

20 December 2021

SUCCESSFUL COMPLETION OF MEDLAB PATHOLOGY ACQUISITION

Australian Clinical Labs Limited (ASX:ACL) (**ACL** or **Company**) today announced that it has successfully completed the acquisition of Medlab Pathology (**Medlab**), a leading Australian privately-owned independent pathology provider, with two laboratories and 288 collection centres across NSW and QLD.

On 15 November 2021 ACL announced that it had entered into a binding agreement to purchase Medlab Pathology. Regulatory approvals have been achieved, conditions precedent have been met and completion has now occurred.

The Medlab acquisition forms part of a well-defined strategic growth plan and has a complementary geographic footprint to deliver a doubling of market share to 20.4% in the largest market being NSW and a strong entry platform in QLD with 6.5% market share¹.

ACL will acquire the key business assets for \$70m, with upfront consideration of \$60m paid at completion² and deferred consideration of \$5m on completion of CY22 and a further \$5m subject to the achievement of non-COVID revenue retention hurdles. The Company anticipates synergies in excess of \$10 million within 18 to 24 months at a cost of \$10m, primarily from duplicated systems and laboratories, efficiencies and consumable savings. ACL is funding the transaction by cash and existing debt facilities.

In NSW Medlab operates a laboratory in Auburn, Sydney and 205 collection centres and ACL's share of collection centres has nearly doubled in NSW with the number of collection centres increasing from 222 to 427. As important as the incremental scale which will allow ACL to invest in further efficiencies, there is limited geographic collection centre overlap in Sydney and the acquisition gives ACL a more comprehensive coverage of the Sydney market.

In Queensland, Medlab operates a laboratory in Wilston, Brisbane and 83 Collection Centres and provides ACL an entry into the Queensland Medicare Community funded market which complements ACL's existing Queensland strategy including the recent acquisition of the SunDoctors skin cancer clinics and a purpose built clinical and Commercial (Clinical Trials) testing laboratory. ACL now has specialist histology laboratories in each State in which it operates and four across NSW and QLD. This acquisition will assist ACL in targeting the private COVID traveller market and national commercial contracts.

Chief Executive Officer, Melinda McGrath, said: *"I am delighted to have completed this acquisition on schedule and the team is progressing well in executing the integration strategy. Our team has a track record in successful integration and synergy delivery and with the additional scale in NSW and QLD and benefits associated with our unified laboratory system, we anticipate achieving further operating leverage."*

"In NSW, the opportunity exists to combine the labs into one highly automated central lab with a broad range of efficiencies including reduced duplication, benefits associated with our courier route automation, improved scale and purchasing power."

"In QLD, we have a strengthened management team already in place to deliver the operational efficiencies and capitalise on the significant growth opportunity. We now have a substantial offering across the state with a"

¹ Based on number of collection centres

² The effective economic completion was 1 November 2021. Any completion adjustments will be announced once finalised

molecular laboratory to facilitate the COVID offering, an established clinical and histopathology lab in Brisbane, a histopathology lab at the Gold Coast and a purpose built Clinical Trials laboratory in Brisbane.

Our travel testing offering is continuing to gain momentum and we will look to increase the number of drive-through COVID testing sites as soon as possible across NSW and QLD.”

– ENDS –

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

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About Australian Clinical Labs

ACL is a leading Australian private provider of pathology services. Our 86 NATA accredited laboratories perform a diverse range of pathology tests each year for a range of clients including doctors, specialists, patients, hospitals and corporate clients. ACL is one of the largest private hospital pathology businesses nationally. ACL is focused on its mission of combining talented people, and medical and scientific leadership, with innovative thinking and technologies to empower decision making that saves and improves patients' lives.

Forward looking-statements

This announcement may contain forward-looking statements which are statements that may be identified by words such as “may”, “will”, “would”, “should”, “could”, “believes”, “estimates”, “expects”, “intends”, “plans”, “anticipates”, “predicts”, “outlook”, “forecasts”, “guidance” and other similar words that involve risks and uncertainties. These statements are based on an assessment of present economic and operating conditions and on a number of best estimate assumptions regarding future events and actions that, at the date of this announcement, are expected to take place. No person who has made any forward-looking statements in this announcement (including the Company) has any intention to update or revise forward-looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this announcement, other than to the extent required by law. Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of the Company, the directors and management of the Company. We recommend that shareholders read in conjunction with this announcement, Section 4 and Section 5, and other information in, the Prospectus. The Company cannot and do not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this announcement will actually occur and investors are cautioned not to place undue reliance on these forward-looking statements.