority of votes at a general meeting of Healius Shareholders. This will enable it to control the composition of the Healius Board and senior management and control the strategic direction of Healius and its Subsidiaries;
  - (v) ACL has stated in Section 6.4(a) of its Bidder's Statement that, subject to the Corporations Act and the Healius Constitution, ACL intends to replace some or all of the members of the Healius Board with nominees of ACL so that ACL's nominees constitute at least a majority of the members of the Healius Board. This will allow ACL's nominees on the Healius Board to determine the strategic direction of the business and capital management. There is a risk that Healius Shareholders may be dissatisfied with the altered strategic direction or the altered Board composition or that such alterations may adversely impact the Healius business;
  - (vi) ACL has stated in the Section of the Bidder's Statement titled "Why You Should Accept the Offer" that where Healius becomes a controlled entity but not a wholly owned Subsidiary of ACL there is a risk that any agreement between ACL and Healius for the purpose of realising the Expected Cost Synergies (see also Section 5.9(b)) does 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 such, the terms of any such agreements 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 in the Bidder's Statement;

## 5. Information about ACL, the Offer and other important information continued

- (vii) future Healius dividend policy under the management of ACL may vary from the current Healius dividend policy, and may result in a lower proportion of profits being paid as dividends;
- (viii) if ACL acquires 75% or more of Healius Shares, it will be able to pass special resolutions at meetings of Healius Shareholders. This will enable ACL to, among other things, change the Healius Constitution; and
- (ix) 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.
- (b) Conversely, if ACL were to waive the 90% Minimum Acceptance Condition and acquire a Relevant Interest of more than 50%, but less than 90%, of Healius Shares (and all the other Conditions were satisfied or waived), Healius Shareholders who accept the Offer and become ACL Shareholders will face a number of possible implications and risks, including:
- (i) some or all of the expected or potential benefits referred to in the Bidder's Statement, including the Expected Cost Synergies, may not be achieved;
- (ii) any Expected Cost Synergies relating to the costs which directly relate to Healius' continued listing on 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 these circumstances; and
- (iii) ACL has stated in Section 7.4(c) of its Bidder's Statement that where Healius becomes a controlled entity but not a wholly owned Subsidiary of ACL the full realisation of the Expected Cost Synergies will require agreement to be reached with Healius in relation to the operation of their respective businesses in a way which allows them to realise the Expected Cost Synergies. Any such agreement:
- (A) will likely involve detailed negotiations between ACL and the independent Directors of Healius at the relevant time acting on behalf of Healius and in the interests of Healius Shareholders as a whole; and
- (B) may be required to be approved by a resolution in general meeting of the Healius Shareholders (at which ACL in its capacity as a Healius Shareholder is not entitled to vote).

In these circumstances, there is a risk that agreement cannot be reached between ACL and Healius or that where agreement is reached that agreement is not approved by Healius Shareholders (where such approval is required) such that the full benefit of the Expected Cost Synergies cannot be achieved.

### 5.10 Taxation consequences

#### (a) Introduction

The following is a brief outline of the certain Australian tax consequences generally applicable to a Healius Shareholder who disposes of Healius Shares by accepting the Offer.

It is also relevant to those Healius Shareholders who do not accept the Offer, if those Healius Shares are Compulsorily Acquired following ACL acquiring a Relevant Interest in at least 90% of the Healius Shares at any time during the Offer Period.

This summary does not consider the Australian tax considerations that may be relevant for:

- (i) Healius Shareholders who:
- (A) hold (or will hold) their Healius Shares as trading stock or on revenue account, or who are exempt from Australian tax, or who are subject to the Taxation of Financial Arrangements provisions in Division 230 of the Tax Act or the Investment Manager Regime under Subdivision 842-I of the Tax Act;
- (B) acquired (or are deemed to have acquired) their Healius Shares prior to 20 September 1985;
- (C) acquired their Healius Shares pursuant to an employee share, option or rights plan; or
- (D) are under a legal disability;
- (ii) are partnerships or are partners of such partnerships;
- (iii) are foreign residents who hold their Healius Shares in carrying on a business through a permanent establishment in Australia; or
- (iv) are Healius Shareholders who changed their tax residence while holding Healius Shares.

This Section is based on current law and takes into account Healius' understanding of the current administrative practices of Australian revenue authorities as at the date of this Target's Statement. It is not advice to any particular Healius Shareholder and does not set out all tax considerations that may be applicable. You should seek your own tax advice that takes into account your personal circumstances.

## (b) Taxation on the disposal of Healius Shares

If you accept the Offer, or if ACL proceeds to Compulsorily Acquire your Healius Shares, the disposal of your Healius Shares will be a CGT event.

For Healius Shareholders who accept the Offer, the date of the CGT event will be the date the contract to dispose of your Healius Shares is formed, being the date the Offer is accepted and becomes unconditional (see Section 11.5 of the Bidder's Statement).

For Healius Shareholders whose Healius Shares are Compulsorily Acquired, the date of the CGT event will be the date when ACL becomes the owner of your Healius Shares.

The Australian tax consequences will differ depending on the residence of the Healius Shareholder.

## (c) Determination of capital gains and losses

You may make a capital gain or loss on the disposal of your Healius Shares.

You should realise a capital gain on a Healius Share to the extent that the amount you receive for the disposal of that Healius Share is more than the cost base of that Healius Share.

You should realise a capital loss on a Healius Share to the extent that the amount you receive for the disposal of that Healius Share is less than the reduced cost base of that Healius Share. Capital losses can usually only be offset against capital gains you realise in the same income year or in later income years.

Broadly, the cost base of a Healius Share should be the total amount you paid for the Healius Share and certain acquisition and disposal costs in respect of that Healius Share. However, there are circumstances where this may not be the case and we recommend that you speak to your tax adviser to confirm the cost base of your Healius Shares. The reduced cost base of a Healius Share is usually determined in a similar (but not identical) matter.

Any net capital gain in respect of an income year should be included in your assessable income for that income year. Broadly, your net capital gain in respect of an income year is calculated by aggregating all of your capital gains realised in respect of that income year and reducing that amount by your capital losses realised in that income year and any net capital losses from prior years that can be utilised. The amount may be further reduced by other concessions, such as under the discount CGT rules (see below).

## (d) Australian resident Healius Shareholders

If you are an Australian resident Healius Shareholder and are an individual, a certain type of trust or a complying superannuation fund, you may be eligible to claim a CGT discount on any net capital gains arising on Healius Shares you acquired at least 12 months before the disposal.

For eligible individuals and trusts, only 50% of the capital gain arising from the disposal of their Healius Shares will be included in the net capital gain. For complying superannuation funds, where relevant only two-thirds of the capital gain from the disposal of the Healius Shares will be included in the net capital gain. Companies are not eligible for discount capital gains treatment.

The previous Federal Government announced that the tax law would be amended 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. If you hold your Healius Shares through a managed investment trust or attribution managed investment trust, you should seek tax advice on your eligibility to obtain discount capital gains treatment.

## (e) Non-resident Healius Shareholders

If you are not a resident of Australia for tax purposes, you will generally not have to pay Australian tax on any capital gain when you dispose of your Healius Shares, unless either of the following conditions are satisfied:

- (i) you, together with your Associates, hold a "non-portfolio interest" in Healius and the Healius Shares pass the "principle asset test" (each of these concepts is discussed further below); or
- (ii) the Healius Shares were used at any time in carrying on a business in Australia through a permanent establishment.

Broadly, a Healius Shareholder will hold a "non-portfolio interest" at the relevant time where the Healius Shareholder, together with its Associates, owns, or owned throughout a 12 month period during the 2 years preceding the disposal of its Healius Shares, 10% or more of all the Healius Shares.

The Healius Shares will pass the "principle asset test" if the market value of Healius' direct and indirect interest in taxable Australian real property (as defined in the Tax Act) is more than the market value of its other assets at the time of disposal.

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## 5. Information about ACL, the Offer and other important information continued

If you are a non-resident and hold a “non-portfolio interest” in Healius or have carried on business in Australia at any time through a permanent establishment, you should contact your tax adviser to determine if any capital gain on the disposal of your Healius Shares is taxable.

### (f) Scrip-for-scrip rollover relief

ACL refers to scrip-for-scrip rollover relief which may be available to Healius Shareholders in respect of the disposal of their Healius Shares. Scrip-for-scrip rollover relief provides for a capital gain to be deferred until the disposal of the ACL Shares you receive as Offer Consideration, where certain conditions are met. It is important to bear in mind that ACL must acquire **80% or more** of the voting shares in Healius for Healius Shareholders to be able to claim the rollover relief.

It is possible the transaction may proceed and ACL does not become the owner of 80% or more of the Healius Shares. You may not know at the time you accept the Offer whether rollover relief will be available. If rollover relief is not available, and you have made a capital gain in respect of the disposal of your Healius Shares under the Offer, you may have to pay tax (in cash) on those gains. Other than in the case of Ineligible Foreign Shareholders and Small Parcel Shareholders the Offer does not include any cash component.

Ineligible Foreign Shareholders and Small Parcel Shareholders who are not entitled to receive ACL Shares as consideration under the Offer will not be entitled to claim scrip-for-scrip rollover relief.

### (g) Non-resident CGT withholding tax

ACL may have an obligation to pay the Commissioner of Taxation an amount equal to 12.5% of the Offer Consideration. These rules may apply to the Offer if your Healius Shares qualify as an “indirect real property interest” and:

- (i) ACL knows or reasonably believes that you are a foreign resident; or
- (ii) ACL does not reasonably believe that you are an Australian resident, and either:
  - (A) the Healius Shareholder has an address outside Australia; or
  - (B) ACL is authorised to provide a related financial benefit to a place outside Australia (whether to you or to anyone else); or
- (iii) you have a connection outside Australia of a kind specified in the regulations.

If you are a foreign tax resident Healius Shareholder you will hold an “indirect Australian real property interest” where both of the following tests are satisfied:

- (iv) you, together with your Associates, hold a “non-portfolio interest” in Healius (see Section 5.10(e) above); and
- (v) the Healius Shares pass the “principle asset test” (see Section 5.10(e) above).

If you are an Australian tax resident, or you are a foreign resident but your Healius Shares are not an “indirect Australian real property interest” and you accept the Offer (or your Healius Shares are Compulsorily Acquired), you should provide ACL with a Non-Withholding Declaration (which is contained in the Acceptance Form accompanying the Bidder's Statement). If you need assistance filling out your Non-Withholding Declaration you should speak to your tax adviser.

In all other circumstances, you should speak to your tax adviser to determine whether there is any scope to vary the withholding amount from 12.5% or the process for obtaining a credit in respect of any amount withheld.

### (h) Stamp duty

No stamp duty should be payable by Healius Shareholders on the disposal of their Healius Shares to ACL under the Offer.

### (i) GST

No GST should be payable by Healius Shareholders on the disposal of their Healius Shares to ACL under the Offer. Healius Shareholders who are registered for GST should seek advice on whether they are entitled to any input tax credits or reduced input tax credits for any GST incurred on costs associated with the disposal of their Healius Shares to ACL under the Offer.

### (j) ACL Shares

Healius Shareholders should consult Section 9 of the Bidder's Statement for general information regarding the anticipated tax treatment on the acquisition of ACL Shares under the Offer.



### 5.11 How to accept the Offer

Instructions on how to accept the Offer are set out in Section 11.3 of the Bidder's Statement.

### 5.12 Ineligible Foreign Shareholders

Ineligible Foreign Shareholders are not entitled to receive ACL Shares under the Offer. The Bidder's Statement defines Ineligible Foreign Shareholders as those Healius Shareholders whose registered address is in a jurisdiction other than Australia or its external territories, or in the following jurisdictions (subject to the qualifications set out in Section 10.3(b) of the Bidder's Statement), being Germany, Hong Kong, Japan, Luxembourg, Norway, Switzerland, United Kingdom, the United States (unless such person is not an "institutional accredited investor" (as defined in Rule 501(a) under the US Securities Act of 1993 as amended) or 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 Healius Shares to a Healius Shareholder with a registered address in such jurisdiction). Refer to Section 10.3(b) of the Bidder's Statement for more information.

If you are an Ineligible Foreign Shareholder, you will not be entitled to receive ACL Shares under the Offer and will not receive (or participate in) any of the expected or potential benefits of being an ACL Shareholder after the Proposed Merger described in the Bidder's Statement. Instead, if you accept the Offer, you will be paid by the Nominee the net proceeds of the sale (on ASX by the Nominee) of the ACL Shares you would have otherwise been entitled to. See Section 11.8 of the Bidder's Statement for more information.

If you require further information to determine whether you are an Ineligible Foreign Shareholder, you should contact ACL.

### 5.13 Small Parcel Shareholders

Small Parcel Shareholders are not entitled to receive ACL Shares under the Offer. The Bidder's Statement considers a Small Parcel Shareholder as a Healius Shareholder who would be entitled to receive a total number of ACL Shares as consideration under the Offer which constitute a parcel of ACL Shares having a value of less than \$500.<sup>29</sup>

If you are a Small Parcel Shareholder, you will not be entitled to receive ACL Shares under the Offer and will not receive (or participate in) any of the expected or potential benefits of being an ACL Shareholder after the Proposed Merger described in the Bidder's Statement. Instead, if you accept the Offer, you will be paid by the Nominee 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 of the Bidder's Statement for more information.

If you require further information to determine whether you are a Small Parcel Shareholder, you should contact ACL.

### 5.14 Potential delisting

ACL states in its Bidder's Statement that it intends to proceed with Compulsory Acquisition if it becomes entitled to Compulsorily Acquire your Healius Shares, which will result in the delisting of Healius from ASX. Alternatively, if ACL obtains a Relevant Interest of more than 50% but less than 90% of Healius Shares, and then only if ACL declares the Offer unconditional or the 90% Minimum Acceptance Condition to the Offer is waived, ACL also intends to seek to delist Healius from ASX. If Healius is delisted, Healius Shares will not be able to be bought or sold on ASX. Further information on ACL's intentions on delisting Healius are set out at Section 6.4(c) of the Bidder's Statement.

Although there is a possibility of Healius being delisted if ACL obtains a Relevant Interest of more than 50% but less than 90% of Healius Shares, the Healius Directors consider it is unlikely that Healius would be delisted in these circumstances so long as there are a substantial number of minority Healius Shareholders.

29. This \$500 figure is based on the highest closing price of ACL Shares on ASX during the period from the date of the Bidder's Statement until the earlier of the end of the Offer Period and 5 ASX trading days before the first day on which ACL must provide the Offer Consideration under the Offer – see Section 12 of the Bidder's Statement.



### (a) Important legal protections concerning a delisting of Healius

Healius Shareholders should note the following important legal protections regarding any potential delisting of Healius:

- (i) any decision to apply to ASX to delist Healius would need to be made by the Healius Board;
- (ii) the Healius Board, including nominee directors appointed by ACL, could only decide to seek a delisting if the Board concludes that this action is in the best interests of Healius and Healius Shareholders as a whole at the relevant time;
- (iii) ASX states<sup>30</sup> that it will use its discretion to ensure that the delisting of any entity is being sought for acceptable reasons. For example, ASX notes that a request to remove an entity from ASX that is primarily or solely aimed at denying minority securityholders a market for their securities, in order to coerce them into accepting an offer from a controlling securityholder to buy their securities at an undervalue, would be an unacceptable reason for requesting removal from the official list of ASX;
- (iv) ASX applies a number of guidelines to safeguard the interests of minority shareholders in the context of any proposed delisting;
- (v) a key ASX guideline provides that the approval of minority Healius Shareholders would most likely be needed for ASX to allow delisting following a takeover bid unless each of the following 4 conditions are met:
  - (A) ACL has attained ownership or control of at least 75% of Healius Shares;
  - (B) there are fewer than 150 Healius Shareholders (excluding ACL and its Related Bodies Corporate) whose shareholding is worth at least \$500. As at the Last Practicable Date, there were approximately 14,000 Healius Shareholders with a shareholding of at least \$500;
  - (C) the Offer remains open for at least an additional 2 weeks after ACL has attained ownership or control of at least 75% of Healius Shares; and
  - (D) Healius has applied for removal from the official list of ASX no later than one month after the close of the Offer.

### (b) Disadvantages to Healius Shareholders on delisting

If, despite the above procedural protections, Healius is ultimately delisted at some point in the future, any remaining Healius Shareholders (i.e., those who did not accept the Offer) would be holders of unquoted shares. A delisting could result in a number of disadvantages for those Healius Shareholders, such as:

- (i) the absence of an orderly, transparent and timely mechanism for share trading;
- (ii) restricted information compared to that currently provided as Healius would no longer be subject to the continuous disclosure requirements of the Listing Rules. If Healius remains a public company after delisting and has at least 100 members, Healius would still be required to disclose material information to ASIC and likely on its website. Nevertheless, the level of shareholder reporting in these circumstances could be diminished; and
- (iii) the ceasing of various requirements and protections for minority shareholders under the Listing Rules. Examples of provisions that would cease to apply include:
  - (A) restrictions on the issue of new securities;
  - (B) a governance framework for related party transactions; and
  - (C) requirements to seek shareholder approval for significant changes in the nature or scale of Healius' activities.

30. See ASX Guidance Note 33, which sets out ASX's policy in relation to delisting of entities from the ASX official list.

## 6. Information about Healius

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## 6. Information about Healius

### 6.1 Overview

#### (a) Information about Healius

Healius is one of Australia's leading healthcare companies providing high quality, accessible and cost-efficient healthcare services through its Pathology and Imaging businesses. Healius is focused on building a digital future for diagnostics, transforming the service experience for its patients and referrers. With a unique footprint of more than 2,000 locations and 10,500+ employees, Healius' focus is on the provision of quality healthcare services to consumers.<sup>31</sup>

Healius' business is supported by global and Australian thematic trends in healthcare including the increasing importance of screening and diagnosis in reducing downstream healthcare costs, the autonomy and decision-making of individuals as healthcare consumers, the convergence of diagnostic pathology and radiology in the treatment of disease, the innovations in diagnostic testing (especially genomics, specialty pathology, and AI), and the expansion of digital health.

#### (b) Healius' operations

##### (i) Pathology

Healius Pathology is one of Australia's leading providers of private medical laboratory and pathology services.

Healius Pathology operates 97 medical laboratories and approximately 2,000 patient collection centres across metropolitan, regional and remote Australia. It employs around 200 specialist pathologists and over 6,000 scientists, technicians, collectors and team members.

Through a variety of established state-based and specialty brands, Healius Pathology provides leading medical laboratory and pathology services across key diagnostic activities. These include anatomical pathology (histopathology and cytology), clinical pathology (biochemistry, haematology, immunology and microbiology), genomic diagnostics and veterinary pathology.

Healius Pathology's brands include QML Pathology, Lavery Pathology, Dorevitch Pathology, Western Diagnostic Pathology, Abbott Pathology and TML Pathology which operate in Queensland, New South Wales and the Australian Capital Territory, Victoria, Western Australia and the Northern Territory, South Australia and Tasmania respectively. Key specialty brands include Genomic Diagnostics, Australia's leading non government diagnostic genetic sequencing facility, and Specialist Veterinary Services, a network of nationwide veterinary pathology laboratories.

Each year, Healius Pathology provides 1 in every 3 pathology services in Australia. These services extend from exclusively servicing some of Australia's largest and most complex private and public hospitals to regional areas and remote Australian Aboriginal communities.

In January 2022, Healius acquired Agilex Biolabs, Australia's largest, most experienced and scientifically advanced bioanalytical laboratory with over 25 years' experience in clinical trials. Headquartered in Adelaide, Agilex provides bioanalytical services for therapeutics, immunoassay bioanalysis of large molecules, biologics and vaccine development. With its extensive experience, Agilex is well positioned for growth in multiple therapeutics areas including oncology, which is the largest market for clinical trials.

##### (ii) Imaging

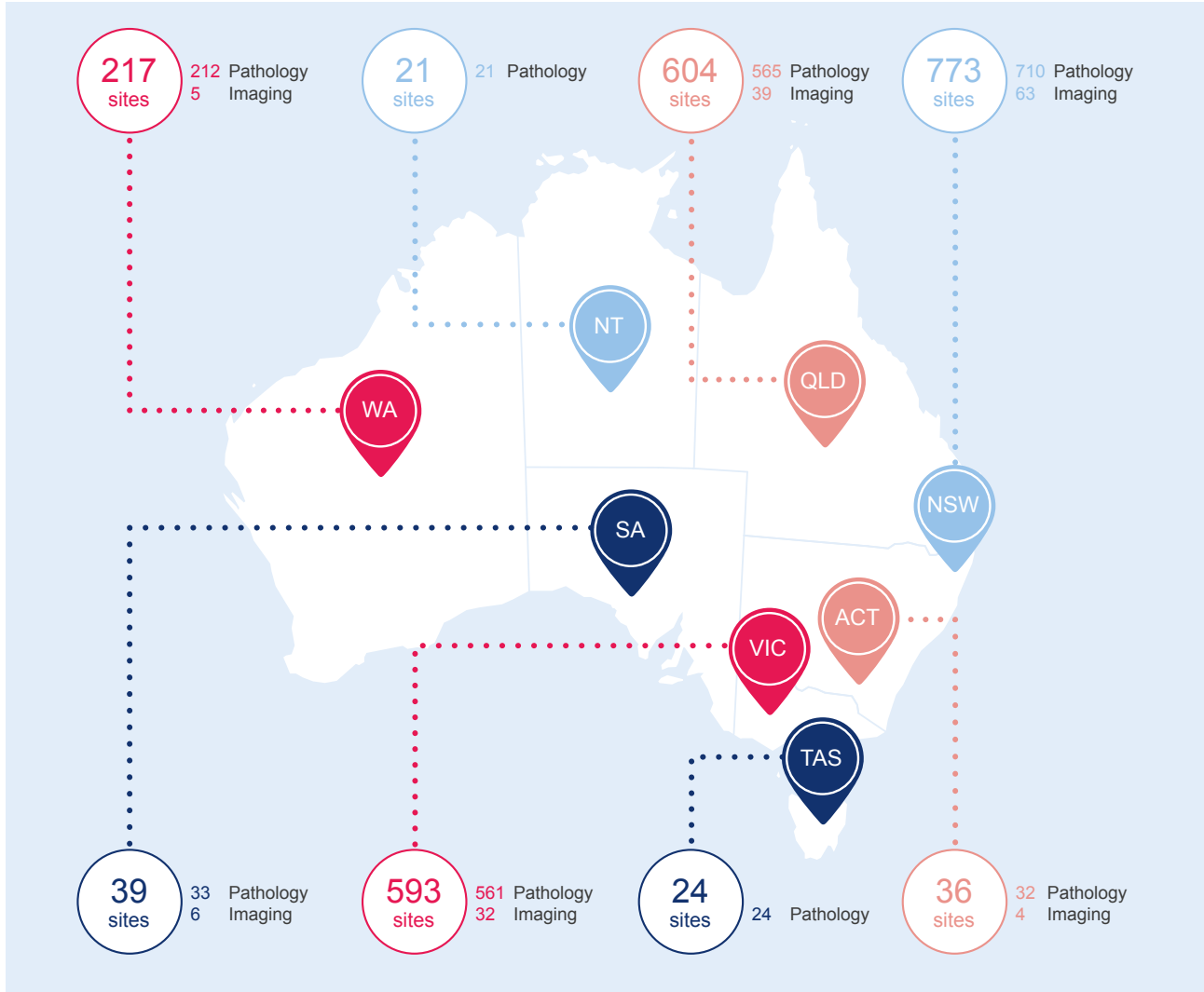
Lumus Imaging operates a network of 149 sites across Australia, comprising stand-alone community imaging centres, and imaging facilities located within private and public hospitals and in medical centres.

Lumus Imaging has a highly-trained team of over 120 radiologists, together with radiographers, sonographers, nuclear medicine technologists, nurses, centre support and corporate teams. A full suite of modalities and services are offered which include 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).

Radiologists undertake a range of imaging services including specialist women's health, cardiac, neurology, vascular, musculoskeletal and dental imaging. Over 3 million radiography examinations are conducted in Lumus Imaging's sites each year.

31. The sale of Healius' day hospitals business, as announced to ASX on 9 December 2022, completed on 1 May 2023.

(c) Healius' network



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## 6. Information about Healius continued

### (d) Healius' strategy

Healius' vision is to create sustainable value for all its stakeholders by supporting clinical decisions across the Australian healthcare system, realised through the provision of personalised insights and superior customer experience across its national network of Pathology and Imaging businesses.

Healius' strategy rests on 4 pillars:

- service: serving accessible and high-quality healthcare experiences;
- insights: delivering precise and comprehensive diagnostic insights;
- operating leverage: extracting maximum value and growth from Healius' network; and
- people: providing the best culture and a fulfilling career in healthcare.

Healius' capital allocation and Group-wide programmes (Sustainable Improvement Programme and Healius Digital) demonstrate Healius' commitment to long-term sustainable growth, improving returns from core diagnostic businesses and investing in people and technology capabilities. With a more focused and simplified portfolio centred on diagnostics since FY23, Healius is well positioned for the future.

Recent progress across these 4 pillars for the Healius Group can be summarised as follows.

#### (i) Service

Core to Healius' strategy is a customer-based approach to improve patient and referrer experience and increase relevance, access and clinical value across the Australian diagnostic services markets.

Progress during FY22 and H1FY23 included:

- (A) building, launching and scaling an electronic referrals solution for doctors to send Pathology and Imaging requests via SMS to patients;
- (B) rolling out QR-code feedback mechanism to 2000+ Approved Collection Centres, with a high net promoter score emerging;
- (C) progressing with build (and readying for go-live launch) of a results app for specialist doctors and staff in hospitals to view patient results and order add-on tests with a market-leading experience; and
- (D) rebranding imaging sites to Lumus Imaging, to better connect online offering of e-referrals and bookings with physical sites, with all 124 in-scope sites completed during FY22.

#### (ii) Insights

This is focused on providing leading and highest-quality clinical insights from screening and diagnosis to clinicians, patients and customers. The modernisation of clinical information systems in Healius' Pathology laboratories is one critical enabler of this strategy.

Progress during FY22 and H1FY23 included:

- (A) progressing development of new LIS modules for cytology and microbiology to digitise effort-intensive workflows for pathologists and migrate out of legacy systems;
- (B) commencing the roll-out of a new instrument manager for standardised configuration of Healius' Pathology laboratory analysers;
- (C) pursuing strategic opportunities with major health players to strengthen Healius' diagnostic technologies (e.g., partnerships with C2N in Pathology for Alzheimer's disease testing and Qure.ai in Imaging for chest x-rays); and
- (D) acquiring Agilix Biolabs (Australia's leading clinical trials research business) in FY22 to provide bioanalysis insights to the global biotech and pharmacy sponsor market.

**(iii) Operating leverage**

Healius' strategy is to continue to grow its nationally-leading businesses and networks in general pathology, medical imaging and clinical trials research and to draw on the benefits of its scale. Growing diagnostic service capacity is critical to this, as well as optimising, digitising and automating workflows. Strategic sourcing has also been a key advantage for Healius by better aligning demand and volume and nurturing direct vendor relationships.

Progress during FY22 and H1FY23 included:

- (A) expanding the Approved Collection Centre footprint (58 new sites in H1FY23) based on a standardised approach supported by gross-margin based analysis. This is delivering efficiencies and improved collection economics, with revenue per Approved Collection Centre growing 10.9% since the financial year ended 30 June 2019;
- (B) developing a strong pipeline of commercial initiatives to extract maximum value from the pathology network (e.g., Surgical Skin and National Cervical Audit Programs);
- (C) realising savings and cost control across a number of procurement categories including consumables, voice telecommunications, teleradiology and transcription services, with additional categories expected to benefit in FY24;
- (D) completing a comprehensive support cost labour review and restructure across the Group, resulting in a 12% full-time equivalent productivity increase in support labour by April 2023; and
- (E) with respect to Lumus Imaging, investing in greenfield and higher-margin modalities in FY23 – 8 positron emission tomography (**PET**)/ magnetic resonance imaging (**MRI**) and 9 computerised tomography (**CT**)/ ultrasound (**US**) machines currently on order for hospital, brownfield and greenfield sites.

**(iv) People**

This is about attracting, retaining and developing Healius' staff, particularly clinical/technical and frontline talent through enhancing the Group operating model and improving organisational structures and processes.

Progress during FY22 and H1FY23 included:

- (A) building and launching a collections portal for staff in collection centres to digitise paper-based manual processes across registration, test ordering, and collection of specimens;
- (B) building and launching a booking system for staff in Imaging centres to prioritise and convert incoming referrals to appointments through outbound calls to patients;
- (C) across the Healius Group, rolling out a new time and attendance module to underpin the dynamic rostering tool which has now launched and is being rolled out; and
- (D) with respect to Lumus Imaging:
  - (aa) introducing a more flexible and attractive contracting and engagement model for radiologists (with features to be incorporated for other clinical/technical talent); and
  - (ab) completing the national roll out of the booking optimisation tool for sonography.

## 6. Information about Healius continued

### 6.2 Financial information

#### (a) Basis of preparation

The selected income statement, balance sheet and statement of cash flows information contained below for Healius is extracted from the audited consolidated financial statements of Healius for the financial years ended 30 June 2021 (**FY21**) and 30 June 2022 (**FY22**) and the reviewed consolidated financial statements of Healius for the half financial year ended 31 December 2022 (**H1FY23**).

The financial information has been prepared in accordance with the Australian Accounting Standards, other authoritative pronouncements of the AASB, and the Corporations Act. The financial information also complies with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The financial information presented in the tables below does not represent complete financial statements and should therefore be read in conjunction with the financial statements for the respective periods, including the description of accounting policies contained in those financial statements and the notes to those financial statements.

Healius Shareholders may view complete copies of the audited consolidated financial statements of Healius on ASX's website at [www.asx.com.au](http://www.asx.com.au) or on the Healius website at [www.healius.com.au](http://www.healius.com.au).

#### (b) Historical statement of profit or loss and other comprehensive income

Below is a summary of Healius' consolidated statements of profit or loss and other comprehensive income for FY21, FY22 and H1FY23.

\$M	FY21	FY22	H1FY23
Revenue	1,900.7	2,336.2	864.1
Other income and gains	13.5	0.5	–
Employee benefits expense	(848.9)	(951.4)	(440.6)
Property expenses	(59.6)	(53.1)	(28.8)
Consumables	(270.6)	(316.7)	(114.5)
Repairs and maintenance	(29.1)	(30.5)	(15.7)
IT expenses	(42.7)	(48.3)	(23.3)
Insurance	(7.6)	(7.6)	(3.6)
Transaction and digital transformation costs	(15.4)	(21.0)	(9.7)
Short-term equipment hire	(8.5)	(35.7)	(2.8)
Other expenses	(129.1)	(126.5)	(58.6)
Depreciation	(38.1)	(44.5)	(21.4)
Depreciation – right of use assets	(195.4)	(219.7)	(107.5)
Amortisation of intangibles	(13.8)	(14.3)	(7.9)
Write-down of leased assets	–	–	(39.1)
Restructuring and termination costs	–	–	(3.8)
<b>Earnings before interest and tax</b>	<b>255.4</b>	<b>467.4</b>	<b>(13.2)</b>
Finance costs	(87.6)	(50.5)	(28.5)
<b>Profit/(loss) before tax</b>	<b>167.8</b>	<b>416.9</b>	<b>(41.7)</b>
Income tax expense	(101.5)	(122.9)	15.8
<b>Profit for the year from continuing operations</b>	<b>66.3</b>	<b>294.0</b>	<b>(25.9)</b>
Gain/(loss) for the year from discontinued operations	(22.6)	13.9	(2.8)
<b>Profit/(loss) for the year</b>	<b>43.7</b>	<b>307.9</b>	<b>(28.7)</b>
<b>Attributable to:</b>			
Equity holders of Healius Limited	43.7	307.9	(28.7)



\$M	FY21	FY22	H1FY23
	CENTS PER SHARE	CENTS PER SHARE	CENTS PER SHARE
Basic earnings/(loss) per share from continuing operations	10.7	50.4	(4.5)
Basic earnings/(loss) per share from continuing and discontinued operations	7.1	52.8	(5.0)
Diluted earnings/(loss) per share from continuing operations	10.6	49.7	(4.5)
Diluted earnings/(loss) per share from continuing and discontinued operations	7.0	52.0	(5.0)
<b>Profit/(loss) for the year</b>	<b>43.7</b>	<b>307.9</b>	<b>(28.7)</b>
<b>Other comprehensive income</b>			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Fair value gain/(loss) on cash flow hedges	(1.8)	0.8	0.5
Reclassification adjustments relating to realised cash flow hedges for amounts recognised in profit or loss	7.8	5.3	0.7
Reclassification adjustments relating to ineffective cash flow hedges	11.3	–	–
Exchange differences arising on translation of foreign operations	(0.4)	–	0.1
Income tax relating to items that may be reclassified subsequently to profit or loss	(5.2)	(1.8)	(0.3)
<b>Other comprehensive income for the year, net of income tax</b>	<b>11.7</b>	<b>4.3</b>	<b>1.0</b>
<b>Total comprehensive/(loss) income for the year</b>	<b>55.4</b>	<b>312.2</b>	<b>(27.7)</b>

## 6. Information about Healius continued

### (c) Historical statement of financial position

Below is a summary of Healius' consolidated financial position as at FY21, FY22 and H1FY23.

\$M	FY21	FY22	H1FY23
<b>Current assets</b>			
Cash	70.1	81.3	76.1
Receivables	199.8	241.3	167.7
Consumables	35.9	49.2	36.3
Tax assets	–	–	14.1
Assets held for sale	25.1	–	158.3
<b>Total current assets</b>	<b>330.9</b>	<b>371.8</b>	<b>452.5</b>
<b>Non-current assets</b>			
Goodwill	2,042.3	2,344.3	2,247.3
Right of use assets	1,087.2	1,074.9	1,021.5
Property, plant and equipment	157.7	196.0	173.6
Other intangible assets	76.3	75.2	72.8
Other financial assets	5.6	5.8	4.5
Deferred tax asset	82.2	68.8	87.3
<b>Total non-current assets</b>	<b>3,451.3</b>	<b>3,765.0</b>	<b>3,607.0</b>
<b>Total assets</b>	<b>3,782.2</b>	<b>4,136.8</b>	<b>4,059.5</b>
<b>Current liabilities</b>			
Payables	195.5	169.6	200.8
Deferred consideration	38.9	5.7	1.6
Tax liabilities	46.8	67.3	2.4
Provisions	165.7	175.0	157.5
Lease liabilities	224.4	223.7	199.8
Liabilities held for sale	13.4	–	46.1
<b>Total current liabilities</b>	<b>684.7</b>	<b>641.3</b>	<b>608.2</b>
<b>Non-current liabilities</b>			
Provisions	28.9	18.6	18.9
Interest-bearing liabilities	258.1	606.1	631.5
Lease liabilities	953.2	949.2	957.6
<b>Total non-current liabilities</b>	<b>1,240.2</b>	<b>1,573.9</b>	<b>1,608.0</b>
<b>Total liabilities</b>	<b>1,924.9</b>	<b>2,215.2</b>	<b>2,216.2</b>
<b>Net assets</b>	<b>1,857.3</b>	<b>1,921.6</b>	<b>1,843.3</b>
<b>Equity</b>			
Issued capital	2,575.6	2,422.9	2,420.9
Treasury shares	(3.6)	–	–
Reserves	16.9	19.9	6.6
Accumulated losses	(731.6)	(521.2)	(584.2)
<b>Total equity</b>	<b>1,857.3</b>	<b>1,921.6</b>	<b>1,843.3</b>

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**(d) Historical statement of changes in equity**

Below is a summary of Healius' consolidated statement of changes in equity for FY21, FY22 and H1FY23.

\$M	ISSUED CAPITAL	SHARE BASED PAYMENTS RESERVE	OTHER RESERVES	ACCUMULATED LOSSES	TOTAL
<b>Balance at 1 July 2022</b>	<b>2,422.9</b>	<b>20.8</b>	<b>(0.9)</b>	<b>(521.2)</b>	<b>1,921.6</b>
Loss for the period	–	–	–	(28.7)	(28.7)
Fair value gain on cash flow hedges	–	–	0.5	–	0.5
Reclassification adjustments relating to cash flow hedges recognised in profit or loss	–	–	0.7	–	0.7
Exchange differences arising on translation of foreign operations	–	–	0.1	–	0.1
Income tax relating to components of other comprehensive income	–	–	(0.3)	–	(0.3)
<b>Total comprehensive loss for the period</b>	<b>–</b>	<b>–</b>	<b>1.0</b>	<b>(28.7)</b>	<b>(27.7)</b>
Buy-back of shares	(5.2)	–	–	–	(5.2)
Shares purchased for Long Term Incentive Plan	(3.7)	–	–	–	(3.7)
Shares issued via Non-executive Director (NED) Share Plan	0.2	–	–	–	0.2
Payment of dividends	–	–	–	(34.3)	(34.3)
Share based payments	–	(7.6)	–	–	(7.6)
Transfers	6.7	(6.7)	–	–	–
<b>Balance at 31 December 2022</b>	<b>2,420.9</b>	<b>6.5</b>	<b>0.1</b>	<b>(584.2)</b>	<b>1,843.3</b>

## 6. Information about Healius continued

\$M	ISSUED CAPITAL	TREASURY SHARES	CASH FLOW HEDGE RESERVE	SHARE BASED PAYMENTS RESERVE	OTHER RESERVES	ACCUMULATED LOSSES	TOTAL
<b>Balance at 1 July 2021</b>	<b>2,575.6</b>	<b>(3.6)</b>	<b>(4.5)</b>	<b>22.1</b>	<b>(0.7)</b>	<b>(731.6)</b>	<b>1,857.3</b>
Profit for the year	–	–	–	–	–	307.9	307.9
Fair value gain on cash flow hedges	–	–	0.8	–	–	–	0.8
Reclassification adjustments relating to realised cash flow hedges recognised in profit or loss	–	–	5.3	–	–	–	5.3
Income tax relating to components of other comprehensive income	–	–	(1.8)	–	–	–	(1.8)
<b>Total comprehensive income</b>	<b>–</b>	<b>–</b>	<b>4.3</b>	<b>–</b>	<b>–</b>	<b>307.9</b>	<b>312.2</b>
Buyback of shares	(135.8)	–	–	–	–	–	(135.8)
Shares issued via Non-executive Director (NED) Share Plan	0.2	–	–	–	–	–	0.2
Payment of dividends	–	–	–	–	–	(98.1)	(98.1)
Shares purchased for Long Term Incentive Plan	(22.1)	–	–	–	–	–	(22.1)
Share based payments	–	–	–	7.9	–	–	7.9
Transfers	5.0	3.6	–	(9.2)	–	0.6	–
<b>Balance at 30 June 2022</b>	<b>2,422.9</b>	<b>–</b>	<b>(0.2)</b>	<b>20.8</b>	<b>(0.7)</b>	<b>(521.2)</b>	<b>1,921.6</b>

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\$M	ISSUED CAPITAL	TREASURY SHARES	CASH FLOW HEDGE RESERVE	SHARE BASED PAYMENTS RESERVE	OTHER RESERVES	ACCUMULATED LOSSES	TOTAL
<b>Balance at 1 July 2020</b>	<b>2,672.3</b>	<b>-</b>	<b>(16.6)</b>	<b>13.5</b>	<b>(0.3)</b>	<b>(737.6)</b>	<b>1,931.3</b>
Profit for the year	-	-	-	-	-	43.7	43.7
Exchange differences arising on translation of foreign operations	-	-	-	-	(0.4)	-	(0.4)
Fair value loss on open cash flow hedges	-	-	(1.8)	-	-	-	(1.8)
Reclassification adjustments relating to realised cash flow hedges recognised in profit or loss	-	-	7.8	-	-	-	7.8
Reclassification adjustments relating to ineffective cash flow hedges	-	-	11.3	-	-	-	11.3
Income tax relating to components of other comprehensive income	-	-	(5.2)	-	-	-	(5.2)
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>12.1</b>	<b>-</b>	<b>(0.4)</b>	<b>43.7</b>	<b>55.4</b>
Buyback of shares	(97.4)	(3.6)	-	-	-	-	(101.0)
Shares issued via Short Term Incentive Plan	0.7	-	-	(0.7)	-	-	-
Payment of dividends	-	-	-	-	-	(40.2)	(40.2)
Share based payments	-	-	-	11.8	-	-	11.8
Transfers	-	-	-	(2.5)	-	2.5	-
<b>Balance at 30 June 2021</b>	<b>2,575.6</b>	<b>(3.6)</b>	<b>(4.5)</b>	<b>22.1</b>	<b>(0.7)</b>	<b>(731.6)</b>	<b>1,857.3</b>

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## 6. Information about Healius continued

### (e) Historical statement of cash flows

Below is a summary of Healius' consolidated statement of cash flow for FY21, FY22 and H1FY23.

\$M	FY21	FY22	H1FY23
<b>Cash flows from operating activities</b>			
Receipts from customers	2,129.6	2,456.2	1,012.4
Payments to suppliers and employees	(1,557.7)	(1,779.1)	(764.3)
Gross cash flows from operating activities	571.9	677.1	248.1
Net income tax paid	(46.0)	(90.3)	(78.2)
<b>Net cash provided by operating activities</b>	<b>525.9</b>	<b>586.8</b>	<b>169.9</b>
<b>Cash flows from investing activities</b>			
Proceeds from sale of business (net of cash disposed)	459.3	28.2	1.2
Payment for property, plant and equipment	(48.4)	(81.4)	(35.1)
Payment for business acquired (net of cash received) – Agilix 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)	(3.8)
Payment for Imaging healthcare professionals	(0.7)	–	–
Payment for Pathology healthcare practices and subsidiaries	(1.5)	–	–
Payment for other intangibles	(12.9)	(12.1)	(7.9)
Proceeds from the sale of property, plant and equipment and intangibles	1.1	3.7	26.8
Payment for Healius Primary Care (HPC) healthcare professionals – discontinued operations	(5.3)	–	–
Payment for Healius Primary Care (HPC) practices and subsidiaries – discontinued operations	(4.7)	–	–
<b>Net cash (used in)/from investing activities</b>	<b>386.9</b>	<b>(401.7)</b>	<b>(18.8)</b>
<b>Cash flows from financing activities</b>			
Finance costs on interest-bearing liabilities	(21.9)	(13.0)	(11.3)
Interest paid on ineffective hedge close out	(11.3)	–	–
Interest paid on lease liabilities	(39.5)	(35.0)	(16.9)
Interest received	0.5	–	–
Payments for buyback of shares	(97.4)	(139.4)	(5.2)
Shares purchased for Long Term Incentive Plan	–	(22.1)	(3.7)
Proceeds from/(repayments of) borrowings	(555.7)	345.6	25.0
Payment of lease liabilities	(203.1)	(214.5)	(105.8)
Dividends paid	(56.3)	(98.1)	(34.3)
<b>Net cash used in financing activities</b>	<b>(984.7)</b>	<b>(176.5)</b>	<b>(152.2)</b>
<b>Net increase/(decrease) in cash held</b>	<b>(71.9)</b>	<b>8.6</b>	<b>(11)</b>
Cash at the beginning of the year	144.5	72.7	81.3
Effect of exchange rate movements on cash held in foreign currencies	0.1	–	–
<b>Cash at the end of the year</b>	<b>72.7</b>	<b>81.3</b>	<b>80.2</b>

## 6.3 Healius Directors and management

### (a) Board of Directors

NAME AND POSITION	EXPERTISE, EXPERIENCE AND QUALIFICATIONS
<p><b>Ms Jennifer (Jenny) Macdonald</b>, Chair and Non-Executive Director</p>	<p>Ms Macdonald was appointed as a Non-Executive Director and Chair of the Audit Committee effective 3 November 2020. She was appointed Chair of the Board on 19 September 2022.</p> <p>Ms Macdonald brings to the Board extensive financial, regulatory and governance expertise, coupled with a strong focus on understanding market trends and customer and consumer behaviour. Ms Macdonald has a track record developing and implementing strategy with a focus on value creation, growth and capital management discipline.</p> <p>Ms Macdonald spent her executive career in customer-facing organisations primarily in technology, retail, travel services and manufacturing, where she was responsible for strategic turnarounds and digital transformation.</p> <p>Ms Macdonald's last executive role was interim CEO and CFO at Helloworld Limited, where she oversaw the merger with AOT Group to create the second largest integrated travel distribution business in Australia and New Zealand. Before that, Ms Macdonald was the CFO and General Manager International of the REA Group, with responsibility for the financial growth strategy and execution for operations in Southeast Asia and parts of Europe, having helped deliver record revenue and net profit for the company.</p> <p>Ms Macdonald holds a Bachelor of Commerce and a Master of Entrepreneurship and Innovation from Swinburne University, is a Graduate of the Australian Institute of Company Directors and a chartered accountant.</p>
<p><b>Ms Maxine Jaquet</b>, Managing Director and Chief Executive Officer</p>	<p>Ms Jaquet was appointed Managing Director and Chief Executive Officer of Healius in March 2023. Previously, Ms Jaquet served as Chief Financial Officer from August 2019. Her role expanded in January 2021 to include Chief Operating Officer. Ms Jaquet joined Healius in July 2015 as Group Director – Commercial and was appointed Chief Executive for Health &amp; Co from March 2016.</p> <p>As CEO, Ms Jaquet has extensive executive experience, and brings a strategic approach. Maxine has led significant turnaround efforts, generating substantial margin improvement and business growth. She has also established and managed complex international partnerships, and has deep commercial and operational line management experience across industrials and consumer sectors. Ms Jaquet's track record at Healius includes leading the portfolio strategy which created a pure diagnostics business, building a dynamic leadership team, investing in leading-edge technology, establishing and growing the successful private-billing general practitioner network, Health &amp; Co. prior to its sale and leading two efficiency reviews with significant productivity gains.</p> <p>Ms Jaquet holds a Bachelor of Commerce from Macquarie University.</p>
<p><b>Mr Gordon Davis</b>, Non-Executive Director</p>	<p>Mr Davis was appointed as a Non-Executive Director of Primary Health Care (now Healius) in August 2015. He has chaired the Risk Management Committee, and is currently Chair of the Audit Committee.</p> <p>Mr Davis has been an executive or non-executive director of ASX listed companies for 17 years. Before becoming a Non-Executive Director, Mr Davis was Managing Director of AWB Limited between 2006 and 2010 and had a varied career, managing international operating businesses in chemicals and agriculture. Mr Davis joined the Healius (then Primary Health) Board at a time of some corporate uncertainty, bringing experience in governance and business transformation in challenging circumstances.</p> <p>Mr Davis served as a Policy Advisor to the federal Leader of the Opposition from 1990 to 1993 in the fields of environment, science and resources.</p> <p>Mr Davis holds degrees in B. Forest Science, Master of Ag. Science, and an MBA from Melbourne University.</p>

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## 6. Information about Healius continued

NAME AND POSITION	EXPERTISE, EXPERIENCE AND QUALIFICATIONS
<p><b>Ms Sally Evans,</b> Non-Executive Director</p>	<p>Ms Evans was appointed as a Non-Executive Director in August 2018, as well as a member of the People and Governance Committee and the Risk Management Committee.</p> <p>Ms Evans' healthcare career transitioned from clinical to operational and system-wide change management leadership roles over her 25 years spent in the sector. These roles were based in New Zealand, Australia, England and Hong Kong. With large scale change and growth leadership experience, Ms Evans moved to asset management in social infrastructure covering debt and equity raisings, investor relations, acquisitions and governance.</p> <p>During her career, Ms Evans has frequently been appointed to Ministerial Advisory Committees. Ms Evans holds a Bachelor of Applied Sciences from the University of Otago, is a Fellow of the Australian Institute of Company Directors and a Graduate of the Australian Institute of Superannuation Trustees.</p>
<p><b>Ms Kathryn (Kate) McKenzie,</b> Non-Executive Director</p>	<p>Ms McKenzie was appointed as a Non-Executive Director effective 25 February 2021.</p> <p>Ms McKenzie is a highly experienced Chief Executive Officer and Non-Executive Director with extensive experience in large change management and digital transformation. She started her career in the public sector, where among other things, she was involved in aspects of health policy, including a states-based review of the health system and a re-negotiation of a Medicare agreement and had extensive involvement in working with Treasury on health budget allocations and methodologies. Ms McKenzie joined Telstra in 2004 and held a range of senior executive roles in strategy, marketing, products and operations (responsible for networks, IT, field services, and property). Ms McKenzie was CEO of Chorus, a publicly listed NZ telco, for 3 years from 2017.</p> <p>Ms McKenzie holds a Bachelor of Arts and Bachelor of Law from the University of Sydney and is a Member of the Australian Institute of Company Directors.</p>
<p><b>Professor John Mattick</b> <b>AO FAA FTSE FAHMS</b> <b>FRSN HonFRCPA,</b> Non-Executive Director</p>	<p>Professor Mattick was appointed as a Non-Executive Director effective 31 March 2022.</p> <p>Prof. Mattick is a Professor in the School of Biotechnology and Biomolecular Sciences at UNSW Sydney. From 2018 to 2019, Prof. Mattick was Chief Executive of Genomics England, which was established by the UK government to foster the use of genetic information in healthcare. He was Director of the Garvan Institute of Medical Research in Sydney from 2012 to 2018, where he established high throughput NATA accredited DNA sequencing and genome analysis facilities.</p> <p>Prof. Mattick was a member of the Australian Health Ethics Committee (AHEC) of the National Health &amp; Medical Research Council (NHMRC) from 1997 to 2003, an advisor to the Australian Law Reform Commission's Inquiry into the Protection of Human Genetic Information and Gene Patenting &amp; Human Health, and the AHEC Committee to Revise the Ethical Guidelines on Assisted Reproductive Technology.</p> <p>Prof. Mattick is a Fellow of the Australian Academies of Science, Technology &amp; Engineering, and Health &amp; Medical Sciences, and an Honorary Fellow of the Royal College of Pathologists of Australasia. Prof. Mattick was appointed an Officer of the Order of Australia in 2001 for services to scientific research in the fields of molecular biology, genetics and biotechnology.</p>

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NAME AND POSITION	EXPERTISE, EXPERIENCE AND QUALIFICATIONS
<p><b>Mr Charles Taylor,</b> Non-Executive Director</p>	<p>Mr Taylor was appointed as a Non-Executive Director effective 27 March 2023.</p> <p>Mr Taylor has more than 30 years' experience in international advisory having recently retired as Senior Partner at McKinsey where he led the health and public sector practices in Australia. Mr Taylor has advised many of Australia's private and public sector healthcare organisations on topics including strategy, digital, operations and growth transformations, domestic and global expansion, supply chains, mergers and acquisitions and board governance.</p> <p>Mr Taylor was involved in an assessment of the Healius medical practice business, and in designing the Sustainable Improvement Programme to reduce the cost base. Mr Taylor has assisted both public and private hospitals in reviewing their pathology and imaging contracts. Mr Taylor has worked extensively with the Federal Department of Health on a range of programs, including the MBS review, diabetes care trials, Primary Health Networks reviews, pandemic preparedness and COVID-19 response. Mr Taylor has also worked with private insurers on improving claims performance and in developing public policy proposals to improve outcomes for consumers.</p> <p>Mr Taylor holds a Bachelor of Economics (First Class Honours) and Bachelor of Law (Honours) from the University of Sydney, and a Masters of Philosophy in Economics from the University of Cambridge.</p>

#### (b) Key management

NAME AND POSITION	EXPERTISE, EXPERIENCE AND QUALIFICATIONS
<p><b>Ms Maxine Jaquet,</b> Managing Director and Chief Executive Officer</p>	<p>See Section 6.3(a) above.</p>
<p><b>Mr Paul Anderson,</b> Chief Financial Officer</p>	<p>Mr Anderson was appointed Chief Financial Officer effective 1 March 2023. Mr Anderson was previously Chief Executive Officer of Network Ten from 2015 to 2020, and was also Executive Vice President Viacom CBS Networks Australia &amp; New Zealand from 2019 until March 2020. He worked at Network Ten in a range of finance roles before being appointed Group Chief Financial Officer in 2011 and Chief Financial and Operating Officer in 2014. Before joining Network Ten, Mr Anderson worked for over a decade at CLS Holdings plc in London and KPMG in New Zealand.</p> <p>Mr Anderson is a chartered accountant, an Associate of the Governance Institute of Australia, and holds a Bachelor of Commerce degree from the University of Otago, in New Zealand.</p>
<p><b>Mr John McKechnie,</b> Chief Executive Pathology</p>	<p>Mr McKechnie was appointed Chief Executive Pathology in August 2019 following more than 35 years with the Healius Pathology division in Western Australia and then in Queensland.</p> <p>Commencing his career as a medical scientist, Mr McKechnie has also worked as a laboratory and operations manager. Since 2015, Mr McKechnie has been the Chief Executive Officer of both QML Pathology and TML Pathology.</p>
<p><b>Mr Ian McPhan,</b> Chief Operating Officer Pathology</p>	<p>Mr McPhan has 40 years' pathology experience and joined Healius in 2009.</p> <p>Following an early career as a multi-disciplinary scientist he progressed into pathology IT and operations and was involved in complex IT implementations and mergers. Since 2003, Mr McPhan has held state and national level leadership roles with profit and loss responsibility at large-scale pathology businesses including Healius. Mr McPhan has turned around poorly performing pathology businesses by focusing on customer service, cost control, and top-line growth.</p>

## 6. Information about Healius continued

NAME AND POSITION	EXPERTISE, EXPERIENCE AND QUALIFICATIONS
<p><b>Dr Phil Lucas</b>, Chief Executive Lumus Imaging</p>	<p>Dr Lucas joined Healius as Chief Executive Officer of Lumus Imaging in January 2023.</p> <p>Dr Lucas is a skilled radiologist with over 25 years' experience. Before joining Healius, Dr Lucas was a Director of PRP Diagnostic Imaging (<b>PRP</b>) for over 15 years. He has broad clinical, commercial and leadership experience with a proven record developing Imaging practices, including establishing the first PRP clinics and growing the PRP group to more than 24 sites.</p>
<p><b>Mr Rob Phipps</b>, Group Executive People, Culture and Sustainability</p>	<p>Mr Phipps joined Healius in October 2022. He is responsible for leading the People and Culture function across the Healius Group as well as the People aspects that are core to Healius' sustainability strategy.</p> <p>Mr Phipps has more than 20 years' experience leading people and culture functions globally in large scale international organisations. He held the role of Chief People Officer for Yum Brands' Subsidiaries across 4 continents for approximately 14 years. Mr Phipps has extensive experience in Board advisory, Human Resources advisory, large-scale corporate transformations and culture programs and assessments.</p>
<p><b>Mr Mark Neeham</b>, Group Executive Government and External Affairs</p>	<p>Mr Neeham joined Healius in May 2015 from the Crosby   Textor Group where he was the group's Executive Director. Having worked in senior professional positions for political parties in Australia and the UK, Mr Neeham has extensive experience in executive leadership, organisational management, strategy, communications and cultural change.</p> <p>Since 2018, Mr Neeham has been President of Australian Pathology, the peak body for private pathology in Australia.</p>
<p><b>Mr Prasad Arav</b>, Group Executive Digital and Technology</p>	<p>Mr Arav joined Healius in April 2021 and is the Group Executive for Digital and Technology. In his role, he is responsible for the Chief Information Officer function, as well as for Healius Digital which is focused on building a leading diagnostics platform across Pathology and Imaging. This includes modernising Healius' LISs as well as deploying new Digital Health solutions focussed on improving services for doctors and patients.</p> <p>Mr Arav is a digital specialist with over 15 years of experience in technology enabled business transformations. He has previously held Chief Digital Officer, CIO, and Head of Transformation roles in Healthcare and Banking which spanned multiple \$200M+ capital investment programmes. He has also held consulting roles at McKinsey and KPMG.</p>

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## 7. Risk factors

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## 7. Risk factors

### 7.1 Introduction

In considering the Offer, Healius Shareholders should be aware that there are a number of risk factors associated with either accepting the Offer or rejecting the Offer and continuing to hold Healius Shares.

In deciding whether to accept the Offer, Healius Shareholders should read this Target's Statement and the Bidder's Statement carefully and consider these risks. While some of these risks can be mitigated, some are outside the control of Healius and the Healius Board and cannot be mitigated.

The risks set out in this Section 7 do not take into account the individual investment objectives, financial situation, position or particular needs of Healius Shareholders.

In addition, these risks are general in nature only and do not cover every risk that may be associated with an investment in Healius now or in the future.

### 7.2 Risks associated with accepting the Offer

The Healius Board unanimously recommends that Healius Shareholders should **REJECT** the Offer for the reasons set out in Section 1. Healius Shareholders should also be aware of the following risks associated with accepting the Offer:

#### (a) Possible appreciation of Healius Shares in the future

By accepting the Offer, you may forego any ability to sell your Healius Shares in the future for more valuable consideration than the Offer Consideration (although the Healius Board can give no assurances and make no forecast of whether this will occur).

#### (b) Possibility of superior proposal emerging

A potential superior proposal may emerge (although the Healius Board can give no assurances that this will occur).

By accepting the Offer, you will not be able to accept any superior proposal that may be made, unless you are entitled to revoke or withdraw your acceptance under limited circumstances (see Section 5.7 for further information on those rights). As such, you may not be able to obtain any potential benefit associated with any such superior proposal.

#### (c) Taxation consequences of accepting the Offer

The taxation consequences of disposing of your Healius Shares pursuant to the Offer depend on a number of factors and your particular circumstances. A general outline of certain Australian tax considerations of such a disposal is set out in Section 5.10. You should seek your own specific professional tax advice as to the taxation implications applicable to your circumstances.

#### (d) Risks of holding ACL Shares

If you accept the Offer, and the Offer becomes unconditional, you will become an ACL Shareholder and be exposed to the additional risks of holding ACL Shares. These risks are explained in Section 8 of the Bidder's Statement.

In addition, as ACL will acquire an interest in Healius through acceptances under the Offer, you will continue to be indirectly exposed to the risks associated with having an investment in Healius through ACL's interest in Healius. As such, the risks set out in Section 7.3 below will continue to apply to you indirectly as an ACL Shareholder. Many of those risks may also similarly apply to ACL independently.

### 7.3 Risks associated with an investment in Healius

There are risks which are specific to Healius and other risks which apply to similar investments generally which may materially and adversely affect the future operating and financial performance of Healius and the price or value of Healius Shares.

This Section describes the material risks to which Healius Shareholders will continue to be exposed if they reject the Offer and retain their current investment in Healius Shares. The risks described in this Section are not the only risks that Healius faces. Other risks may not be known to Healius and some that the Healius Directors currently believe to be immaterial may subsequently turn out to be material. One or more or a combination of these risks could materially impact Healius' businesses, its operating and financial performance, the price or value of Healius Shares or the dividends paid in respect of Healius Shares.

**(a) Risks specific to an investment in Healius**

(i) **(Healthcare regulatory landscape)** The healthcare industry is highly regulated and constantly changing. Healius operates in healthcare industries which are subject to extensive laws and regulations. There are a number of government policies and regulations that, if changed, may have a material adverse impact on the financial and operational performance of Healius. Healius is subject to laws, government policies and regulations relating to, amongst other things:

- (A) the conduct of operations;
- (B) Commonwealth Government rebate arrangements;
- (C) the licensing, registration and accreditation of facilities and equipment; and
- (D) the addition and development of new facilities and equipment.

Further, regulations and laws, while complex, are sometimes poorly defined, and at times conflicting in nature, intent, or interpretation. Most are untested in courts and can have different interpretation and guidance. Failure by Healius or its health care professionals to comply with legislation, regulation and other professional standards and accreditation may result in Healius being subject to penalties, damages, fines and disruption to its operations. The reputation of Healius may also be adversely affected.

(ii) **(Changes or increases in pathology and diagnostic imaging regulation and compliance obligations)** There are Federal and State policies and regulations that, if changed in nature or extent, may have a material adverse impact on the financial and operational performance of Healius. The risks to Healius' businesses relating to these policies and regulations include any changes to the Commonwealth Government's Medicare Benefits Schedule (**MBS**) or other government funding initiatives (Healius provides a bulk-billing option for many of its services to patients and receives reimbursement through the MBS and hence a substantial amount of the Healius Group's revenue is derived from the MBS) including:

- (A) changes to the MBS by the Commonwealth Government which substantially reduce the amounts payable for pathology and diagnostic imaging services. Such changes may have a material adverse impact on Healius, which uses bulk billing as a key feature of its service delivery; and
- (B) future non-indexation of MBS fees for diagnostic imaging services by the Commonwealth Government, which could reduce the level of patient rebates. In turn, this could lead to an increase in out-of-pocket costs incurred by patients, which may adversely affect the affordability and demand for Healius' services.

(iii) **(Licenses and accreditation)** Pathology laboratories and diagnostic imaging facilities are required to be licensed under various pieces of legislation. These licenses are generally subject to regular review and to revocation in certain circumstances. Breaches of law or licence conditions can lead to, among other things, penalties, loss of operating licences, prohibition on recovery of Medicare rebates and damage to reputation. To the extent that funding agreements and provider agreements with private health insurers include termination rights due to loss of accreditation, registration or licence, or other adverse regulatory findings, there may be flow-on contractual effects which could adversely impact on the financial performance, position and future prospects of Healius.

(iv) **(Changes to operating models for diagnostic services)** Healius operates its diagnostic businesses through established operating models centred around referrals from doctors and specialists, collection centres, imaging clinics and pathology laboratories. Regulatory changes which enable alternate delivery mechanisms such as blood collection by pharmacists for example, could adversely impact Healius' future operating performance and profitability.

(v) **(Dependence upon and relationship with health care professionals)** Healius' business model involves Healius contracting to provide a range of professional and support services to independent health care professionals to enable those practitioners to provide health care services to patients. This is a common relationship model used by Healius and its key competitors. While not contemplated, any change to Healius' relationship model with health care professionals due to evolutions in the business model or changes to industry practice, could expose Healius to increased costs (including where Healius becomes an employer of health care professionals).

A significant component of Healius' revenues is dependent upon service fees paid by health care professionals providing services to patients. If Healius is unable to successfully contract new health care professionals and retain contracted health care professionals within Healius' businesses, there may be adverse impacts on the growth prospects, the revenue earned, the cost structure and profitability of Healius' businesses.

## 7. Risk factors continued

- (vi) **(Dependence upon referrers)** Healius' revenue stream is heavily reliant upon general practitioner and specialist referrals for pathology and diagnostic imaging services. This is the case regardless of whether or not these referrers have a relationship with Healius.

There is a risk that some doctors may reduce or end their requests for pathology or diagnostic imaging services from Healius. Such actions may be the result of a doctor referrer's desire for change or prompted by the actions of competitors of Healius. Such actions may have a material adverse effect on the financial performance, position and future prospects of Healius.

In certain circumstances, non-doctor referrers of Healius are able to influence the level of pathology or diagnostic imaging referrals made to Healius. Such non-doctor referrers include but are not limited to hospitals, insurance companies, health funds and commercial entities. There is a risk that non-doctor clients may take actions that have the effect of reducing or ending the level of services requested from Healius.

- (vii) **(Healius' business strategies may not be successful)** Healius has embarked on a multi-pronged strategy to grow its business. This strategy and related initiatives may, in time, prove to be misguided, or may not be implemented effectively and result in an outcome that is detrimental to the performance of Healius. For example:

- (A) **(Digital)** Healius has significant digital transformation projects underway, including:

- (aa) Pathology LIS;
- (ab) patient-facing e-referral capability, collectors' portal, and results portal;
- (ac) advanced scheduling and rostering systems; and
- (ad) online booking systems for Lumus Imaging.

Ineffective implementation of these and other related digital projects may adversely impact the performance, growth and sustainability of Healius.

- (B) **(Organic growth)** Healius has strategies in place to grow organically including through network enhancement, commercial and yield initiatives to extract maximum value from the network, improved consumer experience, development of internal expertise and offerings and external partnerships centred around high-burden disease groups and new clinical domains. There are risks that these initiatives may prove unsuccessful and that the profitability and future earnings of Healius may be different from that assumed in Healius' strategies.
- (C) **(Agilex)** Healius has acquired a clinical trials business, Agilex, which depends on external funding of trials by external parties. Changes in the Australian regulatory and taxation environments affecting clinical trials businesses, or the availability of funding for external parties could adversely impact the growth potential and therefore the future profitability of Agilex.
- (D) **(Mergers & acquisitions)** From time to time, Healius may seek growth through targeted and strategic bolt-on or other acquisitions when and if the opportunities to do so arise. While Healius will undertake an appropriate strategic assessment of, and will conduct due diligence enquiries in relation to, businesses it may seek to acquire, it is possible that the actual results achieved by any acquired business are different to those indicated by Healius' analysis. It is also possible that Healius' due diligence may not uncover all the potential liabilities associated with the businesses, or that the information provided to Healius during due diligence proves to be unreliable.

In addition, there are risks that the integration of such businesses could be more complex than envisaged such that benefits may not be realised in the time anticipated, or at all. It is also possible that a lack of capability to effectively manage the acquisition process may lead to the failure of the transaction and a failure by Healius to acquire the target business. As a result, there is a risk that the profitability and future earnings of Healius may be different from that assumed in Healius' strategic assessment of the opportunity.



- (viii) **(Medical indemnity claims and costs)** Healthcare operators, including Healius through its provision of pathology and imaging services, are exposed to the risk of medical indemnity or like claims and litigation. While all laboratory test methods must meet scientifically rigorous criteria before they can be used in clinical practice, there remains the possibility for inaccurate test results. Current or former patients may, in the normal course of business, start or threaten litigation for medical negligence against not only the health service provider in question but also Healius.

Pathology testing may be subject to benchmarking by regulatory authorities, for example cervical and bowel cancer screening programs. In the event that benchmarks are not met, this may lead to further steps which may in turn result in financial or reputational risk to Healius.

Subject to the medical indemnity insurance arrangements which Healius has in place at the relevant time, future medical malpractice litigation, or threatened litigation, or regulatory action against Healius could be costly to deal with, result in a substantial damages award or fine and divert the attention of management away from Healius' operations, which could have an adverse effect on Healius' financial performance and future prospects.

Further, if the costs of medical malpractice insurance were to rise (which may occur if the frequency of medical malpractice litigation were to increase or as a result of other factors), this could also have an adverse impact on Healius' financial performance, and position and future prospects. If Healius is involved in actual or threatened litigation or regulatory action, the cost of such actions may also adversely affect Healius' financial performance and future prospects.

- (ix) **(Loss of key contracts)** Loss of significant commercial contracts (such as contracts with hospitals, employers and government) due to failure to meet required service levels, breach of contract or failure to secure the contract when re-tendered may have an adverse impact on Healius' future revenue, financial and operational performance.
- (x) **(Attracting and retaining key personnel)** The successful operation of Healius' business relies on Healius' ability to attract and retain experienced and high-performing key management and operating personnel to drive the execution of its strategy and business transformation. The unexpected loss of any key members of management or operating personnel (including to competitors), or the inability on the part of Healius to attract experienced personnel, may adversely affect Healius' ability to develop and implement its business strategies and the ongoing implementation of the business transformation and may in turn adversely affect Healius' future revenue and profitability and its prospects for growth. A loss of key staff may also result in disruption and decreased performance and risk the loss of significant corporate knowledge and intellectual property.

New technologies and changing consumer perceptions are driving the need for specialist skillsets including analytics, digital expertise and cyber security. There is significant competition to recruit such talent, which can increase labour costs and reduce profitability.

A component of Lumus Imaging's revenues are dependent upon service fees paid by independent radiologists providing services to patients. If Lumus Imaging is unable to successfully contract new radiologists and retain contracted radiologists within its business, there may be adverse impacts on the growth prospects, the revenue earned, the cost structure and profitability of Lumus Imaging. This, in turn, may have an adverse impact on the financial performance, position and future prospects of Healius.

Lumus Imaging relies technical professionals, such as radiographers, sonographers and nuclear medicine technologists to provide the core medical services associated with diagnostic imaging. There are some shortages of qualified employees in the diagnostic imaging services industry, particularly in some of the regional markets that Lumus Imaging operates in. In the event that Lumus Imaging is not able to hire and retain a sufficient number of skilled employees, or to do so at anticipated salary levels, this could have an adverse impact on Healius' Group operations, financial position and future prospects.

- (xi) **(Competition risks)** Healius operates in markets with established competitors and faces competitive pressures. There is a risk that the actions of Healius' current or future competitors will negatively affect Healius' ability to attract and retain health care professionals or secure attractive locations for collection centres in its Pathology business. Competitors bidding up rents at collection centre sites or securing leases at those sites when Healius' leases terminate could further increase rental costs. These events may adversely impact Healius' financial performance through reduced revenues or increased costs.

Competition may also come from new disruptive technologies that may change the way services are delivered. The success of Healius' business is dependent on acquiring and maintaining an effective and competitive equipment base. The development of new technologies or refinements of existing modalities could make Healius' existing systems technologically or economically obsolete, or reduce the need or demand for its systems. In turn, this may require Healius to upgrade and enhance its existing equipment before it may otherwise intend. In addition, advances in technology may enable physicians and others to perform diagnostic imaging services currently undertaken by Healius.

Any failure by Healius to anticipate and respond to new technologies could materially adversely affect Healius' ability to deliver services in an efficient and effective manner, which could have a negative impact on Healius' financial performance and future prospects.

## 7. Risk factors continued

- (xii) **(Data management and cyber security)** As a diagnostic and healthcare provider, Healius obtains sensitive clinical and financial information from its customers and patients. Healius understands that protection of privacy of individuals whose personal information is collected is paramount. Healius' systems and databases are increasingly subject to security risks including cyber-attacks and data breaches. Healius has an ongoing programme to strengthen defences against unauthorised access and to protect clinical and financial data within these systems.

Allegations of, or actual, unauthorised access or loss of sensitive data could occur by way of cyber-attack, data breach or actions by employees whether inadvertent or otherwise, resulting in a breach of Healius' obligations under applicable laws or regulations, and legal or regulatory action against Healius could be initiated in connection with any such breaches. In addition, the breach could impact patient and other stakeholders' satisfaction and confidence in Healius' security arrangements. Any such allegations or breaches of laws or regulations could result in interruptions, delays, the loss or corruption of data, cessation in the availability of systems, all of which could have a material and adverse effect on Healius' financial performance, position and future prospects or harm Healius' business reputation.

- (xiii) **(Failure of equipment and machinery)** Healius relies on high utilisation rates of its imaging systems and other medical equipment in order to provide timely, effective service. Failures or breakdowns to equipment may take time to repair and may lead to a loss of revenue, for which warranty and maintenance contracts may not fully compensate Healius. Further, repairs and servicing may not be able to be performed in a timely manner. If Healius experiences greater than anticipated system malfunctions or if it is unable to promptly obtain the service necessary to keep its systems functioning effectively, Healius' revenues could decline and its ability to provide services could be harmed.
- (xiv) **(Work, health and safety risk)** Healthcare operators such as Healius are subject to extensive laws and regulations governing health and safety matters, protecting both the public and its employees. Any breach of these obligations could adversely affect the results of Healius and its reputation, and expose it to fines, penalties and claims for financial compensation or adverse regulatory consequences.
- (xv) **(Industrial relations and wage pressure)** A number of recent legislative amendments, court decisions and modern award variations have increased the complexity of the employee-relations landscape. Many of Healius' employees are covered by modern awards, enterprise bargaining agreements and other workplace agreements, which periodically require classification assessment, or renegotiation and renewal. In relation to enterprise bargaining agreements and other workplace agreements, issues may arise in the course of such renegotiations which may lead to strikes or other forms of industrial action that could disrupt Healius' operations. Further, any such renegotiation could result in increased direct and indirect labour costs for Healius, particularly in circumstances of low unemployment or competition for personnel. Disputes may also arise over award classifications or interpretations.
- Industrial action in laboratories, collection centres or by couriers has the ability to damage the reputation of the business on a state by state basis or nationally. There are also possible consequences for Healius arising from industrial disruption offshore where data entry services are sourced.
- If any of these events occur, it may adversely impact on the financial performance, position and future prospects of Healius.
- (xvi) **(Insurance)** Healius currently maintains insurance within ranges of coverage including professional indemnity and general liability insurance. For workers compensation, Healius adopts an approach of self-insurance and purchasing insurance, on a state-by-state basis. However, no guarantee can be given that such insurance will be available in the future on commercially attractive terms, or that such cover will be adequate and available to cover claims. Healius may be unable to secure insurance to satisfactorily cover all anticipated risks or the cost of insurance may increase above anticipated levels. This may result in increased insurance payments by Healius or Healius being unable to insure certain business risks, which could adversely impact its operations.
- (xvii) **(Damage to reputation and adverse publicity)** Healius' ability to retain existing referrers, patients and contractual customers and to attract new referrers, patients and contractual customers is dependent on its experience, knowledge, skills, reputation and relationships. Reputational damage could arise due to a number of circumstances, including error, malpractice or negligence of Healius' employees, poor service levels delivered to customers, outdated facilities and equipment, adverse media coverage, litigation or a breach of legislation. Any event that adversely affects Healius' reputation and good name may result in significant damage to the brand and may impact Healius' ability to maintain existing business or generate new business, resulting in a material adverse impact on the financial performance or financial position of Healius.
- (xviii) **(Inability to access capital markets or refinance debt on attractive terms)** Healius may require funding or working capital in the future in order to fund its operations. There is no assurance that any such additional capital or funding will be available on favourable terms or at all and that Healius will be able to comply with the terms of such facilities. If adequate funds are not available, Healius may not be able to achieve its performance targets or respond to competitive pressures.

Healius may finance any investments with borrowed funds or gearing. Geared assets magnify investment gains or losses and increase the volatility of returns to movements in interest rates and property values.

- (xix) **(Adverse interest rate movements)** A significant adverse movement in interest rates could have an unacceptable impact on Healius' earnings and impact its risk appetite in relation to its liquidity risk and market risk. Under Healius' existing debt facilities, Healius borrows funds at floating interest rates plus a fixed margin, part of which may be required to be hedged by way of interest rate swaps into fixed rate payments. Changes in interest rates will affect Healius' borrowings which bear interest at floating rates. Any increase in interest rates will affect Healius' cost of servicing these borrowings and could adversely affect its financial performance, position and future prospects.
- (xx) **(Contingent liability for disposed businesses)** From time to time, Healius may provide customary warranties and indemnities to Third Parties in relation to the disposal of its businesses, including recently in the context of the disposals of Healius' medical and dental centres, dental, fertility and day hospitals businesses. It is possible that counterparties to those transactions may allege breach of those warranties and indemnities and, where the parties are unable to reach a satisfactory resolution, bring proceedings in relation to those breaches. Any liabilities for breaches of those warranties and indemnities may have a material adverse impact on the financial performance and position of the Healius Group.

## (b) General risks

- (i) **(Pandemic risks)** Pandemics such as COVID-19 have impacted demand for traditional healthcare services. While Healius has adapted its service delivery to account for this shift in demand, future pandemics will continue to pose a significant risk to Healius' financial position, performance and future prospects. In addition, Healius may be unable to provide crucial services if people or facilities are impacted.
- (ii) **(Supply chain)** Healius is reliant upon the importation of consumables, such as reagents and equipment. Prices and availability may impact the efficient operating of Healius' services. Healius' supply chain may also be impacted by geopolitical events outside Healius' control including, for example, an outbreak of hostilities, acts of terrorism and declarations of war.
- There is also a risk of modern slavery within these supply chains and within the Healius business generally. If Healius was to fail to comply with its modern slavery reporting requirements mandated by Australian regulations there may be adverse consequences for Healius' reputation, financial performance and future prospects.
- (iii) **(Inflation)** Inflation may have a significant adverse impact on Healius' financial performance where expenses such as third party service costs, interest rates, wages, property rents and other overhead expenses increase as a result of rising inflation. While Healius monitors market conditions to ensure appropriate price increments are applied in line with an inflationary environment, expenses may increase at a rate faster than revenue, thus eroding overall profitability.
- (iv) **(Adverse movements in operating costs)** Healius incurs various expenses which may be outside its control in operating its businesses. Examples include rental and refurbishment costs, relocation costs where leases are not renewed, electricity, gas and water charges, and consumables used in the provision of medical services in Healius' facilities. Due to supply and demand issues affecting Healius' operating costs, Healius may be subject to increased costs which could lead to adverse effects on Healius' business and its financial performance.
- In addition, bad debts or delays in receiving expected revenue could impact on the financial performance and future prospects of Healius.
- (v) **(Dividends)** The payment of dividends on Healius Shares is dependent on a range of factors including Healius' profitability, the availability of cash and capital requirements. Any future dividend levels will be determined by the Healius Board having regard to its operating results and financial position at the relevant time. There is no guarantee that any dividends will be paid by Healius or, if paid, that they will be paid at previous levels.
- (vi) **(Investment in Healius Shares)** The price of Healius Shares on ASX may rise or fall due to numerous factors, including:
- (A) Australian and international general economic conditions, including inflation rates, the level of economic activity, interest rates and currency exchange rates;
  - (B) tensions and acts of terrorism in Australia and around the world; and
  - (C) investor perceptions in the local and global markets for listed securities.
- (vii) **(Changes to accounting standards)** Australian accounting standards are set by the AASB. Changes to accounting standards issued by the AASB could materially adversely affect Healius' reported results in any given period or Healius' financial position from time to time.

## 7. Risk factors continued

- (viii) **(Tax changes)** Any change to the taxation of shares (including the taxation of dividends) and the taxation of companies (including the existing rate of company income tax) may adversely impact on Healius Shareholder returns, as may a change to the tax payable by Healius Shareholders in general. Any other changes to Australian tax law and practice that impact Healius, or the pathology or diagnostic imaging industry generally, could also have an adverse effect on Healius Shareholder returns.
- (ix) **(Climate change)** Healius recognises that climate change is a global issue. Climate change risks may be either 'physical' with financial implications resulting from potential damage to assets, 'indirect' through impacts from supply chain disruption, or 'transitional' through changes to regulations and consumer behaviour. In the event of extreme weather conditions impacting operations, Healius has a network of facilities which can continue operations in alternative locations, however, there may be an impact on the profitability of Healius if a significant climate event were to occur.
- (x) **(General economic risks)** The operating and financial performance of Healius is influenced by a variety of general economic and business conditions, including inflation, interest rates and exchange rates, availability of appropriately skilled labour, supply and demand for its diagnostic services, industry disruption, access to debt and capital markets and government fiscal, monetary and regulatory policies. Changes in general economic conditions could adversely impact the operating and financial performance of Healius.

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## 8. Additional information

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## 8. Additional information

### 8.1 Interests of Healius Directors

#### (a) Interests of Healius Directors in Healius securities

The number and description of Healius securities in which each of the Healius Directors has a Relevant Interest is set out in the table below:

HEALIUS DIRECTOR	NUMBER OF HEALIUS SHARES HELD DIRECTLY OR INDIRECTLY	NUMBER OF HEALIUS RIGHTS HELD DIRECTLY OR INDIRECTLY	NUMBER OF HEALIUS OPTIONS HELD DIRECTLY OR INDIRECTLY
Ms Jennifer (Jenny) Macdonald	119,548	Nil	Nil
Ms Maxine Jaquet	368,017	41,066 Healius Employee Service Rights	3,335,611
Mr Gordon Davis	83,898	12,075 Healius NED Share Rights	Nil
Ms Sally Evans	43,844	6,038 Healius NED Share Rights	Nil
Ms Kathryn (Kate) McKenzie	17,008	Nil	Nil
Professor John Mattick	35,088	7,547 Healius NED Share Rights	Nil
Mr Charles Taylor <sup>32</sup>	Nil	Nil	Nil

As at the date of this Target's Statement, each Healius Director intends to **REJECT** the Offer in respect of the Healius Shares they hold or control.

#### (b) Dealings by Healius Directors in Healius Shares or other securities

Except as set out below, there have been no acquisitions or disposals of Healius Shares by any Healius Director in the 4 months ending on the day preceding the date of this Target's Statement.

HEALIUS DIRECTOR	TRANSACTION TYPE AND DATE	NUMBER OF HEALIUS SHARES	PRICE PER SECURITY	NAME OF PURCHASER/ SELLER
Professor John Mattick	Acquisition* on 10 March 2023	7,546	\$3.31	Professor John Mattick
Ms Sally Evans	Acquisition* on 10 March 2023	6,037	\$3.31	Ms Sally Evans
Mr Gordon Davis	Acquisition* on 10 March 2023	12,075	\$3.31	Mr Gordon Davis
Ms Jennifer (Jenny) Macdonald	Acquisition on 28 February 2023	37,500	\$2.75	Ms Jennifer (Jenny) Macdonald

\* Vesting of 50% of Healius NED Share Rights issued as Healius Shares (restricted) in respect of FY23 under the Healius NED Share Plan.

#### (c) Interests and dealings in ACL

As at the date of this Target's Statement, neither Healius nor any of the Healius Directors has a Relevant Interest in any securities of ACL or any Related Bodies Corporate of ACL.

#### (d) Benefits to Healius Directors

As a result of the Offer, no benefit (other than a benefit permitted by section 200F or 200G of the Corporations Act and compulsory superannuation entitlements) has been paid or will be paid to any Healius Director or secretary in connection with the loss of, or their resignation from, their office in Healius or any Related Bodies Corporate of Healius.

#### (e) Conditional agreements

No agreement has been made between any of the Healius Directors and any other person in connection with, or conditional upon, the outcome of the Offer, other than in their capacity as a Healius Shareholder.

#### (f) Interests in contracts with ACL

No Healius Director has any interest in any contract entered into by ACL.

32. Mr Taylor commenced on the Healius Board on 21 March 2023 and there has been no trading window available to purchase Healius Shares. Mr Taylor intends to purchase Healius Shares as soon as reasonably practicable.

## 8.2 Other material information

- (a) This Target's Statement is required to include all the information that Healius Shareholders and their professional advisers would reasonably require to make an informed assessment as to whether or not to accept the Offer, but:
- (i) only to the extent to which it is reasonable for Healius Shareholders and their professional advisers to expect to find this information in this Target's Statement; and
  - (ii) only if the information is known to any Healius Director.
- (b) The Healius Directors are of the opinion that the information that Healius Shareholders and their professional advisers would reasonably require to make an informed assessment as to whether to accept the Offer is:
- (i) the information contained in the Bidder's Statement;
  - (ii) the information contained in Healius' announcements to ASX prior to the date of this Target's Statement; and
  - (iii) the information contained in this Target's Statement.
- (c) The Healius Directors have assumed, for the purposes of preparing this Target's Statement, that the information in the Bidder's Statement is accurate (unless they have expressly indicated otherwise in this Target's Statement). However, the Healius Directors do not take any responsibility for the contents of the Bidder's Statement and are not to be taken to be endorsing, in any way, any or all of the statements contained in it. In deciding what information should be included in this Target's Statement, the Healius Directors have had regard to:
- (i) the nature of Healius Shares;
  - (ii) the matters that Healius Shareholders may reasonably be expected to know;
  - (iii) the fact that certain matters may reasonably be expected to be known to Healius Shareholders' professional advisers; and
  - (iv) the time available to Healius to prepare this Target's Statement.

## 8.3 Issued securities

As at the date of this Target's Statement, Healius' issued capital comprises:

- (a) 569,528,709 Healius Shares;
- (b) 221,426 Healius Employee Service Rights;
- (c) 25,000 Healius Service Rights;
- (d) 25,660 Healius NED Share Rights;
- (e) 24,262,825 Healius Options; and
- (f) 3,669,599 Healius Performance Rights<sup>33</sup>.

## 8.4 Potential impact of the Offer on financing arrangements and material contracts

The information below has been included in this Target's Statement because:

- it may impact the future prospects of the Healius Group, which would be relevant to those Healius Shareholders who may remain as shareholders in Healius or become shareholders in the Merged Group; and
- it may be relevant in assessing the likelihood of the Condition set out in Section 11.9(w) of the Bidder's Statement being satisfied.

33. See footnote 28 in Section 5.3(b) regarding the proposed grant of an additional 3,005,603 Healius Performance Rights.



## 8. Additional information continued

### (a) Financing arrangements

#### (i) Debt facilities

The debt facilities of Healius under the SFA have a 'Review Event' provision which will be triggered by a 'Change of Control' or a 'Material Event'.

Under the CTDP, a 'Change of Control' is defined as a change such that any person or persons acting together who control any of the following in respect of Healius cease to have that control, or a person or persons acting together not having control of any of the following in respect of Healius acquire such control:

- (A) more than 50% of the votes eligible to be cast in the election of directors or any similar matter;
- (B) the right to appoint or remove directors (or members of a governing body having functions similar to a board of directors) representing more than 50% of the votes exercisable by the directors (or persons having similar functions);
- (C) an interest of more than 50% in any category of the profits, distributions or net liquidation proceeds; or
- (D) directions with respect to the operating and financial policies of Healius with which the directors or other equivalent officers of Healius are obliged to comply.

A 'Material Event' is defined as an event which results in the Healius Shares being suspended from trading on ASX for 15 consecutive Business Days or longer.

Healius is required to promptly give notice upon becoming aware of a Review Event (i.e., on the happening of a Change of Control or a Material Event). The agent under the SFA (acting on instructions of any lender) may, within 10 Business Days of receiving notice, require Healius to consult in good faith with the agent for 30 days to agree a strategy to rectify or restructure the circumstances giving rise to the Review Event. No later than 5 days after the end of the consultation period (or such later date agreed by the agent and Healius), the agent must notify Healius whether any lender requires any or all of its commitments to be cancelled. The agent may, acting on the instructions of the relevant lenders and giving 60 days' written notice from that date, declare all outstanding loans due and payable, require the substitution of any relevant lender's commitment and/or cancel the commitments of the relevant lenders.

#### (ii) Equipment lease facilities

The lease facilities of Healius have a 'Review Event' provision which will be triggered by a 'Change of Control' or any marketable securities of Healius and certain members of the Healius Group being suspended from trading for 15 consecutive trading days.

The Guarantee and Covenant Deed and the MOLA set out the general provisions which apply to the leasing arrangements between the parties, by which a facility limit of \$80,600,000 is made available to Healthcare Imaging Services Pty Ltd (**Lessee**).

'Change of Control' in the Guarantee and Covenant Deed and MOLA have the same definition as that in the CTDP (as set out above).

If there is a Review Event, Westpac Banking Corporation (**Lessor**) and Healius will consult for a period of 30 days as to whether the lease facility may be continued and if so, whether the terms of the lease facility require amendment. If agreement cannot be reached with the Lessor within 30 days, the Lessor may, by notice to the Lessee no later than 5 days after the end of that period, terminate all leases following which the Lessee's right of possession of all items of equipment the subject of those leases will terminate at the expiration of 60 days after the giving of such notice.

#### (iii) Hedging arrangements

Healius has hedging arrangements in place with various financial institutions. A 'Termination Event' may be triggered by a 'Credit Event Upon Merger' under the ISDA agreements.

A 'Credit Event Upon Merger' occurs if a Designated Event occurs and the creditworthiness of Healius and its credit support providers (being certain Healius Group entity guarantors) is materially weaker immediately after the occurrence of such Designated Event. A 'Designated Event' includes acquisition of the beneficial ownership of equity securities having the power to elect a majority of the Healius Board or any other ownership interest enabling a person to exercise control of Healius.

If a 'Credit Event Upon Merger' occurs, the non-affected party (i.e., the hedge counterparty) may, if the relevant Termination Event is then continuing, by not more than 20 days' notice to Healius, designate a day not earlier than the day such notice is effective as an early termination date in respect of all affected transactions.

## (b) Material contracts

Healius Group Members are parties to a number of contracts which contain counterparty change of control rights which could potentially be triggered in connection with the Offer. Should those rights in any such contract be triggered, this may, individually or in aggregate, have an adverse effect on the Healius Group (and potentially, the Merged Group), depending on the relevant contract.

The following material contracts to which a member of the Healius Group is a party contain change of control clauses which may be triggered by the Offer:

- (i) both Healius Pathology and Lumus Imaging have contracts with a number of private and public hospitals for the provision of pathology and imaging services, some of which contain change of control rights in favour of the counterparties. While none of these contracts is individually material, when aggregated with other contracts from the same counterparty group they may be considered material;
- (ii) Healius has contracts to provide services where the end user is the Australian Government and which are subject to termination on a change of control. While none of these contracts is individually material, when taken together they would be considered material; and
- (iii) Healius has a number of supply contracts, some of which contain change of control rights in favour of the counterparties. None of these contracts are individually material other than the Lumus Radiology Information System contract which provides for the vendor's consent on a change of control, which consent cannot be unreasonably withheld or delayed.

For these purposes, Healius has considered a contract to be material if it contributed individually (or in aggregate by the same contracting or operating group) to 5% or more of Healius' FY22 revenue or relates to a product or service which, if the contract were terminated, could not be replaced without causing a material disruption to the relevant division's business.

As far as the Healius Directors are aware, none of Healius' other contracts, which are material in the context of Healius' business taken as a whole, contain change of control clauses which may be triggered if ACL is successful in acquiring Control of Healius and which give rise to that contract being terminated or the business of Healius otherwise being materially adversely affected.

## 8.5 Material litigation

Except for the one matter set out below (details of which are in the public domain), Healius is not aware of any litigation or disputes of a material nature being undertaken, commenced or threatened against any member of the Healius Group.

The Chief Executive of Medicare on behalf the Commonwealth of Australia instituted civil proceedings (NSD95/2021) on 9 February 2021 against Healius Pathology Pty Ltd (ACN 007 190 043), formerly known as Specialist Diagnostic Services Pty Ltd, a Subsidiary of Healius (which makes up Healius Pathology). The proceedings contain allegations that Healius Pathology Pty Ltd contravened section 23DZZIL(1) of the Health Insurance Act. It is alleged that the rent Healius Pathology Pty Ltd paid under each of the relevant lease agreements was not a permitted benefit under section 23DZZIF of the Health Insurance Act. The Commonwealth is seeking declarations, pecuniary penalties and costs. If the Commonwealth is successful, any orders made may result in financial or reputational risk to Healius. The proceedings are currently before the Federal Court of Australia.

## 8.6 Impact of the Offer on incentive arrangements

The following Healius incentive plans contain provisions regarding a change of control event which may potentially be triggered as a result of the Offer:

- (a) under the terms of the Healius NED Share Plan (which concerns equity incentives for non-executive Healius Directors) where there is a change of control event, including as a result of:
  - (i) a takeover bid for Healius Shares under Chapter 6 of the Corporations Act that the Healius Board resolves to recommend or which is or becomes unconditional prior to the bidder being entitled to 50% of the Healius Shares; or
  - (ii) any transaction or event being proposed that, in the reasonable opinion of the Healius Board, is likely to result in a change of control of Healius,

the Healius Board has broad discretion to determine that any unvested Healius NED Share Rights will vest into Healius Shares and that any trading restrictions on Healius Shares imposed under the Healius NED Share Plan will cease such that the relevant Healius Shares can participate in the transaction; and

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## 8. Additional information continued

(b) under the terms of the Healius Equity Incentive Plan (which concerns equity incentives for Healius employees):

- (i) where there is a change of control event comprising a:
  - (A) takeover bid for Healius Shares under Chapter 6 of the Corporations Act; or
  - (B) other transaction, event or state of affairs,

in each case that, in the Healius Board's opinion, is likely to result in a change in the Control of Healius, the Healius Board has broad discretion to determine that any unvested Healius Options, Healius Performance Rights, Healius Employee Service Rights and Healius Service Rights will vest (such that the applicable rights to Healius Shares can be exercised) and that any trading restrictions on Healius Shares imposed under the Healius Equity Incentive Plan will cease such that the relevant Healius Shares can participate in the transaction; and

- (ii) if there is an actual change of Control of Healius, unless the Healius Board determines otherwise (including pursuant to any discretion described in Section 8.6(b)(i)), all unvested Healius Options, Healius Performance Rights, Healius Employee Service Rights and Healius Service Rights will immediately vest (such that the applicable rights to Healius Shares can be exercised) and any trading restrictions on Healius Shares imposed under the Healius Equity Incentive Plan will cease on at least a pro rata basis (calculated based on the portion of the relevant vesting period that has elapsed up to the change of Control), and the Healius Board retains a discretion to determine if the remaining portion will vest or lapse.

As at the Last Practicable Date, no applicable change of control events have occurred as a result of the Offer and the Healius Board has not made any formal determination to exercise any discretion under any Healius incentive plans (including the Healius NED Share Plan or Healius Equity Incentive Plan) as a result of the Offer.

### 8.7 Reliance on ASIC relief generally

As permitted by ASIC Class Order 13/521, this Target's Statement contains statements which are made, or based on statements made, in documents lodged with ASIC or ASX. Pursuant to this ASIC Class Order, the consent of persons to whom such statements are attributed is not required for the inclusion of these statements in this Target's Statement.

Any Healius Shareholder who would like to receive a copy of any of those documents may obtain a copy (free of charge) during the Offer Period by contacting the Healius Shareholder Information Line on 1300 103 401 or +61 2 9066 4063 (outside Australia) which is available Monday to Friday between 9:00am and 5:00pm (Sydney time).

As permitted by the ASIC Corporations (Consents to Statements) Instrument 2016/72, this Target's Statement may include or be accompanied by certain statements fairly representing a statement by an official person, or from a public official document or a published book, journal or comparable publication. Pursuant to this ASIC Instrument, the consent of such persons to whom statements or documents are attributed is not required for the inclusion of those statements in this Target's Statement. In addition, as permitted by this ASIC Instrument, this Target's Statement contains share price trading and financial data sourced from IRESS, without its consent.

### 8.8 Regulatory relief

As announced to ASX on 19 April 2023, ASIC granted Healius relief from the requirements of section 648C of the Corporations Act to allow Healius to:

- (a) deliver this Target's Statement by electronic mail to those Healius Shareholders who have nominated to receive notices by electronic mail; and
- (b) send a letter or postcard, instead of the full Target's Statement, to other Healius Shareholders which contains a URL to an electronic copy of this Target's Statement.

As announced to ASX on 1 May 2023, Healius has also been granted a waiver by ASX from Listing Rule 7.9 to the extent necessary to permit Healius to issue up to 3,005,603 Healius Performance Rights to employees as part of its FY23 grant under the Healius Equity Incentive Plan within 3 months of the date of receiving ACL's takeover proposal (being the Announcement Date) without shareholder approval.

## 8.9 Transaction expenses

The Offer has resulted in Healius incurring expenses that would not otherwise arise from its ordinary operations. These expenses include fees of legal, financial and tax advisers engaged to assist in responding to the Offer and other transaction related expenses which will have a negative impact on Healius' after tax earnings in FY23 and FY24. The total cost of the takeover response depends on the outcome of the Offer, the duration of the Offer and required response activities, as well as the complexity of the issues addressed in the response. Therefore, it is difficult to estimate the likely total cost to Healius. These costs will be reflected in Healius' financial results for FY23 and FY24.

## 8.10 Consents

### (a) Consents to inclusion of a statement

Each of the parties listed below has given and has not, before the lodgement of this Target's Statement with ASIC, withdrawn its written consent to the inclusion of the statements in this Target's Statement that are specified below in the form and context in which the statements are included and to all references in this Target's Statement to those statements in the form and context in which they are included:

- (i) each Healius Director specified in Section 6.3, to be named in this Target's Statement and to the inclusion of statements made by them in this Target's Statement;
- (ii) Tanarra, to be named in this Target's Statement and to the inclusion of statements made by it in this Target's Statement; and
- (iii) Perpetual Investment Management, to be named in this Target's Statement and to the inclusion of statements made by it in this Target's Statement.

### (b) Consents to be named

King & Wood Mallesons has given and has not, before the date of this Target's Statement, withdrawn its consent to the inclusion of its name in this Target's Statement as legal adviser to Healius.

Gresham has given and has not, before the date of this Target's Statement, withdrawn its consent to the inclusion of its name in this Target's Statement as financial adviser to Healius.

Computershare has given and has not, before the date of this Target's Statement, withdrawn its consent to the inclusion of its name in this Target's Statement as Healius' Share Registry.

### (c) Disclaimer regarding statements made and responsibility

Each person named above as having given its consent to the inclusion of a statement or to being named in this Target's Statement:

- (i) does not make, or purport to make, any statement or representation in this Target's Statement nor any statement on which a statement in this Target's Statement is based other than, in the case of a person referred to above as having given their consent to the inclusion of a statement, a statement included in this Target's Statement with the consent of that person; and
- (ii) to the maximum extent permitted by law, expressly disclaims and makes no representation regarding, and takes no responsibility for, any statements or material in or omissions from this Target's Statement, other than a reference to its name and, in the case of a person referred to above as having given their consent to the inclusion of a statement, any statement or report which has been included in this Target's Statement with the consent of that party.

## 8. Additional information continued

### 8.11 Miscellaneous and publicly available information

Healius is a listed disclosing entity for the purposes of the Corporations Act and as such is subject to regular reporting and disclosure obligations. Specifically, as a listed company, Healius is subject to the Listing Rules which require continuous disclosure of any information Healius has concerning it that a reasonable person would expect to have a material effect on the price or value of Healius Shares and other securities.

Healius Shareholders should have regard to material announcements that have been lodged with ASX since Healius' last published audited financial statements for the half year ended 31 December 2022 which were lodged with ASX on 27 February 2023.

A list of announcements released by Healius in the period from 27 February 2023 to the Last Practicable Date is set out in Annexure A.

This Target's Statement also contains statements which are made in, or based on statements made in, documents lodged with ASIC or given to ASX by ACL or Healius.

Any Healius Shareholder who would like to receive a copy of those documents may obtain a copy free of charge during the Offer Period by calling the Healius Shareholder Information Line on 1300 103 401 (within Australia) or +61 2 9066 4063 (outside Australia) which is available Monday to Friday between 9:00am and 5:00pm (Sydney time). Copies of ASX announcements by Healius may also be obtained from Healius' website at [www.healius.com.au/invest-in-us/news-room/asx-announcements/](http://www.healius.com.au/invest-in-us/news-room/asx-announcements/).

### 8.12 Date of Target's Statement

This Target's Statement is dated 4 May 2023, which is the date on which it was lodged with ASIC.

### 8.13 Approval of Target's Statement

This Target's Statement has been approved by a resolution passed by the Healius Directors on 3 May 2023.



**Jenny Macdonald**  
Chair  
Healius Limited

## 9. Glossary

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## 9. Glossary

### 9.1 Definitions

TERM	MEANING
<b>90% Minimum Acceptance Condition</b>	the Condition at Section 11.9(a) of the Bidder's Statement.
<b>AASB</b>	the Australian Accounting Standards Board.
<b>ABN</b>	Australian Business Number.
<b>ACCC</b>	the Australian Competition and Consumer Commission.
<b>ACCC Clearance Condition</b>	the Condition at Section 11.9(c) of the Bidder's Statement.
<b>Acceptance Form</b>	the acceptance form enclosed with the Bidder's Statement or, as the context requires, any replacement or substitute acceptance form provided by or on behalf of ACL (including both the CHES Acceptance Form and the Issuer Acceptance Form).
<b>ACL</b>	Australian Clinical Labs Limited (ACN 645 711 128).
<b>ACL Board</b>	the board of directors of ACL from time to time.
<b>ACL Competing Proposal</b>	has the meaning given in the Bidder's Statement.
<b>ACL Group</b>	ACL and each of its Subsidiaries.
<b>ACL Shareholder</b>	a person who is registered as the holder of an ACL Share in the ACL share register.
<b>ACL Shareholder Approval Condition</b>	the Condition at Section 11.9(e) of the Bidder's Statement.
<b>ACL Shares</b>	fully paid ordinary shares in the capital of ACL.
<b>ACN</b>	Australian Company Number.
<b>Agilex Biolabs or Agilex</b>	the bioanalytical laboratories business operated by Healius as described in Section 6.1(b)(i).
<b>AI</b>	artificial intelligence.
<b>Announcement Date</b>	the date of the announcement of the Offer by ACL, being 20 March 2023.
<b>API</b>	application programming interface.
<b>Approved Collection Centre</b>	has the meaning given in the Health Insurance Act.
<b>ASIC</b>	the Australian Securities and Investments Commission.
<b>Associate</b>	has the meaning given in section 12 of the Corporations Act.
<b>ASX</b>	as the context requires, ASX Limited (ABN 98 008 624 691) or the securities market conducted by it.
<b>ASX Settlement</b>	ASX Settlement Pty Limited (ABN 49 008 504 532).

TERM	MEANING
<b>ASX Settlement Operating Rules</b>	the operating rules of ASX Settlement which govern the administration of CHES.
<b>Bidder's Statement</b>	the bidder's statement in relation to the Offer, prepared by ACL and dated 20 March 2023, as replaced by the replacement bidder's statement dated 14 April 2023.
<b>Business Day</b>	a day on which banks are open for business in Sydney, New South Wales, excluding a Saturday, Sunday or public holiday in that place.
<b>CGT</b>	capital gains tax.
<b>CHES</b>	the Clearing House Electronic Subregister System, which provides for electronic security transfer in Australia.
<b>CHES Acceptance Form</b>	the acceptance form enclosed with the Bidder's Statement for Healius Shareholders with a CHES Holding.
<b>CHES Holding</b>	a number of Healius Shares which are registered on Healius' share register, being a register administered by ASX Settlement and which records uncertificated holdings of shares.
<b>Commissioner of Taxation</b>	has the meaning given in the <i>Taxation Administration Act 1953</i> (Cth).
<b>Commonwealth Government or Commonwealth</b>	the Commonwealth of Australia.
<b>Compulsory Acquisition or Compulsorily Acquire</b>	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 5.8).
<b>Computershare</b>	Computershare Investor Services Pty Ltd (ACN 078 279 277).
<b>Conditions</b>	each condition of the Offer set out in Section 11.9 of the Bidder's Statement.
<b>Control</b>	has the meaning given in section 50AA of the Corporations Act.
<b>Controlling Participant</b>	in relation to your Healius Shares, has the same meaning as in the ASX Settlement Operating Rules.
<b>Corporations Act</b>	the <i>Corporations Act 2001</i> (Cth).
<b>Crescent</b>	Crescent Capital Partners, an Australian private equity firm.
<b>CTDP</b>	the Common Terms Deed Poll setting out the common provisions which apply to the financial arrangements between parties in relation to the SFA.
<b>Debt Covenants</b>	has the meaning given to that term in Section 11.9(r) of the Bidder's Statement.
<b>EBIT</b>	earnings before interest and taxes.
<b>Expected Cost Synergies</b>	approximately \$95 million of annual recurring pre-tax cost savings that ACL expects to be generated by the creation of the Merged Group, as described in sub-section 2 of the section of the Bidder's Statement entitled "Why You Should Accept the Offer".



## 9. Glossary continued

TERM	MEANING
<b>FAQ</b>	frequently asked questions set out in Section 3.
<b>FIRB</b>	the Foreign Investment Review Board.
<b>FIRB Condition</b>	the Condition set out in Section 11.9(b) of the Bidder's Statement.
<b>FY20</b>	the financial year ended 30 June 2020.
<b>FY21</b>	the financial year ended 30 June 2021.
<b>FY22</b>	the financial year ended 30 June 2022.
<b>FY23</b>	the financial year ending 30 June 2023.
<b>FY24</b>	the financial year ending 30 June 2024.
<b>FY25</b>	the financial year ending 30 June 2025.
<b>GST</b>	goods and services tax.
<b>Guarantee and Covenant Deed</b>	the Westpac Master Operating Lease Facility – Obligor Guarantee and Covenant Deed between Healius, Healthcare Imaging Services Pty Ltd as Lessee and Westpac Banking Corporation as Lessor.
<b>H1FY23</b>	the financial half-year ended 31 December 2022.
<b>Healius</b>	Healius Limited (ACN 064 530 516).
<b>Healius Board</b> or <b>Board</b>	the board of Directors of Healius from time to time.
<b>Healius Constitution</b>	the constitution of Healius from time to time.
<b>Healius Directors</b> or <b>Directors</b>	the directors of Healius and <b>Healius Director</b> or <b>Director</b> means any one of them.
<b>Healius Employee Service Right</b>	a right to acquire a Healius Share under the Healius Equity Incentive Plan granted in connection with the Healius short term incentive plan.
<b>Healius Equity Incentive Plan</b>	the incentive plan governed by the Equity Incentive Plan Rules adopted by the Board and associated rules.
<b>Healius Group</b> or <b>Group</b>	Healius and each of its Subsidiaries and <b>Healius Group Member</b> means any one of them.
<b>Healius Pathology</b> or <b>Pathology</b>	the pathology business operated by Healius as described in Section 6.1(b)(i).
<b>Healius NED Share Right</b>	a right to acquire a Healius Share under the Healius NED Share Plan.
<b>Healius NED Share Plan</b>	the incentive plan governed by the Healius Non-Executive Director Share Plan Rules adopted by the Board and associated rules.
<b>Healius Option</b>	an option to acquire a Healius Share under the terms of the Healius Equity Incentive Plan.

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TERM	MEANING
<b>Healius Performance Right</b>	a performance right to acquire a Healius Share under the terms of the Healius Equity Incentive Plan.
<b>Healius Rights</b>	Healius Performance Rights, Healius NED Share Rights, Healius Employee Service Rights and Healius Service Rights.
<b>Healius Service Right</b>	a right to acquire a Healius Share under the terms of the Healius Equity Incentive Plan granted in connection with retention arrangements.
<b>Healius Share</b>	a fully paid ordinary share in the capital of Healius, including those shares on issue at the end of the Offer Period.
<b>Healius Share Registry</b>	Computershare.
<b>Healius Shareholder</b>	a person who is registered as the holder of Healius Shares in the Healius share register.
<b>Healius Shareholder Information Line</b>	the information line set up for the purposes of answering enquiries from Healius Shareholders in relation to this Target's Statement. The information line numbers are 1300 103 401 (within Australia) and +61 2 9066 4063 (outside Australia), and are available between Monday to Friday from 9:00am to 5:00pm (Sydney time).
<b>Health Insurance Act</b>	the <i>Health Insurance Act 1973</i> (Cth).
<b>Implied Offer Value</b>	the implied value of the Offer, being \$2.67 based on the closing price of ACL Shares on the Last Practicable Date.
<b>Ineligible Foreign Shareholder</b>	has the meaning given in Section 10.3(b) of the Bidder's Statement.
<b>Issuer Acceptance Form</b>	the acceptance form enclosed with the Bidder's Statement for Healius Shareholders with a holding of Healius Shares on Healius' issuer sponsored subregister.
<b>Last Practicable Date</b>	the last practicable trading date on ASX prior to the finalisation of this Target's Statement, being 2 May 2023.
<b>LIS</b>	Laboratory Information System.
<b>Listing Rules</b>	the Official Listing Rules of ASX, as amended and waived by ASX from time to time.
<b>Lumus Imaging or Imaging</b>	the imaging business operated by Healius as described in Section 6.1(b)(ii).
<b>MBS</b>	the Commonwealth Government's Medicare Benefits Schedule.
<b>Merged Group</b>	the group of companies resulting from the combination of the ACL Group and the Healius Group should the Offer be successful.
<b>MOLA</b>	the Master Operating Leasing Agreement between Healthcare Imaging Services Pty Ltd as Lessee and Westpac Banking Corporation as Lessor.
<b>NATA</b>	National Association of Testing Authorities Australia (ACN 004 379 748).
<b>Nominee</b>	the nominee appointed by ACL and approved by ASIC in accordance with Section 11.8 of the Bidder's Statement.

## 9. Glossary continued

TERM	MEANING
<b>Non-Withholding Declaration</b>	a declaration that either: <ul style="list-style-type: none"> <li>(a) you are a resident of Australia for the purposes of the Tax Act; or</li> <li>(b) your Healius Shares are not "indirect Australian real property interests" for the purposes of the Tax Act.</li> </ul>
<b>Notice of Status of Conditions</b>	ACL's notice disclosing the status of the Conditions of the Offer, which is required to be given under section 630(3) of the Corporations Act.
<b>NPAT</b>	net profit after tax.
<b>Offer</b>	the unsolicited off-market conditional takeover offer by ACL for all of the Healius Shares under Chapter 6 of the Corporations Act as described in the Bidder's Statement.
<b>Offer Consideration</b>	the consideration offered under the Offer which at the date of this Target's Statement, is 0.74 ACL Shares for each Healius Share.
<b>Offer Period</b>	the period within which the Offer is open for acceptance in accordance with the Bidder's Statement and the Corporations Act, as set out in Section 5.2(b).
<b>Perpetual Group</b>	Perpetual Limited (ACN 000 431 827) and its Related Bodies Corporate, which includes Perpetual Investment Management.
<b>Perpetual Investment Management</b>	Perpetual Investment Management Limited (ACN 000 866 535).
<b>Post-Results ACL VWAP</b>	\$3.66, as described in the section of the Bidder's Statement entitled "Overview of the Offer".
<b>Post-Results Healius VWAP</b>	\$2.72, as described in the section of the Bidder's Statement entitled "Overview of the Offer".
<b>Prescribed Occurrences Condition</b>	has the meaning given in Section 11.9(o) of the Bidder's Statement.
<b>Proposed Merger</b>	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).
<b>Register Date</b>	the date set by ACL under section 633(2) of the Corporations Act, being 7.00pm (Sydney time) on 21 March 2023.
<b>Related Bodies Corporate</b>	has the meaning given in section 50 of the Corporations Act.
<b>Relevant Interest</b>	has the meaning given in sections 608 and 609 of the Corporations Act.
<b>Rights</b>	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).
<b>SFA</b>	the Syndicated Facilities Agreement between, among others, Healius as borrower and Australia and New Zealand Banking Group Limited as agent, by which a total commitment of \$1 billion is made available to Healius.

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TERM	MEANING
<b>Small Parcel Shareholder</b>	a Healius Shareholder who would be entitled to receive a total number of ACL Shares as consideration under the Offer which constitute a parcel of ACL Shares having a value of less than \$500. <sup>34</sup>
<b>Subsidiary</b>	has the meaning given in section 9 of the Corporations Act, provided that an entity will also be taken to be a Subsidiary of another entity if it is Controlled by that entity and, without limitation: <ul style="list-style-type: none"> <li>(a) a trust may be a Subsidiary, for the purposes of which a unit or other beneficial interest will be regarded as a share;</li> <li>(b) an entity may be a Subsidiary of a trust if it would have been a Subsidiary if that trust were a corporation; and</li> <li>(c) an entity will also be deemed to be a Subsidiary of an entity if that entity is required by the accounting standards to be consolidated with that entity.</li> </ul>
<b>Successful Offer Completion</b>	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.
<b>Takeovers Panel</b>	the Australian Takeovers Panel.
<b>Tanarra</b>	Tanarra Capital Australia Pty Ltd (ACN 114 164 331).
<b>Target's Statement</b>	this document being the statement of Healius under Part 6.5 of the Corporations Act in relation to the Offer.
<b>Tax Act</b>	the <i>Income Tax Assessment Act 1997</i> (Cth).
<b>Third Party</b>	a party other than ACL, Healius and any of their Associates.
<b>VWAP</b>	volume weighted average price.

## 9.2 Interpretation

Headings and labels used for definitions in this Target's Statement are inserted for convenience and do not affect the interpretation of this Target's Statement. Unless the context otherwise requires in this Target's Statement:

- (a) words or phrases defined in the Corporations Act have the same meaning in this Target's Statement;
- (b) a reference to a Section is a reference to a Section of this Target's Statement;
- (c) a reference to a statute, ordinance, code or other law includes regulations and other instruments under it and consolidations, amendments, re-enactments or replacements of any of them;
- (d) the singular includes the plural and vice versa;
- (e) the word "person" includes an individual, a firm, a body corporate, a partnership, a joint venture, an unincorporated body or association, or any government agency;
- (f) Australian dollars, dollars, A\$ or \$ is a reference to the lawful currency of Australia; and
- (g) the meaning of general words is not limited by specified examples introduced by "including", "for example", "such as" or similar expressions.

34. This \$500 figure is based on the highest closing price of ACL Shares on the ASX during the period from the date of the Bidder's Statement until the earlier of the end of the Offer Period and 5 ASX trading days before the first day on which ACL must provide the Offer Consideration under the Offer – see Section 12 of the Bidder's Statement.

## **Annexure A – ASX announcements**

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## Annexure A – ASX announcements

The table below contains a list of all material announcements released by Healius in the period from 27 February 2023 to the Last Practicable Date:

NO.	DESCRIPTION OF ANNOUNCEMENT	DATE OF ANNOUNCEMENT
1	Notification of cessation of securities (Options)	2/05/2023
2	Completion of sale of Monserrat Day Hospitals, securing debt covenant waiver and confirmation of analyst underlying EBIT consensus	2/05/2023
3	ASX Listing Rule 7.9 waiver to allow Healius to issue performance rights	1/05/2023
4	Notification of cessation of securities (Performance Rights)	28/04/2023
5	Notification of cessation of securities (Options)	28/04/2023
6	Electronic delivery of Target's Statement	19/04/2023
7	Notice of appointment of Mary Weaver as Company Secretary and resignation of Charles Tilley as Company Secretary	28/03/2023
8	Healius Directors' update on off-market takeover bid from ACL	27/03/2023
9	Appointment of Charlie Taylor as Non-Executive Director	21/03/2023
10	Initial Director's Interest Notice – Charles Taylor	21/03/2023
11	Notice of appointment of Company Secretary – Stephen Humphries	21/03/2023
12	Notice of initial substantial holder – ACL and ACL Group Entities listed in Annexure A of notice	20/03/2023
13	Healius Takeover Bid Announcement	20/03/2023
14	Change of Director's Interest Notice – John Mattick	10/03/2023
15	Change of Director's Interest Notice – Sally Evans	10/03/2023
16	Change of Director's Interest Notice – Gordon Davis	10/03/2023
17	Application for quotation of securities	10/03/2023
18	Notice of change of interest of substantial holder – Perpetual Limited and its related bodies corporate	3/03/2023
19	Initial Director's Interest Notice – Maxine Jaquet	1/03/2023
20	Final Director's Interest Notice – Malcolm Parmenter	1/03/2023
21	Change of Director's Interest Notice – Jennifer Macdonald	28/02/2023
22	Notice of appointment of CFO	27/02/2023

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## Annexure A – ASX announcements continued

<b>NO.</b>	<b>DESCRIPTION OF ANNOUNCEMENT</b>	<b>DATE OF ANNOUNCEMENT</b>
23	Updated Half Year Results Announcement	27/02/2023
24	Half Year Results Investor Presentation	27/02/2023
25	Half Year Results Announcement	27/02/2023
26	Half Year Report and ASX Appendix 4D	27/02/2023
27	Final buy-back notification	27/02/2023
28	Notification of cessation of securities	27/02/2023

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