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Diagnostics for Life

ANNUAL REPORT 2024



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We remain focused on providing better services for our patients and referrers, enabled by digital technologies, people and ways of working.



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About us

For over 30 years Healius has been providing quality, comprehensive, accessible and cost-efficient diagnostic services through our Pathology and Imaging businesses. Our focus is on supporting clinical decisions through personalised insights and superior customer service, enabled by our unique footprint of more than 2,200 locations and 10,500+ employees. Healius' intention is to transform the service experience for our patients and referrers, as we build a digital future for diagnostics.



Pathology

Healius Pathology is one of Australia’s leading providers of private medical laboratory and pathology services. Healius Pathology operates 90 medical laboratories and approximately 1,981 patient collection centres across metropolitan, regional and remote Australia. It employs 185 pathologists and approximately 6,100 full time equivalent staff (FTEs) being scientists, technicians, collectors, couriers and other team members.

Operating nationally under 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. Our brands include QML, Laverty, Dorevitch, Western Diagnostic Pathology, TML and Abbott Pathology. These brands operate in Queensland, New South Wales (including Australian Capital Territory), Victoria, Western Australia and Northern Territory, Tasmania, and South Australia respectively.

Key specialty brands include Genomic Diagnostics, one of Australia’s leading non-government diagnostic genetic sequencing facilities; Kossard, leaders in dermatopathology with an established reputation in the specialist community; Agilex Biolabs, one of Australia’s largest, most experienced and scientifically advanced bioanalytical laboratories with over 25 years’ experience in clinical trials and providing bioanalytical services for therapeutics, immunoassay bioanalysis of large molecules, biologics and vaccine development; and Specialist Veterinary Services, a network of nationwide veterinary pathology laboratories. Each year, approximately one in four Medicare-funded pathology tests are processed in our laboratories. Healius Pathology’s services extend from exclusively servicing some of Australia’s largest and most complex private and public hospitals to regional areas and remote Indigenous communities.



Imaging

Lumus Imaging is one of the largest diagnostic imaging providers in Australia, operating a network of 148 sites across the country, comprising stand-alone community imaging centres, and imaging facilities located within private and public hospitals and in medical centres.

Together with our 185 highly trained radiologists, as well as our team of experienced radiographers, sonographers, nuclear medicine technologists, nurses, centre support and corporate teams, Lumus Imaging offers a full suite of modalities and services 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 three million radiography examinations are conducted in Lumus Imaging’s sites each year. In May 2024, Healius announced that as a result of the strategic and operating review, the company has commenced a formal process to explore options for the sale of its diagnostic imaging division, Lumus Imaging. In accordance with accounting standards, the FY 2024 financial statements have been prepared on the basis that Lumus Imaging remains a part of the continuing operations of Healius group.

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Our network

1,981 Collection Centres

90 Laboratories

2,071
Pathology sites



36 Hospitals

65 Community centres

47 Medical centres

148
Imaging sites



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WA

205 SITES

Pathology	Imaging
200	5

NT

20 SITES

Pathology	Imaging
20	0

QLD

584 SITES

Pathology	Imaging
543	41

NSW

749 SITES

Pathology	Imaging
688	61



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SA

33 SITES

Pathology	Imaging
27	6

VIC

571 SITES

Pathology	Imaging
540	31

TAS

21 SITES

Pathology	Imaging
21	0

ACT

36 SITES

Pathology	Imaging
32	4



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Chair's letter

Dear Shareholders,

On behalf of the Board of Directors, I am pleased to present Healius' Annual Report to you. It has been a big year.

In March 2024, we announced a wide-ranging strategic review of the company's structure and assets. The review considered a range of alternatives, the key objectives were to maximise value to Healius' shareholders, in the near term and into the future, and to ensure a sustainable capital structure.

As a result of the review, Healius commenced a formal process to explore options for the sale of its diagnostic imaging division, Lumus Imaging. This is progressing well.

The other key outcome of the strategic review was the development of a new pathology operating model and a re-focus on Healius' pathology operations. This is a broad program aimed at increasing revenues, improving efficiencies in collection centres and laboratory operations and using technology, where appropriate, to facilitate more effective and efficient ways of working.

FY 2024 has seen this transformation program gain momentum, delivering very pleasing results. Management has a new and targeted plan in place for FY 2025 with a re-focus on revenue growth and driving efficiencies across our network through a standardised national operating model with a local focus.

Executive Management and Board changes in FY 2024

As shareholders are aware, there were further changes at the Board and executive management level. In March, Maxine Jaquet resigned and Paul Anderson (our then Group CFO) was appointed as the Healius Group CEO & Managing Director and our Deputy CFO, Steve Humphries, replaced Paul as the Group CFO.

The Board felt that Paul's experience was crucial to initially lead the strategic review and to provide continuity in leadership at the executive level. Paul has stepped up the tempo and is well placed to lead the Company through this next period, and is focused on the delivery of the outcomes of the strategic review.

The Board is pleased with the refreshed Executive Leadership Team. Under Paul's leadership, the Board has seen the execution of the strategic review and strong alignment of management with the successful delivery of its outcomes.

I encourage you to read the biographies of our Executive Management Team and the contributions that they make to Healius in the body of the report as each of them bring decades of experience and valuable expertise.

I would also like to acknowledge Maxine's contribution to Healius across her time with the Company since 2015, including as CFO, CFO and COO and, ultimately, as CEO & Managing Director. The first half of FY 2024 presented some difficult challenges, and we thank her for her contribution and wish her well in her future endeavours.

I also want to acknowledge our former Chair, Jenny Macdonald, who retired after the AGM in November 2023. She had served on the Board since 2020 and filled the breach after the unexpected retirement of the previous Chair in September 2022. Jenny provided great leadership during a challenging period.

In FY 2024, the Board was pleased to welcome two new directors.

In September 2023, Dr Michael Stanford was appointed as a Non-executive Director and in November 2023, Ravi Jeyaraj was elected as a Non-executive Director. Michael has brought a wealth of medical and health administration skills to the Board and Ravi brought his deep financial acumen and experience in this area. Ravi's recent appointment to an overseas-based role meant that he needed to resign from the Board in August 2024, and we thank Ravi for the contribution he made to the Board during this time.

Your Board is continuing to consider the right size, balance of skills and experience to guide the Company through its next chapter and expect to continue with Board renewal in 2025.

FY 2024 Financial Results

Our FY 2024 Financial Results released in August continue to show continued strengthening with Group revenue up 6.1% and an underlying EBIT of \$65.4 million, which was in line with guidance. Pathology BAU revenue was up 4.7% (which includes Agilex) and Lumus Imaging gross revenue was up 5.7%.

Agilex revenue was up 20.8% to \$39.5 million and EBITDA up 102.3%, and the Board are pleased to see the commercial agreements signed during the year and since year end, that open up new channels of bioanalytical work, with strong cost management delivering margin expansion and a strong revenue pipeline for 1H 2025.

Paul provides further insight below about the financial results and management's plans for execution in FY 2025.

The Board resolved not to pay a final dividend for FY 2024, however, it will continue to monitor future performance with a view to a resumption when that is possible.

The year ahead

I want to put on record our thanks to the Healius Executive Leadership Team ably led by Paul, and I would also like to acknowledge the entire Healius team for their continued dedication to the business, especially through a period of significant change.

I would also like to thank you, our shareholders, for your continued loyalty and support, and we look forward to the delivery of the strategic outcomes and building on our new platform for delivery of growth in FY 2025.



Kate McKenzie
HEALIUS CHAIR



CEO's letter

Dear Shareholders,

This year, we have made a number of significant changes that we believe will build a stronger Healius. We have a clear plan in place and in this last financial year have made a good deal of headway on initiatives that we believe will make a real difference to our business:

- We have completed an operating and strategic review, culminating in the commencement of the sales process for Lumus Imaging which has continued to demonstrate strong growth.
- We have refinanced our bank facilities.
- We have set about improving the Pathology business with a redefined strategy that is focused on doing the basics well and repositioning our business for both the current economic conditions and future growth.
- We have implemented a new operating model for our Pathology business to create a standardised and uniform way of working across our organisation.
- We have a broad transformation program in place across Pathology, delivering net benefits ahead of guidance and a clear plan for FY 2025.
- Agilex Biolabs has continued its strong topline and earnings growth with a strong management team and science-first business model.

Our team has a clear strategic plan in place to deliver shareholder value.

FY 2024 Results

Group BAU revenue was up 6.1% to \$1.74 billion for the year, Group underlying EBITDA was \$346.6 million, and Group underlying EBIT was \$65.4 million.

We saw improved trading conditions in the second half of the financial year, complemented by the revenue and cost initiatives in our transformation plan, which contributed to the Group's EBIT growth with an EBIT margin of 5.5% in the second half.

In our business areas:

- Pathology BAU revenues (including Agilix) grew by 4.7%, reflective of Pathology volumes gradually reverting to historical trends. Covid revenue is down \$61.0 million and going forward will no longer distort our comparatives as the impact is cycled out.
- Agilix's Revenue grew by 20.8%, EBITDA increased by 102.3%, and EBIT nearly tripled to \$5.1 million for the year.
- Lumus Imaging continued to demonstrate strong growth with revenue up 12% in the Community & Hospital segment, which accounts for 81% of revenues – and which is ahead of the MBS benefits growth of 9.1%. EBIT margins have continued to improve and were 8.1% for FY 2024 and 9.1% for the second half of the financial year which is a 40-basis point improvement for the full year.

Operating environment

In the Pathology market, inflationary cost pressures and headwinds continue to put pressure on Pathology's ability for margin growth and expansion. Labour costs in Pathology are approximately 50% of the cost base and rent accounts for a further 20%.

We also have a greater exposure to the GP market, where attendances are down 1.5% for the 12-months and where Specialist attendances were up 2.7% over the same period. In FY 2025 we will be focused on ensuring that we develop our specialist referrer segment which has significantly higher margins and is not subject to coning, unlike GP testing, where a portion of ordered tests are, in fact, performed for no fee.

Along with our industry peers, we will continue to support and drive the sector-based Australian Pathology campaign to 'Keep Pathology Bulk Billed'. Collectively, the industry does not believe that the Federal Government's response to index only one-third of Pathology items is sufficient to maintain a sustainable and viable sector. This campaign will continue until all Pathology tests are indexed.

As previously announced, our Pathology division had a broad transformation program in place throughout FY 2024, aimed at increasing revenue and improving productivity at our collection centres and laboratory operations, and leveraging technology to facilitate more effective and efficient ways of working. Pleasingly, net benefits of \$20.4 million were achieved, which was ahead of our guidance of \$15 million.

In FY 2025, this program has a renewed focus on revenue growth, while still driving efficiencies across our network through our National Operating Model for Pathology.

Agilix had a very strong year. We have signed new commercial agreements with international partners, where together, we can offer global Phase 1 to Phase 3 testing propositions to the market. These agreements not only open new channels of work across different regions, but also underpin the business' above market growth in the bioanalytical sector well into FY 2025. The management team has exercised strong cost control, matching labour to required capacity, and flexing our scientific team across departments to improve productivity.

Agilix is well placed to take advantage of global pharmaceutical research and development opportunities. As it gains traction with global partners, Agilix continues to elevate its status as the pre-eminent science-focused bioanalytical laboratory service provider.

In Imaging, we have continued to see very good revenue, volume and margin growth in FY 2024. These results reflect our 5-year strategic plan for Imaging, which centres around expanding our footprint of comprehensive community sites, investment in higher end modalities and attracting quality Radiologists.

In FY 2024, Lumus Imaging successfully commissioned two new greenfield sites – one at Jimboomba and one at Narangba, as well as adding four new MRIs. The business has a solid pipeline of four new greenfield sites planned for next financial year. In our hospital segment, Lumus Imaging opened two new clinics in 2H 2024, at Ramsay's Northern Private Hospital and Healthscope's La Trobe Hospital.

Our investment in higher-end modalities has contributed to improved modality mix, and along with pricing initiatives, are driving above market growth.

Radiologist costs and Radiologist recruitment, continue to be a key measure of success and performance for the business and we have had 30 new Radiologists join in FY 2024. With the implementation of a new workflow management tool, we expect to see improvement in Radiologist productivity as the work is more effectively and efficiently allocated.

Redefined Pathology strategy

Our strategy for the Pathology division has been redefined and repositioned for both current economic conditions and future growth. It is focused on delivering better services for our patients and referrers and improving how we do this through the use of technology, AI and our ways of working.

The five strategic priorities are:

1. Customer service – patients and referrers

Consistently providing high-quality service across all touch points with patients and doctors. We are optimising our Collection Centre network footprint, as well as significantly improving our Collector experience, capacity and capability to ensure that our sites are open to serve our patients and consequently improve revenue. We have improved our Contact Centre service through technology, with significantly lower waiting times for doctors. Growing referrals from GPs and Specialists is a key part of our transformation, utilising the considerable experience and expertise of our Pathologists. We are also developing a new service model for our Pathologists to provide personalised support to referrers in select high-value Specialist segments.

2. Laboratory modernisation

We operate a complex network of laboratories across Australia. Simplifying and automating the workflows in our laboratories, standardising processes and enhancing productivity through technology and AI, where appropriate, is the principal objective.

Our priorities are adopting digital technology for histopathology, supported by AI reporting tools and reducing manual specimen handling and results validation processes across Haematology, Biochemistry and Microbiology to lift productivity. On AI, we have established partnerships with globally proven solution providers to achieve faster speed to market, and also give us flexibility to adapt as technologies evolve rapidly.

3. Emerging diagnostics

A priority for Healius is to capitalise on new and emerging opportunities by diversifying revenue away from MBS and adding higher margin products to our portfolio. This strategic pillar includes: Genomic Diagnostics, Preventative Screen and B2C and B2B offerings.

We have built capability to accelerate growth in genomics, clinical trials and select Personalised Health services. In genomics, we are capturing new opportunities around Reproductive Screening, Pharmacogenomics and Cancer Care. With clinical trials, we have recently announced a major partnership with Nucleus Network for pathology safety testing related to Phase 1 clinical trials. This was won on the back of an innovative digital service proposition.

4. Digital technologies

There are three components of our digital program:

- Customer facing solutions to improve services for patients and doctors through Medway
- Clinical systems that underpin core workflow in laboratories
- A modern data platform that provides a secure infrastructure

We have a suite of digital products now becoming core enablers in improving our customer service, modernising our laboratories, and pursuing emerging diagnostic opportunities in growth areas of the future such as Genomic Diagnostics.

5. People and ways of working

We have accelerated the pace of change in transforming the business through a national reset of our operating model. Our new Pathology Operating Model is designed to create a standardised and uniform way of working across Pathology, with three functional areas – Customer & Commercial, Laboratory Operations and Clinical Integration – established to reduce the complexity in our business across states.

While it is still early days, we are seeing strong engagement in our redefined strategy from our people, patients and referrers. The strategy is well communicated and understood within the business and a crucial part of our business plan.



THE WAY AHEAD

Our primary focus for this next year is continuing to improve our Pathology business through disciplined execution, embedding our redefined strategy across our operations to improve profitability, and finalising the operating and strategic review involving Lumus Imaging.

We are confident that through disciplined attention, these strategies and plans will support our ambition to grow revenue, profitability and margins and improve value for our shareholders.

None of this is possible without the commitment and hard work of our staff across all parts of our business. My heartfelt thanks to the entire Healius team for embracing the many changes in our business this year, while continuing to deliver high quality diagnostic services for millions of Australians.

And finally, thank you to our patients, referring practitioners and you, our shareholders, for your ongoing support.



Paul Anderson
CEO AND MANAGING DIRECTOR

People

A key focus over recent months has been engaging our people in the process to stabilise, transform and grow our business. We have increased our two-way communication and engagement with all of our employees, with a particular focus on our Pathologists, Scientists, Laboratory staff and Collectors nationwide.

We are fostering open and transparent communication and have set up new mechanisms to gather and act quickly on staff feedback and ideas.

Added to this, our Pathology leadership team has been strengthened with the appointment of experienced leaders as part of our new Pathology Operating Model. We have also re-established our Clinical Advisory Council, which ensures all clinical decisions are co-ordinated across the organisation.

As a people business, this work is critical to our success.

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Our strategy

Pathology

The strategy for the business focuses on providing better services for patients and referrers to increase the volume and quality of the revenue we generate, and to become more efficient in the way we process our tests.

Better outcomes are enabled by our investment in modern digital technologies and new ways of working which are designed for the future.

Healius Pathology is a clinically driven diagnostics business with an extensive footprint of 87 Laboratories and 1,981 Collection Centres, and 185 Pathologists advised by our Clinical Advisory Council. The strategy for the business focuses on providing better services for patients and referrers to increase the volume and quality of the revenue we generate, and to become more efficient in the way we process our tests. Better outcomes are enabled by our investment in modern digital technologies and new ways of working which are designed for the future. As part of the recent strategic and operating review, the strategy for the pathology business has been redefined with a focus on doing the basics well and repositioning operations for both current economic conditions and future growth.

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There are five clear strategic priorities in the strategic realignment.

Customer service – patients and referrers

Consistently provide high-quality service across all touch points with patients and doctors. We will do this through improved technology, training and recruitment in our collection and call centres and visibly enhancing the service we provide to our patients and referrers through better reporting and turnaround times.

Laboratory modernisation

We operate a complex network of laboratories across Australia. Simplifying and automating the workflows in our laboratories, standardising processes and enhancing productivity through technology and AI where appropriate is the principal objective.

The laboratory modernisation work is well underway – the critical objective is to reduce the administrative burden with cost efficiencies as a natural by-product. Automating and digitising the more manual disciplines and workflows is our priority.

Emerging diagnostics

A priority for the business is to capitalise on new and emerging opportunities.

Diversifying revenue away from MBS and adding higher margin products to our portfolio is key.

We are currently enhancing our capability across genomic diagnostics, preventative screening and other B2C/B2B offerings



AGILEX BIOLABS

Agilex' strategy is to grow its global network of Bioanalytical services for drug developments by using agreements with significant global partners.

As a dominant player in Phase 1 Bioanalytical work in Australia, this enables Agilex to diversify its offer to include the benefits of more economical method development to support its customers' Phase 2 and 3 trials globally.

Agilex will continue to innovate in each department to improve labour costs, the utilisation of scientists, and improve quality assurance functions to maintain relevance for critical external parties.

LUMUS IMAGING

As set out in the announcement of 27 May 2024, Healius has completed the comprehensive review of its structure and assets. As a result of the review, Healius commenced a formal process to explore the sale of its diagnostic imaging division, Lumus Imaging.

The process is well advanced and the company is pleased with the number of interested parties undertaking detailed due diligence. Healius will announce the outcome of this process at the appropriate time.



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Digital technologies

There are three components of our digital framework:

- **Customer facing solutions to improve services for patients and doctors through our Results Portal (also known as Medway);**
- **Clinical systems that underpin core workflow in laboratories; and**
- **A modern data platform that provides a secure infrastructure.**

Our digital capability is maturing with a suite of digital products now becoming core enablers in improving our customer service, modernising our laboratories, and pursuing emerging diagnostic opportunities in growth areas of the future such as Genomic Diagnostics.

People and ways of working

A new operating model is in place to manage Healius Pathology. This is a national model with a local focus designed to create a standardised and uniform way of working across the organisation.

Three key functions have been established to reduce the complexity in our business across states, and ultimately result in a leaner structure that does not impact the quality of our service.

Customer and Commercial: focused on improving services for patients and referring doctors across touch points including collection and call centres.

Laboratory Operations: efficiently operating the network with standardisation and uniformity. Digital automation, and AI where appropriate will be the significant drivers of step change in efficiency.

Clinical Integration: our Pathologists and Scientists are at the core of everything we do. Led by our Clinical Advisory Council, all clinical decisions are co-ordinated across the organisation with the Council playing an active role in the strategic direction and commercial decision-making process.



Our strategy (continued)

Key risks and prospects for future years

Effective risk management is key to Healius achieving its strategic objectives, building a sustainable business, and protecting shareholder value.

A range of risk factors may influence and affect Healius' future performance, business operations and financial condition, either individually or in combination.

Healius assesses the consequence and likelihood of risks in all relevant and significant areas of the business. Material risks that apply to the macro-operating environment, and those specific to Healius are summarised in this section.

Government policy and revenue concentration

Risk priorities

The majority of Healius' services are bulk-billed, which means that it receives payment through the Federal Government's Medicare Benefits Schedule (MBS) in settlement of services provided. As the majority of Healius' revenue is sourced from the MBS, any changes to the schedule (such as changes to fees or test availability) can both positively and/or negatively impact the company's revenue and profitability.

Healius also provides pathology and imaging services to public hospitals in some states and territories and is dependent on the continuation of State Government policy with regards to outsourcing of services to private operators.

Economic impacts

Risk priorities

Current cost of living pressures and the relatively high inflation environment may lead to subdued GP attendances. This may be compounded by the introduction of co-payments for consultations, where consumers may delay or not use GP services due to affordability concerns, impacting volumes and revenue. Overall, leading to reduced pathology and imaging referrals.

Healthcare customers and consumers

Risk priorities

Healius is reliant on referrers, healthcare professionals such as surgeons and specialists, and consumers choosing to use its services and facilities.

Healius is also dependent on its ability to negotiate and retain private health funds, public and private hospitals, and other commercial contracts.

Aims and actions

- Healius strategic objectives include increasing non-MBS revenue and adding higher margin products and services to our portfolio through leveraging opportunities in emerging diagnostics.
- Healius monitors legislative and regulatory developments and engages proactively to manage this risk. It maintains an active role in industry associations to ensure its voice is heard by governments at all levels.

Aims and actions

- Healius advertises that its services are bulk-billed where appropriate and educates the consumer on the reasons for any out-of-pocket costs. Peer reviews are also undertaken to ensure Healius pricing is competitive.

Aims and actions

- Healius has a dedicated commercial and customer team, who are responsible for maintaining relationships, increasing engagement, and addressing any issues with clients and customers.
- Healius has invested in facilities, systems, people and services in its aim to meet and exceed the needs and expectations of its customers.

Resource availability, skills and capabilities, and employee relations

Risk priorities

Staff shortages in the healthcare sector may impact Healius' ability to hire and retain staff with the right experience and skillset, and hence ability to adequately service our customers.

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.

Recent legislative amendments, court decisions and Modern Award variations have increased the complexity of the employee-relations landscape.

Aims and actions

- Healius aims to be a workplace of choice and is investing in the value proposition for its employees. These include enhancing employee benefits, investing in tools and technology that improve ways of working for our front-line staff, providing training and development opportunities to ensure our people are properly equipped to succeed in their role.
- Healius' centralised People & Culture function is supported by dedicated teams for talent acquisition and employee relations to ensure continued compliance with its employee relations requirements and obligations.

Our strategy (continued)

Data management and cyber security

Risk priorities

Healius maintains sensitive clinical and financial information. Failure to appropriately use and secure data can have severe operational and financial consequences.

Healius' systems and databases are increasingly subject to security risks including cyber-attacks. 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.

Any such breaches could result in delays, the loss or corruption of data, interruptions in and/or cessation in the availability of systems, all of which could have a material and adverse effect on Healius' operational and financial performance, position and future prospects, or harm Healius' business reputation.

Aims and actions

- Healius understands that protection of privacy of individual data/personal information is paramount. It has an ongoing program to strengthen defences against unauthorised access and to protect clinical and financial data within its systems.
- Healius' Cyber Security Framework is aligned to ACSC ISM, supported by a cyber risk controls program with board and management oversight and KPI reporting.
- Healius' security program is founded on a process to Identify, Protect, Detect, Respond and Recover in relation to data management and security issues.

Supply chain and modern slavery

Risk priorities

Healius imports consumables, personal protective and other medical equipment. Prices and availability may impact the efficient operating of its services.

Healius is also cognisant of its modern slavery obligations within these supply chains.

Aims and actions

- Healius aims to continually manage known supply chain risks. It has a dedicated procurement function and has consolidated spend to a select pool of reputable suppliers to mitigate risk of supply chain disruption and also modern slavery risk. All our suppliers are expected to comply with our Supplier Code of Conduct.
- Healius' commitment to human rights and the eradication of all types of modern slavery is overseen by the Healius Board. Its approach to modern slavery risk identification and management includes supplier questionnaires, supplier due diligence, risk assessments and modern slavery training for our procurement team.

Competition

Risk priorities

Competition may come from new entrants into the market, existing competitors, or from disruptive technologies that may change the way services are delivered. A change in competition may impact Healius' profitability, the ability to attract and retain people, or secure attractive locations for its businesses.

Aims and actions

- Healius aims to maintain its competitive edge through a focus on and investment in data-led operations, consumer-centricity, product innovation, network optimisation and developing organisational competencies for the future.

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Reputation and regulatory compliance

Risk priorities

Healius recognises that its reputation can take time to build but can be easily eroded. Healius' reputation may be impacted by an event that creates adverse perception of the Group by the public, consumers and customers, investors, regulators, or rating agencies that directly or indirectly impacts earnings and value.

Healius operates in sectors which are subject to extensive laws and significant levels of regulation relating to the development, licencing and accreditation of facilities and services.

Aims and actions

- Healius aims to maintain quality standards and a culture of accountability through its risk and governance systems, policies and procedures, with effective involvement of executive and clinical management to ensure it provides quality healthcare and minimises the risk of reputational damage.
- Healius aims to continually meet licencing and accreditation standards across all businesses.
- Healius monitors legislative and regulatory developments and engages proactively to manage this risk. It maintains an active role in industry associations to ensure its voice is heard by government at all levels.

Medical indemnity claims and costs

Risk priorities

Through its provision of pathology and imaging services, Healius is exposed to the risk of medical indemnity or 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 Healius.

Aims and actions

- Healius aims to maintain quality standards and a culture of accountability through its risk and governance systems, policies and procedures, with effective involvement of executive and clinical management to ensure it provides quality healthcare and minimises the risk of reputational damage.
- Healius has in place medical indemnity and other insurance arrangements to mitigate its financial exposure.

Climate change and regulatory reporting requirements

Risk priorities

Healius recognises that increases in the frequency and intensity of extreme weather events may lead to business disruption in the event of physical damage to facilities and infrastructure assets within our portfolio, as well as impacting the availability of our workforce and supply chains.

Transitional climate change risks for the company predominately relate to policy and regulatory changes such as mandatory climate reporting that is expected to come into effect for reporting periods starting 1 January 2025.

Aims and actions

- Healius has detailed business continuity plans (including contingent services, alternative courier routes, etc) in place for key sites, so as to minimise disruption to operations and ensure our ability to service patients and doctors.
- Healius has been progressively aligning its sustainability reporting to globally recognised reporting frameworks such as the United Nations Sustainable Development Goals (UN SDGs) and the Task force on Climate-related Financial Disclosures (TCFD) to improve the quality of its reporting. A detailed review and gap analysis will be completed when final Sustainability Disclosure Standards are released by the Australian Accounting Standards Board, to ensure the company is prepared for mandatory reporting requirements.



Group performance

The operating and financial review includes an analysis and description of Underlying results which are defined as Reported results adjusted for non-underlying items. The Directors believe that presentation of Underlying results (non IFRS (International Financial Reporting Standards) financial information) is useful for investors to understand the entity's core results from operations. A reconciliation is set out on page 20 and in Note A1 to the financial statements for the year ended 30 June 2024.

	2024 \$M	2023 \$M	BETTER/(WORSE) %
BAU revenue	1,743.7	1,643.5	6.1%
COVID-19 revenue	2.5	63.5	(96.1%)
Total revenue (Underlying)	1,746.2	1,707.0	2.3%
EBITDA (Underlying)	346.6	376.2	(7.9%)
Depreciation and amortisation	(281.2)	(277.2)	(1.4%)
EBIT (Underlying)	65.4	99.0	(33.9%)
Non-underlying items	(41.6)	(44.2)	5.9%
Impairment charges	(603.2)	(388.9)	(55.1%)
Transactions with discontinued operations	0.1	(0.9)	111.1%
EBIT (Reported)	(579.3)	(335.0)	(72.9%)
Interest	(70.8)	(62.3)	(13.6%)
Tax	14.1	17.3	(18.5%)
(Loss)/profit from discontinued operations	(9.8)	12.2	(180.3%)
NPAT (Reported)	(645.8)	(367.8)	(75.6%)

Market conditions

As the healthcare service industry cycles out the impact of Covid testing in FY 2024, it continues to operate in a challenging post-pandemic environment with cost-conscious consumer sentiment contributing to weaker demand for healthcare related services.

GP attendances (to which Healius has a greater exposure) remain subdued with a decline of 1.5% on pcp, resulting in fewer pathology referrals, compared with growth of 2.7% in Specialist attendances over the same period.¹

Whilst the growth in overall pathology volumes is gradually reverting to historical trends, a number of factors such as mix of tests, average fees, ACC rents, general inflationary pressures, and a lack of indexation remain key issues for the business.

However, underlying demand drivers remain strong including a growing and ageing population with greater longevity, increasingly with more complex health issues and chronic disease. These drivers are expected to underpin growth in the medium term.

¹ FY 2014–2019 CAGR for Specialist attendances was 2.9%.

Group underlying results

Group underlying revenue improved 2.3% between FY 2023 and FY 2024. While BAU revenue growth was 6.1%, this was offset by the decline in demand for Covid PCR testing to negligible levels post Q1 FY 2024.

FY 2024 underlying EBIT of \$65.4 million was in line with guidance, and EBIT margin for the year was 3.7%. Healius underlying EBIT improved significantly in 2H 2024 to \$49.7 million with 370bps margin expansion (compared with 1H 2024) to 5.5%.

Earnings and margins continued to be impacted by general inflationary pressures leading to margin compression. Inflation remains a constant threat to the cost base, particularly labour, consumables and property rental cost.

Interest costs of \$70.8 million were 13.6% higher than pcp, primarily due to increases in average debt levels and the cost of borrowing, with a pre-tax weighted average cost of debt of 6.1% during the year.

The divisional analysis is as follows:

2024	PATHOLOGY \$M	IMAGING \$M	OTHER \$M	TOTAL CONTINUING OPERATIONS \$M
Segment revenue	1,267.9	474.5	4.2	1,746.6
Intersegment sales				(0.4)
Total revenue				1,746.2
EBITDA	260.5	97.3	(11.2)	346.6
EBIT	38.4	41.9	(14.9)	65.4

The performances of Healius Pathology and Lumus Imaging are set out on pages 22 to 25.

Other comprises corporate functions which includes the management of centralised support services where those functions benefit from scale. Corporate costs were lower in FY 2024 predominately due to tight cost control, and the benefits from restructuring and rationalisation of head office roles.

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Group performance (continued)

Group reported results

Reported EBIT included items which Healius identified as non-underlying. The reconciliation between underlying and reported EBIT is set out below:

	2024 \$M	2023 \$M
Underlying EBIT	65.4	99.0
Digital transformation costs	(25.8)	(21.7)
Transaction and takeover bid costs	(7.7)	(8.6)
Termination and other costs	(8.1)	(13.9)
Non-underlying items	(41.6)	(44.2)
Impairment of leased assets	–	(39.1)
Impairment of goodwill	(603.2)	(349.8)
Non-cash impairment charges	(603.2)	(388.9)
Transactions with discontinued operations	0.1	(0.9)
Reported EBIT	(579.3)	(335.0)

The adjustments between underlying and reported EBIT are as follows:

- Digital costs of \$25.8 million are part of the multi-year digital transformation program.
- Transaction and takeover bid costs of \$7.7 million relate to costs incurred in relation to the hostile bid launched by ACL in March 2023, deferred payments for earlier acquisitions, and the operating and strategic review, including costs of the potential sale of Lumus Imaging.
- Termination and other costs of \$8.1 million primarily relate to costs incurred to right-size the business in response to changing market conditions.
- A non-cash impairment charge of \$603.2 million against goodwill in the Pathology division was reported at 1H 2024, due to lower near-term volume forecasts and cash flows at a point in time, as required by accounting standards, along with a small increase in the Weighted Average Cost of Capital (WACC).

The reconciliation between Reported and Underlying Profit/(Loss) after tax is as follows:

	2024 \$M	2023 \$M
Underlying NPAT	(3.8)	25.7
After-tax adjustments to underlying EBIT	(451.3)	(303.8)
Tax differential for non-deductible items	(180.9)	(101.9)
Profit/(Loss) from discontinued operations	(9.8)	12.2
Reported NPAT incl. discontinued operations	(645.8)	(367.8)

Cash flow and gearing

Group net debt and key ratios as at 30 June 2024 were as follows:

REPORTED	30 JUNE 2024 \$M	30 JUNE 2023 \$M
Bank loans and financing arrangements ¹	420.8	562.1
Cash	(60.1)	(115.3)
Net debt	360.7	446.8
Bank gearing ratio (covenant <4.5x) ²	4.1x	3.5x
Bank interest cover ratio (covenant >3.0x) ³	3.1x	4.8x

The Group's gearing was within its debt covenant of 4.5x. Group cash flows (including continuing and discontinued operations) for FY 2024 were as follows:

REPORTED	2024 \$M	2023 \$M
Gross cash flows from operating activities	242.6	404.4
Net income tax refund/(paid)	24.2	(71.1)
Net cash flows from operating activities	266.8	333.3
Maintenance capex	(27.6)	(40.1)
Free cash flow	239.2	293.2
Growth capex	(36.4)	(36.0)
Payments relating to acquisitions	(2.1)	–
Proceeds from sale of business	1.0	116.3
Capital recycling, deferred consideration & settlement	2.1	27.1
Net interest paid and finance costs (including on lease liabilities)	(69.8)	(61.6)
Payment of lease liabilities	(226.0)	(216.8)
Dividends, buyback of shares and shares purchased for LTIP	–	(43.2)
Proceeds from issuing shares, net of transaction costs	179.3	–
Net debt repayment	(142.5)	(45.0)
Net (decrease)/increase in cash held	(55.2)	34.0

In FY 2024, Healius' gross operating cash flow conversion was 85% of EBITDA, when adjusting for the cash outflows from non-underlying items, discontinued operations and other non-cash items. In December 2023, Healius raised \$179.2 million, net of transaction costs, from its accelerated non-renounceable pro-rata entitlement offer. From the proceeds, \$150 million was used to reduce debt levels and reset the balance sheet.

Selective growth investments were undertaken during the year with a focus on high value modalities and infrastructure, site expansions and new developments for Lumus Imaging, ACC footprint optimisation and technology. Capital management and discipline regarding growth capital spend remain a key focus for the business.

1 Bank loans of \$425 million (FY 2023: \$565 million) are shown net of unamortised borrowing costs.

2 Bank gearing ratio is calculated on banking underlying EBITDA of \$88.9 million (underlying EBITDA of \$346.6 million before \$258.6 million adjustment for AASB 16 and \$0.9 million for AASB 15, share based payments and gain on sale of assets) and banking net debt of \$364.9 million (which is net debt of \$360.7 million excluding unamortised borrowing costs of \$4.2 million).

3 Bank interest cover ratio is calculated based on banking EBITDA divided by finance costs (excluding AASB 16 interest).

Healius Pathology

Performance improved significantly in 2H 2024, with BAU revenue up 4.7% year on year and EBIT of \$38.4 million (comprising \$6.1 million in 1H and \$32.3 million in 2H). Pathology segment revenue and EBIT was impacted by the decline in Covid testing, and was down on the prior comparative period (pcp) by 0.3% and 51.2% respectively.

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2,071

Sites

\$1.3B

Revenue

\$38.4M

Underlying EBIT

Pathology

Pathology BAU revenue was up \$49.8 million or 4.2% on pcp, while Covid revenue was down \$61.0m as testing volumes declined to negligible levels. Pathology volumes grew at 4.0% for FY 2024 with a strong last quarter.

EBIT improved significantly in 2H 2024 to \$29.3 million with an EBIT margin of 4.7%, due to successful delivery of revenue and cost initiatives, and volume growth. Year on year, EBIT of \$33.3 million in FY 2024 was down 57.0% largely due to the reduction in EBIT from Covid testing which contributed \$30.4 million in the pcp, and margin pressure due to inflation.

Healius' Pathology strategy focuses on a broad ranging program to increase revenues, improve efficiencies in collection centres and laboratory operations, and use technology where appropriate to facilitate more effective and efficient ways of working.

Agilex Biolabs

Agilex has demonstrated strong growth and significant margin expansion in FY 2024 and is well positioned to continue this trend into FY 2025. In FY 2024, revenue grew 20.8% to \$39.5 million. In an increasingly competitive market, EBITDA doubled to \$8.9 million and EBIT more than tripled to \$5.1 million compared with pcp. New commercial agreements signed during the year and since the year-end underpin Agilex' continued growth trajectory.

Agilex is a strategic, clinical trials adjacency which offers a capital light, high-growth profile, revenue diversification away from MBS and complementary capabilities. As it continues to strengthen its market position through global partnerships, it is well placed to take advantage of global pharmaceutical research and development opportunities.



Pathology segment

UNDERLYING	2024 \$M	2023 \$M	BETTER/(WORSE) %
Revenue	1,267.9	1,272.3	(0.3%)
EBITDA	260.5	293.5	(11.2%)
Depreciation and amortisation	(222.1)	(214.8)	(3.4%)
EBIT	38.4	78.7	(51.2%)

Pathology

UNDERLYING	2024 \$M	2023 \$M	BETTER/(WORSE) %
Revenue – BAU	1,225.9	1,176.1	4.2%
Revenue – Covid	2.5	63.5	(96.1%)
Revenue – Total	1,228.4	1,239.6	(0.9%)
EBITDA	251.6	289.1	(13.0%)
Depreciation and amortisation	(218.3)	(211.7)	(3.1%)
EBIT	33.3	77.4	(57.0%)

Agilex Biolabs

UNDERLYING	2024 \$M	2023 \$M	BETTER/(WORSE) %
Revenue	39.5	32.7	20.8%
EBITDA	8.9	4.4	102.3%
Depreciation and amortisation	(3.8)	(3.1)	(22.6%)
EBIT	5.1	1.3	292.3%

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Lumus Imaging

Lumus Imaging's above market growth continues to drive margin expansion, with EBIT margin of 8.1% up from 7.7% in pcp. The business is focused on increasing the number of comprehensive community clinics within the network, where further growth is expected from greater MBS funding and targeting areas with known demand.

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Sites

Lumus Imaging's gross revenue¹ grew 5.7% to \$519.0 million and EBIT grew by 10.8% to \$41.9 million. Revenue continues to outpace market growth of 9.1%, with Lumus' Community and Hospital segments (comprising more than 81% of gross revenue) growing at 10.8% and 13.6% respectively.²

\$519M

Gross Revenue

Excluding Medical Centres, BUPA and revenue from the Northern Public Hospital following its in-sourcing by the Victorian government, gross revenue grew by 12.2%, benefiting from volume growth of 7.3%, indexation and a shift in mix towards high value modalities. With the resumption of immigration screening requirements in November 2023, BUPA volumes have rebounded to historical levels, also contributing to volume growth.

\$41.9M

Underlying EBIT

Radiologist costs as a percentage of revenue were 27.3% in FY 2024 trending higher than pcp (26.4%) largely due to the transition to a new employment model, and the recruitment of 30 new radiologists during the year, for whom productivity is expected to improve post an initial ramp up period, and through leveraging work allocation tools.

In 2H 2024, Lumus Imaging successfully opened four new clinics at Northern Private Hospital, La Trobe Private Hospital, Jimboomba and Narangba, as well as securing a new hospital reporting only contract, which underpins its growth strategy and ability to deliver above market growth in the near to mid-term.

1 Gross revenue is before, and Statutory revenue, is after the deduction of radiologists' share of revenue under AASB15.

2 Community segment revenue growth excluding BUPA, and Hospital segment revenue growth excluding Northern Public Hospital contract.

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UNDERLYING	2024 \$M	2023 \$M	BETTER/(WORSE) %
Gross revenue	519.0	491.1	5.7%
Statutory revenue	474.5	431.2	10.0%
EBITDA	97.3	96.2	1.1%
Depreciation and amortisation	(55.4)	(58.4)	5.1%
EBIT	41.9	37.8	10.8%

Board of Directors

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Kate McKenzie BA, LLB, MAICD

Non-executive Chair

Ms McKenzie was appointed as a Non-executive Director in February 2021 and has been in the Chair role since November 2023. She was also Chair of the Risk Committee and a member of the People & Governance Committee. Kate has significant corporate governance experience and has held a number of executive roles, including CEO of Chorus Limited (NZ) and COO of Telstra with a team of 30k staff and a operating budget of \$7b. She also held the roles of CEO of the NSW Department of Commerce and CEO of WorkCover. She is on the Board of Stockland and Chair of nbnco. Ms McKenzie holds a Bachelor of Arts and Bachelor of Laws and is a member of the Australian Institute of Company Directors.



Paul Anderson B COMM, CA

Managing Director and Chief Executive Officer

Mr Anderson was appointed as Managing Director and Chief Executive Officer in March 2024. Prior to this, he held the position of Group Chief Financial Officer of Healius. Paul is an experienced business leader with an extensive background in industries facing significant disruption. He was previously Chief Executive Officer of Network Ten and more recently, Executive Vice President at Viacom CBS Networks Australia & NZ. He also spent more than a decade working abroad at CLS Holdings plc in London and KPMG in New Zealand.



Gordon Davis B FOREST SCI(HONS), MAG SC, MBA, GAICD

Non-executive Director

Mr Davis was appointed as a Non-executive Director in August 2015. He was Chair of the Audit Committee until March 2024, and is a member of both the Audit and Risk Management Committees. Prior to becoming a Non-executive Director, Gordon was Managing Director of AWB Limited and also served in a senior capacity on various industry associations. He is on the Board of Midway Limited. Gordon holds a Bachelor of Forest Science (Honours) and a Master of Business Administration from the University of Melbourne and a Master of Agricultural Science from the University of Tasmania. He is a Graduate of the Australian Institute of Company Directors.



Sally Evans BHSC, FAICD, GAIST

Non-executive Director

Ms Evans was appointed as a Non-executive Director in August 2018. She is Chair of the People & Risk Committee and a member of the Risk Management Committee. Sally has over 30 years' experience in private, government and social enterprise sectors and has worked in Australia, New Zealand, the United Kingdom and Hong Kong with responsibilities across the broader Asia Pacific region. She is a board member of Allianz Australia Life, Oceania Healthcare (NZ) and Ingenia Communities. She is a Fellow of the Australian Institute of Company Directors, Graduate of the Australian Institute of Superannuation Trustees, and holds a Bachelor of Applied Science from the University of Otago.



Ravi Jeyaraj B COMM(HONS)/ECON

Non-executive Director

Mr Jeyaraj was appointed to the Board in November 2023. Ravi holds a Bachelor of Commerce (Honours)/Economics from the University of Queensland and was Head of Private Equity for Tanarra Capital. Prior to this, Ravi was Australia Head, Private Equity at Partners Group and a Partner at Navis Capital Partners and has experience in M&A, business development, digital strategies and optimising the operational performance of businesses across a range of industries. Ravi resigned as a Non-executive director on 2 August 2024.



Professor John Mattick AO FAA, FTSE, FAHMS, FRSN, FRCPA(HON), GAICD

Non-executive Director

Professor Mattick was appointed as a Non-Executive Director in March 2022. He is a member of the Audit and Risk Management Committees. John is a Professor in the School of Biotechnology and Biomolecular Science at UNSW Sydney. He was Chief Executive of Genomics England and Executive Director of the Garvan Institute of Medical Research. He was a member of the Australian Health Ethics Committee of the National Health & Medical Research Council, an advisor to the Australian Law Reform Commission's Inquiry into the Protection of Human Genetic Information and Gene Patenting & Human Health. John is a Fellow of the Australian Academies of Science, Technology & Engineering, and Health & Medical Sciences, and an Honorary Fellow of the Royal College of Pathologists of Australasia. He was appointed an Officer of the Order of Australia for services to scientific research in the fields of molecular biology, genetics and biotechnology.



Dr Michael Stanford AM MB BS, MBA FAICD

Non-executive Director

Dr Stanford was appointed to the Board in September 2023 and is a member of the Audit and People & Governance Committees. Michael has over 20 years' experience as a Chief Executive Officer and Managing Director of large multi-campus and multi-service health care organisations with national and international areas of operation, including St John of God Health Care, Australian Hospital Care Ltd, North-Western Health, North-Eastern Health Care Network and Austin & Repatriation Medical Centre. He is Chair of the Nexus Group Day Hospitals, and a director of Northwest Healthcare Properties Management Limited, the manager of the Vital Healthcare Property Trust (NZX:VHP) and a board member of the Royal Australian College of General Practitioners. He holds a Bachelor of Medicine and Surgery from the University of New South Wales and a Master of Business Administration from Macquarie University. He is a Member of the Order of Australia for significant service to the health sector.



Charlie Taylor BEC, LLB, MPHIL ECONOMICS

Non-executive Director

Mr Taylor was appointed as a Non-Executive Director in March 2023, and is Chair of the Audit Committee (from March 2024) and a member of the People & Governance Committee. Charlie has over 30 years' experience in international advisory firms, including as Senior Partner at McKinsey where he led the Health and Public Sector practices. He has advised many of Australia's private and public sector healthcare organisations and initiated multi-year research efforts on healthcare, Covid response, productivity and innovation. He has published research articles and reports on healthcare reform lessons from around the globe. Charlie is currently a board member of CARDIEX Limited, a Board advisor at McKinsey for the Health and Public Sector practice, a member of the strategic advisory committee For Purpose Investment Partners and was recently appointed as Chair of the NSW Innovation and Productivity Commission. Charlie is the Honorary Federal Treasurer for the Liberal Party and a Board member on the Federal Executive. Charlie holds a Bachelor of Economics (First Class) and Laws (Hons) and a Masters in Philosophy Economics.

Executive Management Team

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Paul Anderson *Managing Director and Chief Executive Officer*

Mr Anderson was appointed as Chief Executive Officer in March 2024. Prior to this, he held the position of Group Chief Financial Officer of Healius. Paul is an experienced business leader with an extensive background in industries facing significant disruption. He was previously Chief Executive Officer of Network Ten and more recently, Executive Vice President at Viacom CBS Networks Australia & NZ. He also spent more than a decade working abroad at CLS Holdings plc in London and KPMG in New Zealand.



Phil Lucas *Group Executive, Lumus Imaging*

Dr Lucas joined Healius as Group Executive, Lumus Imaging in January 2023. Phil is a skilled radiologist with over 25 years' experience. Before joining Healius, he was a Director of PRP Diagnostics Imaging (PRP) for over 15 years. Phil 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. Phil has also held positions as Clinical Lecturer at the University of NSW, Associate Lecturer at the University of Sydney and Honorary Radiologist for the 2000 Sydney Olympics and a number of NSW and Australian Rugby, AFL and NRL teams. He continues as a consultant radiologist part time at Northern Beaches Hospital, Sydney.



Steve Humphries *Chief Financial Officer*

Mr Humphries was appointed as Chief Financial Officer in March 2024. Previously, Steve held the role of Deputy Chief Financial Officer since February 2020. Steve spent more than 35 years working in professional services including 23 years as Senior Assurance Partner at PwC. While predominately based in Sydney he has also worked in the United Kingdom, Indonesia, Papua New Guinea and other parts of Southeast Asia. He has extensive experience and commercial acumen developed working with public listed and private clients across a range of industries, particularly healthcare, technology, media & communications, resources and manufacturing, and the construction sectors.



Paula Bayliss Group Executive, People & Culture

Ms Bayliss was appointed as Group Executive of People & Culture in March 2024. Paula joined Healius in 2020 as Head of HR for Pathology and most recently held the position of General Manager, People & Culture for Healius. Paula is focused on ensuring Healius is a great place for our people to join, stay and grow their career. She is responsible for all aspects of our employee lifecycle, from talent acquisition, wellbeing, diversity and inclusion, through to organisational development and industrial relations. Paula has more than twenty years' experience in People & Culture roles across the technology, healthcare, education, and energy sectors in Australia, New Zealand and the UK. Prior to joining Healius, she was the HR Director, Australasia for Navitas.



Prasad Arav Group Executive, Digital & Technology and Strategy

Mr Arav joined Healius in April 2021 and is currently the Group Executive for Digital and Technology. In his role, Prasad is responsible for the CIO function, as well as Healius Digital which is focused on building a leading diagnostics platform across Pathology and Imaging. This includes modernising our technology systems such as the Pathology division's Laboratory Information System (LIS) and also building new solutions around data-driven clinical insights and superior customer experience for doctors and patients. Prasad has over 20 years of experience in technology-focused executive roles and management consulting. He has successfully managed digitisation of businesses and new market expansions across big-4 banking, health, insurance, and retail industries. Prior to joining Healius, Prasad was Chief Digital Officer and CIO for a health insurer and Chief Strategy Officer for a global technology company. Prasad is a graduate from the University of New South Wales and has also held senior consulting roles at McKinsey and KPMG.

Directors' Report

for the year ended 30 June 2024

The Directors of Healius Limited (referred to as 'Healius' or 'the Company') submit their Report for the financial year ended 30 June 2024 (referred to as 'the year' or 'FY 2024'), accompanied by the Financial Report of Healius and the entities it controlled (referred to as 'the Healius Group' or 'the Group') from time to time during the year. Pursuant to the requirements of the *Corporations Act 2001* (Cth) (Corporations Act), the Directors report as follows:

Directors

CONTINUING DIRECTORS DURING FY 2024

- Kate McKenzie
- Gordon Davis
- Sally Evans
- John Mattick
- Charlie Taylor

NEW DIRECTORS DURING FY 2024

- Michael Stanford (from 1 September 2023)
- Ravi Jeyaraj (from 28 November 2023)
- Paul Anderson (from 5 March 2024)

DIRECTORS WHO CEASED IN FY 2024

- Jenny Macdonald (retired as a Director and Chair on 28 November 2023)
- Maxine Jaquet (resigned as Managing Director and Chief Executive Officer on 5 March 2024)

Qualifications and experience of Directors

CONTINUING DIRECTORS

The qualifications and experience of each new and continuing Director are set out on pages 26 to 27 of this Annual Report.

FORMER DIRECTORS

Jenny Macdonald BCOM, MEI, GAICD, CA ANZ.

Ms Macdonald was appointed as a Non-Executive Director, Chair of the Audit Committee and a member of the Risk Committee in November 2020. She was appointed Chair of the Board on 19 September 2022 and retired on 28 November 2023.

Maxine Jaquet BCOM

Ms Jaquet was appointed Managing Director and Chief Executive Officer of Healius in March 2023 and resigned in March 2024. Prior to her appointment as CEO of Healius, Ms Jaquet previously held a number of Group executive roles including Chief Financial Officer, and CFO and Chief Operating Officer for the company.

Directors' Report

for the year ended 30 June 2024

Committees of the Board in FY 2024

AUDIT COMMITTEE	PEOPLE & GOVERNANCE COMMITTEE	RISK MANAGEMENT COMMITTEE
Chair Charlie Taylor (from 5 March 2024) Gordon Davis (until 5 March 2024)	Chair Sally Evans	Chair Kate McKenzie
Members Gordon Davis Jenny Macdonald (until 28 November 2023) John Mattick Michael Stanford (from 1 September 2023) Charlie Taylor	Members Kate McKenzie Charlie Taylor Michael Stanford (from 1 October 2023)	Members Sally Evans John Mattick Gordon Davis

Group Company Secretary

QUALIFICATIONS AND EXPERIENCE OF COMPANY SECRETARIES DURING FY 2024

Mary Weaver BA(Hons)/LLB FGIA FCIS

Mary Weaver was appointed as Group Company Secretary of the Company on 28 March 2023. Mary was admitted as a legal practitioner in 1996 and is a Fellow of the Governance Institute, Australia. She held legal graduate and associate roles at Allens and Baker & McKenzie, and in-house legal and governance roles in health, construction and property organisations including Multiplex Limited, Genea Limited and the Aventus Group. She was Company Secretary of Genea Limited for seven years, the Aventus Group (ASX:AVN) for seven years and the HomeCo Daily Needs REIT (ASX:HDN) for nine months, and is the person responsible for communications between the Company and ASX.

Steve Humphries BSc (Combined Honours), FICAA and FICAEW

Steve Humphries was appointed as a Company Secretary of the Company in March 2023. He is also the Group Chief Financial Officer, and was appointed to that role in March 2024. Previously, Mr Humphries held the role of Deputy Chief Financial Officer. Steve spent more than 35 years working in professional services including 23 years as a Senior Assurance Partner at PwC. He has extensive experience working across numerous industries including the healthcare, manufacturing, construction, technology, media & communications, and resources sectors. He is a Chartered Accountant and holds a Bachelor of Science degree in Business Studies and Politics (Combined Honours) from the University of Aston in Birmingham, UK. He is a Fellow of both the Institute of Chartered Accountants in Australia and The Institute of Chartered Accountants England and Wales, and is a graduate of the Australian Institute of Company Directors.

Directors' meetings during FY 2024

The number of meetings of the Board and of each Board committee held during FY 2024 and the number of Board and Committee meetings attended by each Director are set out below:

DIRECTOR	BOARD OF DIRECTORS		AUDIT COMMITTEE		PEOPLE & GOVERNANCE COMMITTEE		RISK MANAGEMENT COMMITTEE	
	ELIGIBLE	ATTENDED	ELIGIBLE	ATTENDED	ELIGIBLE	ATTENDED	ELIGIBLE	ATTENDED
Kate McKenzie	20	20	5	5	7	7	4	4
Gordon Davis ¹	20	19	5	5	N/A	N/A	4	4
Sally Evans	20	20	N/A	N/A	7	7	4	4
Ravi Jeyaraj	11	11	N/A	N/A	N/A	N/A	N/A	N/A
John Mattick ²	20	19	5	5	N/A	N/A	4	4
Michael Stanford	17	17	3	3	5	5	N/A	N/A
Charlie Taylor	20	20	5	5	7	7	N/A	N/A
Paul Anderson	5	5	1	1	2	2	2	2
Jenny Macdonald	9	9	2	2	1	1	1	1
Maxine Jaquet	12	12	4	4	5	5	2	2

1 Gordon Davis was granted leave of absence from one Board meeting.

2 John Mattick was granted leave of absence from one Board meeting.

Any leaves of absence indicated above were typically granted in circumstances where the relevant meeting was called at short notice and other unavoidable commitments precluded the relevant Director from attending.

Further meetings occurred during the year on specific issues, including meetings of the Chair with the CEO and meetings of Directors with management. From time to time, Directors attend meetings of committees of which they are not currently members.

Directors' Report

for the year ended 30 June 2024

Directorships of other listed companies held by Directors

DIRECTOR	COMPANY	POSITION	DATE APPOINTED	DATE CEASED
Kate McKenzie	AMP Limited	Director	18/11/2020	31/12/2023
	Stockland Corporation Limited	Director	02/12/2019	
Gordon Davis	Midway Limited	Director and Chair	06/04/2016	15/11/2023
	Nufarm Limited	Director	31/05/2011	
Sally Evans	Ingenia Communities Holdings Limited	Director	01/12/2020	
	Oceania Healthcare Limited (NZ)	Director	23/03/2018	
Charlie Taylor	CARDIEX Limited	Director	01/03/2024	

Significant change in the state of affairs

In FY 2024, there was no significant change in the state of affairs of the Group.

Principal activities

During the year, the Group had two principal continuing activities – pathology and imaging. The Group provides: i) Pathology services, including speciality pathology and clinical trials; and ii) Imaging services from stand alone imaging sites, hospitals and medical centres.

Operating and financial review

An operating and financial review of the Group for the year, and the results of those operations, appears on pages 2 to 25 of this Report. The review includes an analysis of underlying results which are defined as reported results adjusted for non-underlying items. The directors believe that the presentation of Underlying results non-IFRS (International Financial Reporting Standards) is useful for investors to understand the entity's financial results from operations.

Events after the end of the year

There has not been any other matter or circumstance that has arisen since the end of the financial year that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

Future developments

Disclosure of information regarding likely developments in the operations of the Group in future financial years (including the Group's business strategies) and the expected results of those operations other than as disclosed in this Report is likely to result in unreasonable prejudice to the Group. Accordingly, no further information is included in this Report.

Proceedings on behalf of the Company

There are no proceedings brought or intervened in, or applications to bring or intervene in proceedings, on behalf of the Company by a member or other person entitled to do so under section 237 of the *Corporations Act*.

Rounding of amounts

The Company is an entity of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Report) Instrument 2016/191, dated 24 March 2016, and in accordance with that Instrument, amounts in this Report and the Financial Report are rounded off to the nearest hundred thousand dollars, or where the amount is \$500,000 or less, zero in accordance with that Instrument.

On-market buyback

Pursuant to ASX listing Rule 4.10.18, the Company notes there is no on-market buyback in progress as at the date of this Report.

Securities purchased for employee incentive scheme

During FY 2024, the Company did not purchase any securities for its employee incentive scheme.

Dividends

In respect of FY 2024 the Board determined that no dividend would be paid.

Healius operates a Dividend Reinvestment Plan (DRP) and a Bonus Share Plan (BSP). These plans were suspended effective close of business on 16 February 2016 until further notice and consequently no Shares were issued in FY 2024 under either the DRP or the BSP.

Directors' Report

for the year ended 30 June 2024

Shares under option

Options are held by employees of the Group. Details of all unissued ordinary Shares of Healius under option at the date of this Report are set out below. No Option holder has any right under the options to participate in any other share issue of Healius or of any other entity.

	OPENING BALANCE	ISSUED SINCE PRIOR ANNUAL REPORT	EXERCISED SINCE PRIOR ANNUAL REPORT ¹	LAPSED SINCE PRIOR ANNUAL REPORT ¹	CLOSING BALANCE
Transformation Long-Term Incentive Plan (TLTIP) FY 2020–22	12,131,411	–	–	–	12,131,411
Balance as at date of this Report	12,131,411	–	–	–	12,131,411

¹ 12,131,411 Options to be lapsed as no Options exercised in relation to the third tranche of the FY 2020 TLTIP.

Shares issued on the exercise of Options

No ordinary Shares of Healius were issued during, or since the end of, FY 2024 on the exercise of Options.

Indemnification of officers and auditors

Subject to the following, no insurance premium was paid during or since the end of FY 2024 for a person who is or has been an officer or auditor of the Group.

During the year, Healius paid a premium in respect of a contract insuring the Directors and Executive Officers of Healius and of any related body corporate, against liability incurred that is permitted to be covered by section 199B of the Corporations Act. It is a condition of the insurance contract that its limits of indemnity, the nature of the liability indemnified, and the amount of the premium, not be disclosed.

The Constitution of Healius provides that each officer of Healius must be indemnified by Healius against any liability incurred by that person in that capacity. However, Healius must not indemnify that person if to do so would be prohibited by section 199A of the Corporations Act, any other statutory provision, or judge-made law. Pursuant to this requirement, each Director of Healius is party to a Deed of Indemnity, Board Papers Inspection and D&O Coverage, which provides for indemnity against liability as a Director, except to the extent of indemnity under an insurance policy or where prohibited by statute.

To the extent permitted by law, Healius has agreed to indemnify its auditor, Ernst & Young (Australia) (EY), as part of the terms of its audit engagement agreement, against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify EY during or since FY 2024. Healius has not otherwise, during or since the end of FY 2024, indemnified or agreed to indemnify an officer or auditor of Healius or any related body corporate against a liability as such an officer or auditor.

Past employment with external auditor

There is no person who has acted as an officer of the Group during the year who has previously been a partner at EY when that firm conducted Healius' audit.

Non-audit services

During the year EY performed certain other services in addition to their statutory duties as auditor.

The Audit Committee reviews the non-audit services performed by the auditor on a case-by-case basis. In accordance with advice received from the Audit Committee, the Directors are satisfied that the provision of these non-audit services by the auditor (or by another person or firm on the auditor's behalf) is compatible with, and did not compromise, the auditor independence requirements of the Corporations Act. The Directors are so satisfied because the Audit Committee or its delegate has assessed each service, having regard to auditor independence requirements of applicable laws, rules and regulations, and concluded in respect of each non-audit service or type of non-audit service that the provision of that service or type of service would not impair the auditor's independence.

A copy of the Auditor's Independence Declaration as required under section 307C of the Corporations Act is included in this Report. Details of amounts paid or payable to the auditor of the Group for audit and non-audit services provided during the year are given in Note E8 on page 87 of this Report.

Management of safety risks

As a leading healthcare provider, Healius remains unwavering in its commitment to fostering a safe work environment for our team members, patients, and customers. We continuously review and update our health and safety management system to meet regulatory and operational requirements, ensuring alignment with the highest standards.

Despite operational challenges over the past year, mainly due to reduced resources and increased work volume, our focus on managing safety risks has remained resolute. The impact of these constraints has been reflected in some of our WHS performance metrics, yet we have maintained strong performance in key proactive indicators.

Directors' Report

for the year ended 30 June 2024

WORKPLACE HEALTH & SAFETY (WHS) PERFORMANCE OVERVIEW

	TARGET	FY 2024	FY 2023
Completion of Health and Safety Plan activities by work sites	90% of planned activities completed	95%	93%
Mini Audits – measuring compliance to Health & Safety Management System	75% Compliance Rate	95% of the 112 audits met or exceeded the target	96% of the 160 audits met or exceeded the target
Internal Health & Safety audits – measuring compliance to National Audit Tool Version 3	80% Compliance Rate	85% of the 26 audits met or exceeded the target	97% of the 32 audits met or exceeded the target
Number of WHS prosecutions	Zero	Zero	Zero
Lost Time Incidents per Million Hours Worked ¹	Zero	12.0	7.3

¹ Healius calculates the Lost Time Injury Frequency Rate (LTIFR) based on all incidents resulting in any loss of time. In contrast, standard calculations typically consider only incidents where a worker misses a full shift. This approach by Healius ensures a more accurate representation of incidents that necessitate time off for workers, providing a clearer picture of workplace safety and its impact on our workforce.

PERFORMANCE ANALYSIS

In FY 2024, 95% of planned WHS activities were completed across the Group, surpassing our 90% benchmark. This achievement underscores our team's dedication to maintaining a robust WHS management system.

WHS Mini Audits continued to be a cornerstone of our safety management efforts, with 95% of workplaces achieving or exceeding benchmark compliance. This consistency highlights our commitment to WHS, even as we navigated the challenges of reduced operational capacity. Corrective action plans were promptly established and monitored for sites that did not meet the benchmarks.

In FY 2024, Healius developed a WHS Operational Capability and Engagement Plan focused on two critical areas:

- 1 WHSMS Update and Reporting
- 2 Educational Uplift – Clarifying Roles, Responsibilities, and Accountability

The WHSMS (Workplace Health and Safety Management System) was updated to align with our current operational requirements, ensuring our safety management practices remain relevant and effective. The updated reports now offer leaders greater insights into WHS performance, particularly behaviour-based safety metrics.

A significant part of this enhancement was the development of a comprehensive WHS roadmap. This roadmap integrates key safety indicators—such as hazard management, audit non-conformance corrective actions, and incident investigation completion rates – into our quarterly WHS division performance reviews. These updates have strengthened our ability to proactively manage safety risks and ensure accountability across all levels of the organisation.

LOOKING FORWARD

In FY 2025, our focus will continue to enhance our leaders' health and safety capabilities, building on their understanding of workplace health and safety, and how their actions can continue to develop a positive workplace culture for a psychologically safe workplace.

In FY 2025 a strategic review of Occupational Violence and Aggression (OVA) Incidents will be completed. This initiative aims to analyse past incidents of occupational violence thoroughly. By understanding the root causes and patterns, we can develop more effective prevention strategies to ensure the safety and well-being of our workforce.

WORKERS' COMPENSATION MANAGEMENT

Healius effectively manages workers' compensation, with self-insurance in certain states and traditional insurance coverage in others. We remain committed to providing our people with the necessary information on rights, responsibilities, and claims procedures. We ensure that accounting provisions are accurately recognised, based on reported and estimated claims determined through rigorous actuarial valuations. Regular reporting on claims and provisions is presented to senior management and the Board, ensuring independent, ongoing oversight and accountability.

Environmental regulation

The operations of the Group are not subject to any site-specific environmental Licences or permits which would constitute particular or significant environmental regulation under the laws of the Australian Government or an Australian Territory.

Healius, through its internal policy and processes, is committed to managing operations in an environmentally sustainable manner to maximise resource efficiency in relation to the consumption of energy and natural resources and minimise waste.

More information on the Group's sustainability initiatives are available in the Sustainability Report on page 90.

Remuneration Report (Audited)

This report sets out the remuneration arrangements for the Company's executive Key Management Personnel (KMP) and Non-executive Directors for the year ended 30 June 2024 (FY 2024). It is prepared in accordance with section 300A of the *Corporations Act 2001* (Corporations Act).

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Directors' Report

for the year ended 30 June 2024

Letter from the Chair of the People & Governance Committee

Dear Shareholder,

On behalf of your Board of Directors, I am pleased to present the audited Remuneration Report for the financial year ended 30 June 2024 (**FY 2024**). This Report sets out the remuneration framework and performance outcomes for Key Management Personnel (**KMP**) in FY 2024.

Leadership changes:

The Board and Executive changes discussed in the Chair's letter were enabled by the KMP succession plan. Kate McKenzie was elected by the Board as Interim Chair in November 2023, following the retirement of Jenny Macdonald. The Board subsequently elected Kate as Chair in March 2024.

In March 2024, following the resignation of Maxine Jaquet as our Group CEO and Managing Director, Paul Anderson, our then Group CFO and nominated CEO successor was appointed to the role of Chief Executive Officer and Managing Director.

Paul's immediate mandate was to lead the Company in a strategic review to ensure it is structured in the optimal way to benefit our customers and shareholders, and implementation of the review outcomes.

His appointment is on a fixed basis, and is scheduled to conclude on 30 June 2026 following delivery of the agreed strategic review outcomes.

The Board is pleased with Paul's performance in the role to date, and views his skills and experience as a good fit for the Healius short term priorities.

CEO incentive arrangements:

Paul will not receive an FY 2025 or FY 2026 STI award.

Rather, Paul has been granted a one-off incentive that is aligned to the term of his role, and structured to reflect the Group's strategic priorities, being the implementation of the outcome of the strategic review (40% weighting), delivery of the simplified operating model (25% weighting) and achieving sustainable pathology margins (35% weighting). The delivery of these priorities will establish the platform for a stabilised and market-leading company, with sustainable and strong pathology margins to deliver value to shareholders.

The incentive has a cash value of \$4 million at target and \$4.7 million at maximum. Refer to section 4.5 for more detail.

In March 2024, Steve Humphries was appointed as Group CFO consistent with the Healius succession plan. Steve's FY 2025 incentive arrangements will be aligned in a manner similar to Paul's.

FY 2024 remuneration outcomes:

No payments were made to KMP in connection with the FY 2024 STI, amid the ongoing market trading conditions as described in detail in the Operational and Financial Review section of this Annual Report.

All rights and options issued in connection with the FY 2022 LTIP and the FY 2020 Transformation LTIP did not vest and will lapse.

Looking ahead:

We have improved the readability of the Remuneration Report this year in response to previous feedback.

The P&GC priorities for FY 2025 include aligning the executive incentive design to the strategic priorities and shareholder outcomes, oversight of the structure, operating model and executive changes associated with the strategic review and Board and Executive Succession planning.

As Chair of the People & Governance Committee, I look forward to engaging further with you and considering your valuable feedback. While FY 2024 has been another challenging year, the Board believes we have the right leadership team to deliver on our transformation strategy. I hope you will continue to support us by voting to adopt this Remuneration Report at our upcoming Annual General Meeting.



Sally Evans

Independent Non-executive Director
Chair of the People & Governance Committee

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Directors' Report

for the year ended 30 June 2024

1. Healius' Remuneration Governance

Healius' Remuneration Governance Framework and the Charter of the People & Governance Committee are available on the Company's corporate governance section at: www.healius.com.au/about-us/corporate-governance/

In summary the remuneration governance framework is as follows:

Healius Board

Ultimate responsibility for all Senior Executive remuneration-related matters

People & Governance Committee

Sally Evans – Chair | Kate McKenzie | Charlie Taylor | Michael Stanford

Appointed and authorised by the Board to assist in fulfilling its statutory and fiduciary duties.

The Committee is responsible for making recommendations to the Board about:

- Healius' Purpose, Mission and Values
- Governance
- People & Culture
- Senior Executive remuneration, recruitment, retention, performance evaluation, incentives and termination
- Diversity
- Remuneration framework for Non-executive Directors
- Board succession planning and leadership development
- Performance evaluation of the Board, its committees and Directors
- Required competencies of Directors
- Appointment and re-election of Directors.

Officers or employees

External consultants

Other stakeholders

- To assist it in meeting its responsibilities, the Committee has the authority to seek information and retain legal, accounting or other advisers, consultants or experts. While the Committee engaged remuneration consultants during FY 2024, no remuneration recommendations were provided, as defined in the Corporations Act.
- The Committee communicates with Senior Executives about remuneration-related matters, to ensure that Senior Executives are aware of the Board's performance expectations and the connection between the achievement of the Board's strategy for Healius, shareholder value and financial rewards for management.
- The Committee consults widely with stakeholders including shareholders, proxy advisers and other stakeholders on their views on remuneration policy and disclosures.

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Directors' Report

for the year ended 30 June 2024

2. Overview of FY 2024 senior executive remuneration framework

Remuneration Principles

- Support Healius' Purpose, Mission and Values and the business strategy
- Attract, reward and retain high calibre senior executives being executive Key Management Personnel (KMP) and other members of the Executive Leadership Team (ELT)
- Align the rewards of these executives to performance and sustained shareholder value
- Continually reviewed to ensure commercially relevant.

Fixed Remuneration (FAR)

- Externally benchmarked against market relativities
- Based on individual experience with awards above the mid-point only where an individual has extensive experience in the industry, the role, and due to the scope of responsibilities
- Ongoing assessment against change in role scope, market relativities, and general wage movements
- Ongoing consideration of retention and succession planning

FY 2024 Short-term Incentive Plan (STIP)

- To incentivise and reward achievement of Key Performance Indicators (KPIs)
- Measured against an individual's scorecard which includes financial, operational, transformation/ improvement, leadership/people KPIs with behaviours acting as a gateway to any award (including the Board's discretion to modify any award to zero)
- Comprise cash and equity. The equity is in the form of Restrictive Shares which may be deferred in equal portions for a further one and two years beyond the performance year subject to on-going employment
- Scaling of financial hurdles to include stretch targets to incentivise senior executives to continue to outperform
- STIP payments or vesting in the prior three financial years are subject to Healius' clawback policy, if it transpires that they were based on materially incorrect performance information or that actions taken by the relevant senior executive to secure a benefit were, are or will be detrimental to the best interests of Healius
- No STIP award made in respect of FY 2024

FY 2024 Long-term Incentive Plan (LTIP)

- To reward multi-year performance, achievement of long-term strategic objectives and help retain key talent
- 50% measured against relative Total Shareholder Return (rTSR) and 50% against underlying Earnings per Share (EPS) growth, directly aligned with shareholder interests
- Comprises a grant of Performance Rights which are assessable after the end of FY 2026
- Creates senior executive equity ownership, directly aligns senior executives with shareholders and encourages retention
- A positive rTSR gate applies to Healius' rTSR performance such that no award can be made if Healius' TSR over the measurement period is zero or negative
- LTIP vesting in the prior three financial years are subject to Healius' clawback policy, if it transpires that they were based on materially incorrect performance information or that actions taken by the relevant senior executive to secure a benefit were, are or will be detrimental to the best interests of Healius
- No LTIP vested in FY 2024 (award year FY 2022)

3. Executive Key Management Personnel – FY 2024

Key Management Personnel (KMP) are the Non-executive Directors, the executive Director and employees who have authority and responsibility for planning, directing and controlling the material activities of the Group, directly or indirectly. The following roles and individuals were identified as executive KMP for FY 2024 (Non-executive Directors are identified in section 7).

ROLE	NAME	DATES
Managing Director & Chief Executive Officer (CEO)	Maxine Jaquet	1 July 2023 – 5 March 2024
	Paul Anderson	5 March 2024 – current
Chief Financial Officer (CFO)	Paul Anderson	1 July 2023 – 5 March 2024
	Steve Humphries	5 March 2024 – current
Group Executive Pathology	Dr Jan van Rooyen	1 July 2023 – 14 June 2024

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Directors' Report

for the year ended 30 June 2024

4. Executive KMP – FY 2024 Outcomes

4.1 FY 2024 FIXED ANNUAL REMUNERATION (FAR)

FAR amounts for the newly appointed CEO and CFO are listed below. FAR amounts are set having regard for the scope of the role, market benchmarks, and the skills and experience of the individual.

POSITION	ANNUAL FAR FOR NEW APPOINTEE	ANNUAL FAR FOR PREVIOUS APPOINTEE
CEO	\$1.100m	\$1.500m
CFO	\$700k	\$800k
Group Executive Pathology	–	\$850k

4.2 FY 2024 SHORT-TERM INCENTIVE PLAN (STIP)

As set out in the Operating and financial review section of this Annual Report, Healius operates within the Australian healthcare market which was impacted in the year by a number of factors including a lack of indexation, ACC rents, general inflationary pressures and lower average fees. As a result of the performance, budgetary outcomes were not met and no STI awards were made for the FY 2024 year.

4.3 LONG-TERM INCENTIVE PLANS (FY 2020 TLTI AND FY 2022 LTIP)

All Options issued under the FY 2020 Transformation Long-Term Incentive Plan and Performance Rights under the FY 2022 LTIP did not vest and will be lapsed.

4.4 FY 2024 LONG-TERM INCENTIVE PLAN (LTIP)

The purpose of the FY 2024 LTIP is to create a link between longer-term performance and reward by providing an at-risk element of executive remuneration that focuses on a three-year period. Outcomes will be measured after the end of FY 2026.

The number of performance rights allocated under the FY 2024 LTIP was determined by dividing each individual's LTI opportunity by \$2.926 (reflecting the 10 trading day volume weighted average price of the Company's shares from commencement of the performance period on 1 July 2023, less expected dividends).

FY 2024 LTIP opportunities are one times the individual's FAR at the beginning of the year, and there were no adjustments made to reflect the in-year promotions of Paul Anderson or Steve Humphries.

A summary of the vesting conditions for the FY 2024 LTIP is set out below:

LTIP PERFORMANCE MEASURE	ALL KMP
Group rTSR	50%
Group Underlying EPS	50%

rTSR was selected by the Board to motivate senior executives to drive returns which outperform those of comparable companies. rTSR has a positive gate. It is measured against the constituents of a benchmark group of the S&P/ASX 100-200 index excluding financial services, resources and technology stocks and calculated as follows:

PERFORMANCE BAND	rTSR RANK (P VALUE)	% OF PERFORMANCE RIGHTS
Below Entry	<P50	Nil
Entry	P50	50%
Between Entry and Maximum	P51–P74	Straight line 51%–99%
At or above Maximum	≥P75	100%

Underlying EPS was also selected by the Board to ensure alignment to shareholder returns. There are three relevant measures: Entry, Target and Maximum and these have been calculated in absolute cents per share. Because of commercial sensitivity, these performance measures will not be disclosed until the FY 2026 Remuneration Report is issued together with performance against those measures. The vesting schedule for the Underlying EPS component of the FY 2024 LTI is as follows:

PERFORMANCE BAND	% OF RIGHTS EXERCISABLE
Below Entry	Nil
Entry	50%
Between Entry and Target	Straight line 51%–89%
Target	90%
Between Target and Maximum	Straight line 91%–99%
At or above Maximum	100%

Directors' Report

for the year ended 30 June 2024

4.5 CEO BESPOKE INCENTIVE

On 5 March 2024, the Board announced that Paul Anderson (previously the Group's CFO) would take over from Maxine Jaquet as the Group's CEO and Managing Director, effective immediately.

At the time of appointment, it was agreed that Paul would be offered a bespoke incentive arrangement that aligned to the term of his contract (5 March 2024 to 30 June 2026). Paul will not participate in the FY 2025 or FY 2026 STI. He would also receive no uplift in FY 2024 STI or FY 2024 LTI entitlement.

His incentive has been structured to reflect the strategic priorities of implementing the outcome of the strategic review, delivering the simplified operating model and achieving sustainable pathology margins, as outlined below. The delivery of these priorities will establish the platform for a stabilised and market-leading company, with sustainable and strong pathology margins to deliver value to shareholders.

Metric 1: Successful completion of the Healius strategic review, as determined by the Board

- Weighting: 40% of award.
- Timing of assessment and payment to be determined by the Board.

Metric 2: Deliver net savings as agreed in strategic review, as determined by the Board

- Weighting: 25% of award.
- Timing of assessment and payment to be determined by the Board.

Metric 3: EBITDA measures

- Weighting: 35% of award (plus potential 50% uplift for out performance).
- Up to 50% of this component is payable following completion of FY 2025, in the event that the Group's FY 2025 EBITDA margin exceeds the applicable targets set by the Board.
- The full component will be eligible to be paid following completion of FY 2026, in the event that the Group's FY 2026 EBITDA margin exceeds the applicable targets set by the Board.

In the FY 2025 Remuneration Report, the Board will provide an update with regards to progress against each of the above metrics, including any payments already agreed.

Other conditions associated with once-off incentive:

- No incentive will be payable if employment ceases prior to the relevant metric being achieved (the exception is in a change of control event, or where employment is terminated by the Company without cause, in which case eligibility will remain). In this instance, the term 'termination without cause' means termination of employment by the Company other than for summary dismissal or for sustained under performance as determined by the Board acting reasonably.
- If there is a change of control event, the Board may exercise its discretion to accelerate payment of any component of the incentive based on performance.
- The maximum value of the incentive is \$4.7 million and a value at target of \$4 million. The target KPI's are considered a stretch. Any incentive paid will be payable in cash and subject to all withholdings and deductions required by law.

4.6 FY 2024 COMPANY PERFORMANCE

The following provides a summary of the key financial results for the Company over the FY 2024 period and the previous four financial years in accordance with the requirements of the Corporations Act:

FY	REVENUE (UNDERLYING)	REPORTED NPAT	UNDERLYING NPAT	CLOSING SHARE PRICE	CHANGE IN SHARE PRICE	TOTAL DIVIDENDS PAID IN YEAR
	\$M	\$M	\$M	\$	\$	\$
30-Jun-24	1,746	(646)	(4)	1.50	(1.68)	-
30-Jun-23	1,707	(368)	26	3.18	(0.49)	0.060
30-Jun-22	2,338	308	309	3.67	(0.96)	0.168
30-Jun-21	1,913	44	148	4.63	1.58	0.091
30-Jun-20	1,600	(71)	55	3.05	0.03	0.034

Directors' Report

for the year ended 30 June 2024

5. Executive KMP – Statutory Disclosures FY 2024

5.1 EXECUTIVE KMP – STATUTORY DISCLOSURE FY 2024

The following tables outline the remuneration received by Healius' executive KMP during FY 2024 prepared according to statutory disclosure requirements and applicable accounting standards.

YEAR	SHORT-TERM				POST	LONG-TERM	SHARE-BASED PAYMENTS				TOTAL
	SALARY ¹	CASH STI	NON-MONETARY ²	ANNUAL LEAVE ³	SUPER ⁴	LSL ³	STI ⁵	LTI ⁶	TERMINATION ⁷		
Current Executive KMP											
Paul Anderson ⁸	2024	922,601	-	1,938	(23,913)	27,399	(1,472)	-	18,070	-	944,623
	2023	193,677	-	570	15,710	7,262	3,402	-	13,997	-	234,618
Steve Humphries ⁹	2024	216,850	-	625	4,896	8,833	(2,738)	-	34,498	-	262,964
	2023	-	-	-	-	-	-	-	-	-	-
Former Executive KMP											
Maxine Jaquet ¹⁰	2024	1,001,852	-	1,313	(26,021)	18,640	(16,175)	-	79,298	1,564,518	2,623,425
	2023	1,121,247	-	2,009	123,801	25,292	98,093	73,920	(538,490)	-	905,872
Jan Van Rooyen ¹¹	2024	848,279	-	1,864	28,509	27,399	795	-	-	525,833	1,432,679
	2023	15,819	-	-	2,567	1,740	556	-	-	-	20,682
Malcolm Parmenter ¹²	2024	-	-	-	-	-	-	-	-	-	-
	2023	1,086,106	-	1,534	(26,404)	16,908	28,495	129,470	(1,090,672)	1,690,221	1,835,658
John McKechnie ¹³	2024	-	-	-	-	-	-	-	-	-	-
	2023	751,360	-	1,710	36,874	24,530	32,648	51,094	(622,507)	-	275,709
Total	2024	2,989,582	-	5,740	(16,529)	82,271	(19,590)	-	131,866	2,090,351	5,263,691
	2023	3,168,209	-	5,823	152,548	75,732	163,194	254,484	(2,237,672)	1,690,221	3,272,539

1 Represents the salary received during the financial year, excluding super, for the period in their capacity as a KMP.

2 Represents the taxable value of fringe benefits for the respective Fringe Benefits Tax year ended 31 March.

3 Changes in accrued leave represent annual leave and long service leave accrued or utilised during the financial year. Negative amounts (if any) represent the utilisation of annual leave for continuing employees and reversal of balances for former employees.

4 Super amounts have been prorated to reflect the period served as a KMP.

5 Relates to Service Rights granted in respect of the respective prior year STI plans and has been calculated in accordance with AASB 2 Share-based Payments.

6 Relates to the Options granted in respect of the FY 2020-22 TLTI and performance rights relating to the FY 2022, FY 2023 and FY 2024 LTIP. Amounts have been calculated in accordance with AASB 2 Share-based Payments. Negative amounts due to the reversal of tranches relating to earnings based measures.

7 Termination benefits relates to remuneration for a maximum of 12 months of notice period post step down date and the accounting recognition of long term incentives.

8 Paul Anderson appointed Managing Director and CEO on 5 March 2024, previously held position of Group CFO from March 2023.

9 Steve Humphries appointed Group CFO on 5 March 2024.

10 Maxine Jaquet resigned on 5 March 2024.

11 Jan Van Rooyen appointed as Group Executive Pathology on 19 June 2023 and resigned on 14 June 2024.

12 Malcolm Parmenter ceased to be a KMP on 1 March 2023.

13 John McKechnie ceased to be a KMP on 19 June 2023.

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Directors' Report

for the year ended 30 June 2024

5.2 EXECUTIVE KMP – SERVICE AND PERFORMANCE RIGHTS AND OPTIONS VESTED, LAPSED AND AWARDED DURING FY 2024

5.2.1 Rights and Options vested and lapsed

The table below details movements during the year in the number of Rights and Options in Healius Limited held by KMP, their close family members, and entities controlled, jointly controlled or significantly influenced by KMP or their close family members.

NAME	GRANT	BALANCE AT BEGINNING OF YEAR (NO.)	RIGHTS/OPTIONS AWARDED AS COMPENSATION DURING YEAR (NO.) ¹	RIGHTS/OPTIONS VESTED/ EXERCISED DURING YEAR (NO.) ²	RIGHTS/OPTIONS LAPSED DURING YEAR (NO.)	RIGHTS/OPTIONS FORFEITED DURING YEAR (NO.)	BALANCE AT ENDS OF YEAR (NO.)
Current Executive KMP							
Paul Anderson	Service Rights	–	–	–	–	–	–
	Performance Rights	75,887	305,462	–	–	–	381,349
	Options	–	–	–	–	–	–
Steve Humphries	Service Rights	–	–	–	–	–	–
	Performance Rights ³	210,457	194,055	(12,798)	(63,990)	–	327,724
	Options	–	–	–	–	–	–
Former Executive KMP							
Maxine Jaquet	Service Rights	41,066	–	(41,066)	–	–	–
	Performance Rights	371,859	512,645	–	–	(411,220)	473,284
	Options	3,335,611	–	–	(1,667,805)	–	1,667,806 ⁴
Jan van Rooyen	Service Rights	–	–	–	–	–	–
	Performance Rights	–	290,509	–	–	(290,509)	–
	Options	–	–	–	–	–	–

1 Issue of FY 2024 LTIP Performance Rights.

2 Vesting of 12,798 FY 2021 LTIP Performance Rights and 41,066 FY 2022 STIP deferred portion.

3 All LTIP Performance Rights were issued prior to appointment as a KMP on 5 March, and balance at that date was 327,724 Performance Rights.

4 This represents the final tranche of FY 2020 TLTP options, which are out of the money and will lapse in FY 2025.

5.2.2 Rights issued

Performance Rights were used for LTIP awards to senior executives under the previous LTI Plan and once issued, are subject to various predetermined performance criteria being met by the Company over the measurement period. At the end of the measurement period, if the Board determines that the performance criteria have been met, the Performance Rights vest and one ordinary Share is issued for each vested Right. If the performance criteria have not been met, then the Rights lapse and no Shares are issued.

NAME	GRANT	AWARD DATE ¹	VESTING DATE ²	RIGHTS AWARDED DURING YEAR (NO.)	VALUE OF RIGHTS AWARDED DURING YEAR (\$) ³	RIGHTS VESTED DURING YEAR (NO.)	RIGHTS LAPSED/ FORFEITED DURING YEAR (NO.)
Current Executive KMP							
Paul Anderson	FY 2024 LTIP – EPS	5 Jan 2024	31 Aug 2026	152,731	445,975	–	–
	FY 2024 LTIP – rTSR	5 Jan 2024	31 Aug 2026	152,731	445,975	–	–
Steve Humphries	FY 2024 LTIP – EPS	5 Jan 2024	31 Aug 2026	97,027	283,319	–	–
	FY 2024 LTIP – rTSR	5 Jan 2024	31 Aug 2026	97,028	283,322	–	–
Former Executive KMP							
Maxine Jaquet	FY 2024 LTIP – EPS	10 Jan 2024	31 Aug 2026	256,322	748,460	–	(155,056)
	FY 2024 LTIP – rTSR	10 Jan 2024	31 Aug 2026	256,323	748,463	–	(155,057)
Jan van Rooyen	FY 2024 LTIP – EPS	10 Jan 2024	31 Aug 2026	145,254	424,142	–	(145,254)
	FY 2024 LTIP – rTSR	10 Jan 2024	31 Aug 2026	145,255	424,145	–	(145,255)

1 Award date has been determined in accordance with the principles of AASB 2 Share-based Payment.

2 Vesting date is indicative as FY 2026 results release date not yet determined.

3 Face value per Right is \$2.92.

Directors' Report

for the year ended 30 June 2024

5.3 EXECUTIVE KMP – EQUITY HOLDINGS FY 2024

Ordinary Shares

The table below details movements during the year in the number of ordinary Shares in Healius Limited held by executive KMP, their close family members, and entities controlled, jointly controlled or significantly influenced by executive KMP or their close family members.

NAME	BALANCE AT BEGINNING OF YEAR (NO.)	VESTING OF RIGHTS/ OPTIONS(SHARES ISSUED) (NO.)	SHARES PURCHASED/ (SOLD) (NO.)	BALANCE AT END OF YEAR (NO.)
Current Executive KMP¹				
Steve Humphries	–	12,798	4,384	17,182
Former Executive KMP²				
Maxine Jaquet	368,017	41,066	112,078	521,161

1 Paul Anderson held no shares in Healius Limited during the period.

2 Jan van Rooyen held no shares in Healius Limited during the period.

The minimum shareholding policy requires a shareholding of 1.0x FAR for KMP and 0.5x for other members of the ELT. Participants are required to hold 50% of their vested Performance Rights or Shares until their minimum level is achieved. The policy sets out a time period of 5 years for acquisition. Paul Anderson has indicated that he will be acquiring shares in the FY 2025 Share Trading Windows.

6. Non-executive Directors (NED) - Fees, Remuneration and Holdings

6.1 NON-EXECUTIVE DIRECTOR FEES

The aggregate annual fee limit for NED remuneration is \$2 million, which was approved by shareholders in 2023.

The following table sets out the fees applicable to NEDs in FY 2024. No changes were made to NED fees in FY 2024 and there is no increase planned for FY 2025.

FUNCTION	ROLE	FY 2024 (\$)
Main Board	Chair	329,000 ¹
	Member	140,000
Audit Committee	Chair	30,000
	Member	15,000
People & Governance Committee	Chair	30,000
Risk Management Committee	Member	15,000

1 The Chair's remuneration is all inclusive and the Chair is not entitled to receive any additional remuneration for being Chair, or a member of, any committee of the Board.

NEDs do not participate in Healius' incentive programs. Healius pays superannuation to NEDs in accordance with Australian superannuation guarantee legislation. Termination benefits other than those accrued through superannuation contributions are not provided to NEDs.

A NED Equity Holding Policy requires NEDs to hold Healius Shares to the value of one year's fees with the holding to be in place by 30 June 2025 (or five years from the date of the NED's appointment). At the time of release of this report, all NEDs are in compliance with this policy.

A NED equity Plan, under which NEDs can salary sacrifice fees for Healius Shares, was approved by shareholders at the Company's 2019 AGM, and is in operation.

Healius' full NED Remuneration Policy and Procedure can be found at <http://www.healius.com.au/about-us/corporate-governance/>

Directors' Report

for the year ended 30 June 2024

6.2 NON-EXECUTIVE DIRECTOR REMUNERATION

The following table outlines the remuneration received by Healius' NEDs during FY 2024 prepared according to statutory disclosure requirements and applicable accounting standards.

NAME	YEAR	BOARD FEES \$	COMMITTEE FEES \$	SUPERANNUATION \$	TOTAL \$
Current Non-executive Directors					
Kate McKenzie	2024	251,541	18,443	–	269,984
	2023	135,000	35,704	–	170,704
Gordon Davis	2024	126,126	36,197	17,856	180,179
	2023	122,165	42,279	17,277	181,721
Sally Evans	2024	126,126	40,541	18,333	185,000
	2023	122,172	37,330	16,748	176,250
Ravi Jeyaraj	2024	74,372	–	8,251	82,623
	2023	–	–	–	–
John Mattick	2024	126,126	27,027	16,847	170,000
	2023	122,708	20,669	14,362	157,739
Michael Stanford	2024	104,725	20,227	13,791	138,743
	2023	–	–	–	–
Charlie Taylor	2024	126,121	31,369	17,331	174,821
	2023	35,691	2,376	4,006	42,073
Former Non-executive Directors					
Jenny Macdonald (until 28 November 2023)	2024	125,046	–	12,037	137,083
	2023	255,022	8,542	23,067	286,631
Robert Hubbard (until 19 September 2022)	2024	–	–	–	–
	2023	57,377	–	8,197	65,574
Paul Jones (until 20 October 2022)	2024	–	–	–	–
	2023	39,230	5,442	4,672	49,344
Total	2024	1,060,183	173,804	104,446	1,338,433
	2023	889,365	152,342	88,329	1,130,036

6.3 NON-EXECUTIVE DIRECTOR EQUITY HOLDINGS AS AT 30 JUNE 2024

NAME	INSTRUMENT	OPENING BALANCE NUMBER	PURCHASED/ISSUED NUMBER	VESTED NUMBER ⁷	CLOSING BALANCE NUMBER
Current Non-executive Directors					
Kate McKenzie ¹	Shares	17,008	83,141	–	100,149
	NED Share Rights	–	–	–	–
Gordon Davis ²	Shares	83,898	38,370	–	122,268
	NED Share Rights	12,075	–	(12,075)	–
Sally Evans ³	Shares	43,844	36,155	–	79,999
	NED Share Rights	6,038	32,900	(22,488)	16,450
Ravi Jeyaraj	Shares	–	–	–	–
	NED Share Rights	–	–	–	–
John Mattick ⁴	Shares	35,088	19,229	–	54,317
	NED Share Rights	7,547	–	(7,547)	–
Michael Stanford ⁵	Shares	–	32,468	–	32,468
	NED Share Rights	–	–	–	–
Charlie Taylor ⁶	Shares	–	116,450	–	116,450
	NED Share Rights	–	32,900	(16,450)	16,450
Former Non-executive Directors					
Jenny Macdonald ⁸	Shares	119,548	30,500	–	150,048
	NED Share Rights	–	–	–	–

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Directors' Report

for the year ended 30 June 2024

- 100,149 ordinary shares held by MCK Family Holdings Pty Ltd.
- 71,036 ordinary shares held by GR & G Davis Superannuation Fund, 11,018 ordinary shares held by Gordon Davis, and 40,214 ordinary shares held by Citicorp Nominees on behalf of CPU Share Plans Pty Ltd for Gordon Davis as beneficial owner.
- 19,110 ordinary shares held by RBC Investor Services Australia Nominees Pty Ltd <Evans A/C>, 9,557 ordinary shares and 16,450 NED Share Rights held by Sally Evans, and 51,332 ordinary shares held by Citicorp Nominees on behalf of CPU Share Plans Pty Ltd for Sally Evans as beneficial owner.
- 35,088 ordinary shares held by J & L Mattick Retirement Fund, 4,136 ordinary shares held by John Mattick, and 15,093 ordinary shares held by Citicorp Nominees on behalf of CPU Share Plans Pty Ltd for John Mattick as beneficial owner.
- 32,468 ordinary shares held by Mrs Sally Stanford.
- 100,000 ordinary shares and 16,450 NED Share Rights held by Charles Taylor, and 16,450 ordinary shares held by Citicorp Nominees on behalf of CPU Share Plans Pty Ltd for Charles Taylors as beneficial owner.
- FY 2024 NED Share Rights and FY 2023 NED Share Rights issued under the NED Share Plan to participating NEDs through salary sacrifice. All securities were issued pursuant to shareholder approval under ASX Listing Rule 10.14. During FY 2024, the final 50% of FY 2023 NED Share Rights vested into Shares in September 2023 following the Company's FY 2023 results announcement. Also during FY 2024, 50% of FY 2024 NED Share Rights vested into Shares in March 2024 following the Company's FY 2024 results announcement. The remaining 50% of FY 2024 NED Share Rights vested in FY 2025 following the announcement of the Company's FY 2024 results.
- Closing equity holding is as at 28 November 2023, being the date Jenny Macdonald ceased being a Non Executive Director.

7. Other FY 2024 remuneration terms

7.1 EXECUTIVE EMPLOYMENT TERMS

KEY TERM	CURRENT CEO	GROUP CFO
Employing company	Idameneo (No 789) Ltd (This is the service company in the Healius Group and a large number of Group employees are employed by this entity).	
Basis of employment	Fixed term from 5 March 2024 to 30 June 2026.	Permanent full time. No fixed or maximum term.
Period of notice	6 months, unless there is less than 6 months remaining until the end of the Term, from either party.	6 months, from either party.
Termination without notice	Healius may terminate the Senior Executive's employment without notice if, in the opinion of Healius, the Senior Executive engages in misconduct, fraud, commits a serious or persistent breach of the agreement, or other specified circumstances occur.	
Termination payments	Maximum of 6 months Fixed Annual Remuneration (Healius is not required to pay or provide, or procure the payment or provision, of any payment or benefit to the Senior Executive which would require shareholder approval). The treatment of incentives under the STIP and TLTI in the case of termination is addressed in separate sections of this Report.	

7.2 TRANSACTIONS WITH KMP

KEY TERM	SUMMARY OF KEY TERM
Transactions with current KMP	<p>From time to time, KMPs (and their personally-related entities) enter into transactions with the Healius Group, including the use or provision of services under normal customer, supplier or employee relationships. These transactions:</p> <ul style="list-style-type: none"> occur within a normal employee, customer or supplier relationship on terms and conditions no more favourable than those which it is reasonable to expect the Group would have adopted if dealing at arm's length with an unrelated person; do not have the potential to adversely affect decisions about the allocation of scarce resources made by users of the financial report, or the discharge of accountability by the KMP; and are trivial or domestic in nature.

Loans to current KMP No loans have been made to any of the KMP or their related parties during FY 2024.

Former CEO arrangements:

On 5 March 2024, Maxine Jaquet stepped down from her role of CEO and Managing Director of Healius. Ms Jaquet joined the Healius leadership team in 2015, was appointed CFO in August 2019, CFO and COO in January 2021 and, ultimately, appointed CEO and Managing Director in March 2023.

Post step down date, Ms Jaquet has received payments in accordance with her contractual entitlements.

Ms Jaquet received no FY 2024 STI, was not a participant in the FY 2022 LTIP and she forfeited a pro-rata portion of her FY 2023 and FY 2024 LTI in order to reflect the portion of the period served. The balance of these awards will be performance tested in the ordinary course.

All of Ms Jaquet's Options under the FY 2020 TLTI will lapse as the exercise conditions were not met.

Ms Jaquet will be subject to a non-solicit and non-compete mandates to March 2025.

Directors' Report

for the year ended 30 June 2024

Signing of Directors' Report

Signed in accordance with a resolution of the Directors made pursuant to section 298(2) of the *Corporations Act 2001*.

On behalf of the Directors.



Kate McKenzie

Chair

19 September 2024

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Corporate Governance Statement

Healius is committed to ensuring that its policies and practices reflect a high standard of corporate governance.

The Board has adopted a comprehensive framework of Corporate Governance Guidelines. Throughout FY 2024, Healius' governance arrangements were generally consistent with the Corporate Governance Principles and Recommendations (4th edition) published by the ASX Corporate Governance Council.

In accordance with ASX Listing Rule 4.10.3, Healius' FY 2024 Corporate Governance Statement can be viewed at: www.healius.com.au/about-us/corporate-governance/

Auditor's Independence Declaration



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Auditor's independence declaration to the directors of Healius Limited

As lead auditor for the audit of the financial report of Healius Limited for the financial year ended 30 June 2024, I declare to the best of my knowledge and belief, there have been:

- No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit;
- No contraventions of any applicable code of professional conduct in relation to the audit; and
- No non-audit services provided that contravene any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Healius Limited and the entities it controlled during the financial year.

Ernst & Young

Katrina Zdrilic
Partner
19 September 2024

Independent Auditor's Report



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Independent auditor's report to the members of Healius Limited

Report on the audit of the financial report

Opinion

We have audited the financial report of Healius Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 30 June 2024, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes to the financial statements, including material accounting policy information, the consolidated entity disclosure statement and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- a. Giving a true and fair view of the consolidated financial position of the Group as at 30 June 2024 and of its consolidated financial performance for the year ended on that date; and
- b. Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's *APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the financial report* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial report. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial report.

Carrying Value of Goodwill

Why significant	How our audit addressed the key audit matter
<p>At 30 June 2024, the Group's consolidated balance sheet includes goodwill and other intangible assets of \$1,368.5m and other non-current assets of \$1,314.2m.</p> <p>As disclosed in Note B2 the Group tests goodwill for impairment annually and whenever there is an indicator that the asset may be impaired, for each cash generating unit (CGU) to which goodwill is allocated, to determine whether the recoverable value of each CGU exceeds its carrying amount.</p>	<p>▶ Our audit procedures included the following:</p> <ul style="list-style-type: none"> ▶ Assessed whether the impairment testing methodology used by the Group met the requirements of Australian Accounting Standards. ▶ Assessed the reasonableness of future cash flow forecasts, by considering our knowledge of

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DIRECTORS' REPORT

Why significant	How our audit addressed the key audit matter
<p>An impairment charge of \$603.2m was recorded against the goodwill of the Pathology CGU during the year.</p> <p>A fair value less cost of disposal model was used to calculate the recoverable amount of each cash generating unit. The impairment test incorporates significant judgement and estimates based on conditions existing at 30 June 2024. The estimates and assumptions relate to future performance, market and economic conditions.</p> <p>This was considered a key audit matter due to the value of the balance relative to the Group's total assets, extent of audit effort and significant judgment required to assess the reasonableness of cash flow forecasts, growth rates, discount rates and terminal growth rates used by the Group in undertaking the impairment test.</p>	<p>the business, the reliability of previous forecasts and budgets, current trading performance and corroborating data with external information where possible.</p> <ul style="list-style-type: none"> ▶ Assessed the appropriateness of other key assumptions such as the discount and growth rates applied with reference to publicly available information on comparable companies in the industry and markets in which the Group operates. ▶ Tested the mathematical accuracy of the cash flow models including the consistency of the cash flow forecasts with the Board approved business budget. ▶ Identified and assessed changes in key assumptions from prior periods and performed sensitivity analyses on these assumptions including discount rates, terminal growth rates and EBITDA forecasts for each of the Group's CGUs. ▶ Assessed the implied EBITDA multiples as a cross-check of the recoverable amount derived from the discounted cashflow models against a range from comparable companies and transactions. ▶ We involved our valuation specialists in performing these procedures. ▶ Our main focus was on the Pathology CGU considering the market challenges within this division and it represents the majority of the goodwill balance of the Group at 30 June 2024. ▶ Assessed the adequacy and completeness of the financial report disclosures contained in Note B2.

Information other than the financial report and auditor's report thereon

The directors are responsible for the other information. The other information comprises the information included in the Group's 2024 annual report, but does not include the consolidated financial report and our auditor's report thereon.

Our opinion on the consolidated financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audit of the consolidated financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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HEALIUS ANNUAL REPORT 2024

Independent Auditor's Report



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Responsibilities of the directors for the financial report

The directors of the Company are responsible for the preparation of:

- ▶ The consolidated financial report (other than the consolidated entity disclosure statement) that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001*; and
- ▶ The consolidated entity disclosure statement that is true and correct in accordance with the *Corporations Act 2001*; and

for such internal control as the directors determine is necessary to enable the preparation of:

- ▶ The consolidated financial report (other than the consolidated entity disclosure statement) that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and
- ▶ The consolidated entity disclosure statement that is true and correct and is free of misstatement, whether due to fraud or error.

In preparing the consolidated financial report, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- ▶ Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ▶ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- ▶ Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

Independent Auditor's Report



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- ▶ Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- ▶ Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated to the directors, we determine those matters that were of most significance in the audit of the financial report of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the audit of the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 35 to 45 of the directors' report for the year ended 30 June 2024.

In our opinion, the Remuneration Report of Healius Limited for the year ended 30 June 2024, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Ernst & Young

Katrina Zdrilic
Partner
Sydney
19 September 2024

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DIRECTORS' REPORT

HEALIUS ANNUAL REPORT 2024

Directors' declaration

The Directors of Healius Limited (Healius) declare that:

- A. in the Directors' opinion, there are reasonable grounds to believe that Healius will be able to pay its debts as and when they become due and payable
- B. in the Directors' opinion, the financial statements and notes thereto, for the financial year ended 30 June 2024, are in accordance with the *Corporations Act 2001 (Cth)*, including section 296 (compliance with accounting standards) and section 297 (true and fair view)
- C. the financial statements and notes thereto are in compliance with International Financial Reporting Standards issued by the International Accounting Standards Board as provided in the introduction to the Notes to the consolidated financial statements
- D. there are reasonable grounds to believe that Healius and the controlled entities identified in Note D2 will be able to meet any obligations or liabilities to which they are, or may become, subject to by virtue of the Deed of Cross Guarantee between Healius and those controlled entities pursuant to ASIC Corporations (Wholly-owned Companies) Instrument 2016/785
- E. the Directors have been given the declarations required by section 295A of the *Corporations Act 2001 (Cth)* from the Chief Executive Officer and Chief Financial Officer for the year ended 30 June 2024, and
- F. the consolidated entity disclosure statement presented on page 88 to 89 is true and correct.

Signed in accordance with a resolution of the Directors made pursuant to section 295(4) of the *Corporations Act 2001 (Cth)*.

On behalf of the Directors



Kate McKenzie
Chair

19 September 2024

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Consolidated statement of profit or loss

for the year ended 30 June 2024

	NOTE	2024 \$M	2023 \$M
Revenue	A2	1,746.2	1,706.9
Employee benefits expense	A3	(910.1)	(864.3)
Property expenses	A3	(59.0)	(56.3)
Consumables		(224.3)	(223.7)
Repairs and maintenance		(32.9)	(30.4)
IT expenses		(52.3)	(46.2)
Insurance		(7.8)	(7.2)
Other expenses		(113.1)	(103.5)
Depreciation – property, plant and equipment		(40.1)	(40.8)
Depreciation – right of use assets		(226.7)	(220.9)
Amortisation – intangibles		(14.4)	(15.5)
Digital transformation costs		(25.8)	(21.7)
Transaction costs and takeover bid costs		(7.7)	(8.6)
Impairment of leased assets		–	(39.1)
Impairment of goodwill		(603.2)	(349.8)
Termination and other costs		(8.1)	(13.9)
Loss before interest and tax		(579.3)	(335.0)
Net finance costs	A3	(70.8)	(62.3)
Loss before tax		(650.1)	(397.3)
Income tax benefit	A4	14.1	17.3
Loss for the year from continuing operations		(636.0)	(380.0)
(Loss)/profit for the year from discontinued operations	E2	(9.8)	12.2
Loss for the year		(645.8)	(367.8)
Attributable to:			
Equity holders of Healius Limited		(645.8)	(367.8)
	NOTE	2024 CENTS PER SHARE	2023 CENTS PER SHARE
Basic loss per share from continuing operations	A5	(96.4)	(66.7)
Basic loss per share from continuing and discontinued operations	A5	(97.9)	(64.6)
Diluted loss per share from continuing operations	A5	(96.4)	(66.7)
Diluted loss per share from continuing and discontinued operations	A5	(97.9)	(64.6)

Notes to the financial statements are included on pages 59 to 87.

Consolidated statement of other comprehensive income

for the year ended 30 June 2024

	2024 \$M	2023 \$M
Loss for the year	(645.8)	(367.8)
Other comprehensive (loss)/income		
<i>Items that may be reclassified subsequently to profit or loss</i>		
Fair value (loss)/gain on cash flow hedges	(0.1)	4.1
Reclassification adjustments relating to realised cash flow hedges for amounts recognised in profit or loss	(1.9)	0.7
Exchange differences arising on translation of foreign operations	(0.2)	–
Income tax relating to items that may be reclassified subsequently to profit or loss	0.6	(1.4)
Other comprehensive (loss)/income for the year, net of income tax	(1.6)	3.4
Total comprehensive loss for the year	(647.4)	(364.4)

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Consolidated statement of financial position

as at 30 June 2024

	NOTE	30 JUNE 2024 \$M	30 JUNE 2023 \$M
Current assets			
Cash	E1	60.1	115.3
Receivables	B1	207.9	187.6
Consumables		31.9	32.8
Tax assets	E3	0.2	6.7
Total current assets		300.1	342.4
Non-current assets			
Goodwill	B2	1,296.7	1,897.5
Right of use assets	B6	1,038.5	1,067.3
Property, plant and equipment	B3	183.4	176.0
Other intangible assets	B4	71.8	73.1
Other financial assets		3.2	7.1
Deferred tax assets	E3	89.1	87.9
Total non-current assets		2,682.7	3,308.9
Total assets		2,982.8	3,651.3
Current liabilities			
Payables	B7	200.9	218.0
Deferred consideration	B8	0.5	-
Provisions	B9	127.6	141.6
Lease liabilities	B5	271.3	263.0
Total current liabilities		600.3	622.6
Non-current liabilities			
Provisions	B9	15.2	19.5
Interest-bearing liabilities	C1	420.8	562.1
Lease liabilities	B5	905.8	940.9
Total non-current liabilities		1,341.8	1,522.5
Total liabilities		1,942.1	2,145.1
Net assets		1,040.7	1,506.2
Equity			
Issued capital	C2	2,603.9	2,421.0
Reserves		4.1	8.5
Accumulated losses		(1,567.3)	(923.3)
Total equity		1,040.7	1,506.2

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Notes to the financial statements are included on pages 59 to 87.

Consolidated statement of changes in equity

for the year ended 30 June 2024

\$M	ISSUED CAPITAL	CASH FLOW HEDGE RESERVE	SHARE-BASED PAYMENTS RESERVE	OTHER RESERVES	ACCUMULATED LOSSES	TOTAL
Balance at 1 July 2023	2,421.0	3.2	6.0	(0.7)	(923.3)	1,506.2
Loss for the year	-	-	-	-	(645.8)	(645.8)
Fair value loss on cash flow hedges	-	(0.1)	-	-	-	(0.1)
Reclassification adjustments relating to realised cash flow hedges recognised in profit or loss	-	(1.9)	-	-	-	(1.9)
Differences arising on translation of foreign operations	-	-	-	(0.2)	-	(0.2)
Income tax relating to components of other comprehensive income	-	0.6	-	-	-	0.6
Total comprehensive loss	-	(1.4)	-	(0.2)	(645.8)	(647.4)
Entitlement offer	187.4	-	-	-	-	187.4
Entitlement offer – fees and transaction costs	(8.2)	-	-	-	-	(8.2)
Entitlement offer – equity tax	2.5	-	-	-	-	2.5
Shares issued via Non-executive Director (NED) Share Plan (note C2)	0.1	-	-	-	-	0.1
Share based payments	-	-	0.1	-	-	0.1
Transfers	1.1	-	(2.9)	-	1.8	-
Balance at 30 June 2024	2,603.9	1.8	3.2	(0.9)	(1,567.3)	1,040.7

\$M	ISSUED CAPITAL	CASH FLOW HEDGE RESERVE	SHARE-BASED PAYMENTS RESERVE	OTHER RESERVES	ACCUMULATED LOSSES	TOTAL
Balance at 1 July 2022	2,422.9	(0.2)	20.8	(0.7)	(521.2)	1,921.6
Loss for the year	-	-	-	-	(367.8)	(367.8)
Fair value gain on cash flow hedges	-	4.1	-	-	-	4.1
Reclassification adjustments relating to realised cash flow hedges recognised in profit or loss	-	0.7	-	-	-	0.7
Income tax relating to components of other comprehensive income	-	(1.4)	-	-	-	(1.4)
Total comprehensive loss	-	3.4	-	-	(367.8)	(364.4)
Buyback of shares (note C2)	(5.2)	-	-	-	-	(5.2)
Shares issued via Non-executive Director (NED) Share Plan (note C2)	0.3	-	-	-	-	0.3
Payment of dividends (note C3)	-	-	-	-	(34.3)	(34.3)
Shares purchased for Long Term Incentive Plan (note C2)	(3.7)	-	-	-	-	(3.7)
Share based payments	-	-	(8.1)	-	-	(8.1)
Transfers	6.7	-	(6.7)	-	-	-
Balance at 30 June 2023	2,421.0	3.2	6.0	(0.7)	(923.3)	1,506.2

Notes to the financial statements are included on pages 59 to 87.

Consolidated statement of cash flows

for the year ended 30 June 2024

	NOTE	2024 \$M	2023 \$M
Cash flows from operating activities			
Receipts from customers		1,750.2	1,863.1
Payments to suppliers and employees		(1,507.6)	(1,458.7)
Gross cash flows from operating activities		242.6	404.4
Net income tax refund/(payment)		24.2	(71.1)
Net cash provided by operating activities	E1	266.8	333.3
Cash flows from investing activities			
Proceeds from sale of business (net of cash disposed and transaction costs)		1.0	116.3
Payment for property, plant and equipment		(50.9)	(62.7)
Payment for other intangibles		(13.1)	(13.4)
Proceeds from the sale of property, plant and equipment and intangibles		2.1	30.9
Payment for business acquired (net of cash received)		(2.1)	–
Payments for earn out, settlement and deferred consideration		–	(3.8)
Net cash (used in)/from investing activities		(63.0)	67.3
Cash flows from financing activities			
Finance costs on interest-bearing liabilities		(30.6)	(28.5)
Interest received		1.6	1.6
Interest paid on lease liabilities		(40.8)	(34.7)
Payment of lease liabilities		(226.0)	(216.8)
Payments for buyback of shares		–	(5.2)
Shares purchased for Long Term Incentive Plan		–	(3.7)
Proceeds from borrowings, net of transaction costs		47.5	135.0
Repayment of borrowings		(190.0)	(180.0)
Proceeds from issuing shares, net of transaction costs		179.3	–
Dividends paid		–	(34.3)
Net cash used in financing activities		(259.0)	(366.6)
Net (decrease)/increase in cash held		(55.2)	34.0
Cash at the beginning of the year	E1	115.3	81.3
Cash at the end of the year	E1	60.1	115.3

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Notes to the financial statements are included on pages 59 to 87.

Notes to the financial statements

for the year ended 30 June 2024

About this Report

OVERVIEW

Healius Limited (Healius), is a for-profit entity domiciled in Australia. These financial statements represent the consolidated financial statements of Healius for the financial year ended 30 June 2024 and comprise Healius and its subsidiaries (together referred to as "the consolidated entity" or "the Group").

STATEMENT OF COMPLIANCE

The financial report is a general purpose financial report which has been prepared in accordance with the *Corporations Act 2001*, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board.

The financial report also complies with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

BASIS OF PREPARATION

The financial report has been prepared on the basis of historical cost, except for the revaluation of certain financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars. The financial report has been prepared on a going concern basis. Notwithstanding that the Group is in a net current liability position as at 30 June 2024 of \$300.2 million (2023: \$280.2 million), management continually monitors the Group's working capital position, including forecast working capital requirements and the available debt facilities. The Group's financial forecasts demonstrate that there are sufficient financial resources to meet obligations as they fall due throughout the going concern period.

Where applicable, prior year comparatives have been restated in line with current year presentation.

NEW AND AMENDED STANDARDS ADOPTED

There are no new accounting standards or interpretations that are applicable for the first time in financial year 2024 which have a material impact on the disclosures or amounts recognised in the consolidated financial statements of the Group. The Group has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

ROUNDING OF AMOUNTS

Healius is a company of the kind referred to in ASIC Corporations (Rounding in Financial/Directors' Report) Instrument 2016/191, dated 24 March 2016, and in accordance with that Instrument, amounts in the financial report are rounded to the nearest hundred thousand dollars, unless otherwise indicated.

MATERIAL ACCOUNTING POLICIES

Accounting policies have been consistently applied to all the years presented, unless otherwise stated. Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported. Material accounting policies are included within the relevant notes to the financial statements.

Preparation of the financial report requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods. Information on key accounting estimates and judgements can be found in the following notes:

ACCOUNTING ESTIMATE AND JUDGEMENT	NOTE	PAGE
Carrying value of goodwill	B2	65
Recognition and recoverability of other intangible assets	B4	68
Measurement of deferred consideration	B8	70
Provisions	B9	71

BASIS OF CONSOLIDATION – SUBSIDIARIES

Subsidiaries are those entities controlled by Healius. The financial statements of subsidiaries are included in the consolidated financial report from the date that control is obtained until the date that control ceases. All inter-entity transactions, balances and any unrealised gains and losses arising from inter-entity transactions have been eliminated on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

Investments in subsidiaries are carried at their cost of acquisition in the parent company's financial statements.

Notes to the financial statements

for the year ended 30 June 2024

A. Group performance

This section contains details of the way the business measures performance for the purpose of internal reporting and the key elements of the consolidated statement of profit or loss, earnings per share, accounting policies and key assumptions relevant to the consolidated statement of profit or loss.

A1. Segment information

Operating segments are identified based on the way that the Chief Executive Officer and Board of Directors (also collectively known as the chief operating decision makers) regularly review and assess the financial performance of the business and determine the allocation of resources. For internal management reporting purposes, the Group is organised into the following three divisions or operating segments:

OPERATING SEGMENT	ACTIVITY
Pathology	Provider of pathology services, including speciality pathology and clinical trials.
Imaging	Provider of imaging services from stand-alone imaging sites, hospitals and medical centres.
Other	Comprises of corporate functions.

The Group operates predominantly in Australia.

Intersegment

Cross segment fees are charged for the use of facilities and services. These charges are eliminated on consolidation.

Presentation of segment revenue and results

Segment revenues and segment results are presented on an underlying basis.

Underlying results exclude the impact of impairment expenses and non-underlying items relating to:

- Strategic initiatives and
- Other significant non-recurring items.

UNDERLYING RESULTS

2024	PATHOLOGY \$M	IMAGING \$M	OTHER \$M	TOTAL CONTINUING OPERATIONS \$M
Segment revenue	1,267.9	474.5	4.2	1,746.6
Intersegment sales				(0.4)
Total revenue				1,746.2
EBITDA ¹	260.5	97.3	(11.2)	346.6
Depreciation – property, plant and equipment	(26.6)	(12.7)	(0.8)	(40.1)
Amortisation – intangibles	(8.7)	(4.3)	(1.4)	(14.4)
Depreciation – right of use assets	(186.8)	(38.4)	(1.5)	(226.7)
EBIT²	38.4	41.9	(14.9)	65.4

1 EBITDA is a non-statutory profit measure representing underlying earnings before interest, tax, depreciation and amortisation.

2 EBIT is a non-statutory profit measure representing underlying earnings before interest and tax.

Notes to the financial statements

for the year ended 30 June 2024

A1. Segment information (continued)

2023	PATHOLOGY \$M	IMAGING \$M	OTHER \$M	TOTAL CONTINUING OPERATIONS \$M
Segment revenue	1,272.3	431.2	3.9	1,707.4
Intersegment sales				(0.4)
Total revenue				1,707.0
EBITDA¹	293.5	96.2	(13.5)	376.2
Depreciation – property, plant and equipment	(25.4)	(14.7)	(0.7)	(40.8)
Amortisation – intangibles	(9.5)	(4.6)	(1.4)	(15.5)
Depreciation – right of use assets	(179.9)	(39.1)	(1.9)	(220.9)
EBIT²	78.7	37.8	(17.5)	99.0

1 EBITDA is a non-statutory profit measure representing underlying earnings before interest, tax, depreciation and amortisation.

2 EBIT is a non-statutory profit measure representing underlying earnings before interest and tax.

Reconciliation of underlying segment revenue to reported revenue:

	SEGMENT RESULT	
	2024 \$M	2023 \$M
Total underlying segment revenue from continuing operations	1,746.2	1,707.0
Transactions with discontinued operations	–	(0.1)
Reported revenue	1,746.2	1,706.9

Reconciliation of underlying segment result to reported loss before tax:

	SEGMENT RESULT	
	2024 \$M	2023 \$M
Underlying results from continuing operations before tax	65.4	99.0
Digital transformation costs	(25.8)	(21.7)
Transaction and takeover bid costs	(7.7)	(8.6)
Impairment of leased assets	–	(39.1)
Impairment of goodwill	(603.2)	(349.8)
Termination and other costs	(8.1)	(13.9)
Transactions with discontinued operations	0.1	(0.9)
Reported EBIT	(579.3)	335.0
Finance cost	(70.8)	(62.3)
Reported loss before tax	(650.1)	(397.3)

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Notes to the financial statements

for the year ended 30 June 2024

A2. Revenue

	2024 \$M	2023 \$M
Trading revenue	1,746.2	1,706.9

ACCOUNTING POLICIES – REVENUE

Revenue is measured based on the consideration to which the Group expects to be entitled in a contract with a customer. The Group recognises revenue when it transfers control of goods or services to a customer.

The Group recognises revenue from the following major sources:

- Provision of pathology services including specialty pathology and clinical trials; and
- Provision of imaging services.

Provision of pathology services and provision of imaging services

Revenue from the provision of pathology services and the provision of imaging services is recognised at the point in time when the relevant test has been completed.

Revenue from clinical trials is recognised on a percentage of completion method. As per the contractual terms, revenue is recognised based on the hours/units incurred relative to the total estimated hours/units delivered for the trial.

A3. Expenses

EMPLOYEE BENEFITS EXPENSE

	2024 \$M	2023 \$M
Employee benefits	838.7	806.9
Defined contribution superannuation	71.0	65.2
Share-based payments	0.4	(7.8)
	910.1	864.3

Healius and its related entities meet their obligations under the *Superannuation Guarantee Charge Act 1992* by making superannuation contributions, at the statutory rate, to complying defined contribution superannuation funds on behalf of its employees. Contributions to defined contribution funds are recognised as an expense as they become payable.

PROPERTY EXPENSES

	2024 \$M	2023 \$M
Short-term lease payments	21.3	22.1
Other property expenses	37.7	34.2
	59.0	56.3

NET FINANCE COSTS

	2024 \$M	2023 \$M
Interest expense	28.8	27.5
Interest on lease liabilities	40.8	33.7
Amortisation of borrowing costs	1.2	1.1
	70.8	62.3

Interest expense comprises of the interest expense on interest-bearing liabilities and gains/losses arising on interest rate swaps accounted for as cash flow hedges reclassified from equity.

Other borrowing costs associated with arranging interest-bearing liabilities are initially recognised in the consolidated statement of financial position (refer note C1) and are subsequently amortised through the consolidated statement of profit or loss on a straight-line basis over the term of the interest-bearing liability they relate to.

Notes to the financial statements

for the year ended 30 June 2024

A4. Income tax expense

	2024 \$M	2023 \$M
The prima facie income tax benefit on pre-tax accounting loss reconciles to the income tax benefit in the financial statements as follows:		
Loss before tax	(650.1)	(397.3)
Income tax calculated at 30% (2023: 30%)	(195.0)	(119.2)
Tax effect of non-temporary differences:		
Non-deductible asset impairment expense	180.9	104.9
Other items	0.1	(3.1)
(Over)/under provision in prior years	(0.1)	0.1
Income tax benefit	(14.1)	(17.3)
Comprising:		
Current tax	(17.3)	(1.1)
Deferred tax	3.3	(16.3)
Under provision in prior years	(0.1)	0.1
Income tax benefit	(14.1)	(17.3)

Current and deferred tax is recognised as an expense or income in the consolidated statement of profit or loss, except when it relates to items credited or debited directly to equity, in which case the deferred tax is also recognised directly in equity, or where it arises from the initial accounting for a business combination, in which case it is taken into account in the determination of goodwill.

A5. Earnings per share

BASIC AND DILUTED EARNINGS PER SHARE

EARNINGS	2024 \$M	2023 \$M
The earnings used in the calculation of basic and diluted earnings per share are the same and can be reconciled to the consolidated statement of profit or loss as follows:		
Loss for the year from continuing operations	(636.0)	(380.0)
Loss attributable to equity holders of Healius Limited	(645.8)	(367.8)
WEIGHTED AVERAGE NUMBER OF SHARES	2024 000's	2023 000's
The weighted average number of shares used in the calculation of basic earnings per share	659,760	569,756
Effects of dilution from options and rights	-	-
The weighted average number of shares used in the calculation of diluted earnings per share	659,760	569,756
EARNINGS PER SHARE	2024 CENTS	2023 CENTS
Basic loss per share from continuing operations	(96.4)	(66.7)
Basic loss per share from continuing and discontinued operations	(97.9)	(64.6)
Diluted loss per share from continuing operations	(96.4)	(66.7)
Diluted loss per share from continuing and discontinued operations	(97.9)	(64.6)

Any share options and performance rights on issue are contingently issuable shares and are included in the calculation of diluted earnings per share only where the performance conditions have been met as at 30 June 2024, and is not anti-dilutive. During the current year and in the prior year, since the company made a net loss, the contingent shares issuable under options and rights are deemed anti-dilutive, and therefore excluded from the calculation of the diluted EPS.

Notes to the financial statements

for the year ended 30 June 2024

B. Operating assets and liabilities

This section provides information on the assets used by the Group to generate operating profits and the liabilities incurred.

B1. Receivables

	2024 \$M	2023 \$M
Measured at amortised cost		
Current		
Trade receivables	170.5	143.7
Allowance for expected credit losses	(28.3)	(23.0)
	142.2	120.7
Prepayments	20.4	23.0
Accrued revenue	38.5	35.8
Other receivables	6.8	8.1
	207.9	187.6
Ageing of trade receivables		
Current	73.8	61.1
30–60 days	27.1	33.5
60–90 days	12.2	7.4
90 days +	57.4	41.7
	170.5	143.7
Movement in allowance for expected credit losses		
Balance at beginning of year	23.0	22.0
Provision for the year	16.7	11.3
Amounts written off during the year as uncollectable	(11.4)	(10.3)
	28.3	23.0

Trade and other receivables are initially recognised at fair value and are subsequently carried at amortised cost, using the effective interest rate method, less an allowance for expected credit losses (allowance for doubtful debts).

No interest is charged on trade receivables. The Group's policy requires customers to pay the Group in accordance with agreed payment terms. All credit and recovery risk associated with trade receivables has been provided for in the consolidated statement of financial position. Trade receivables have been aged according to their original due date in the above ageing analysis.

The Group applies a simplified approach in calculating expected credit losses using a provision matrix based on its historical credit loss experience and adjusting for any known forward-looking issues specific to the debtors and the economic environment.

Further discussion of the credit risk associated with trade receivables is included in note C4.

Notes to the financial statements

for the year ended 30 June 2024

B2. Goodwill

	2024 \$M	2023 \$M
Carrying value		
Opening balance	1,897.5	2,344.3
Acquisition of businesses	2.4	(0.3)
Impairment of goodwill	(603.2)	(349.8)
Business divestments	-	(96.7)
Closing balance	1,296.7	1,897.5
Goodwill is allocated to the Group's cash-generating units (CGUs) as follows:		
Pathology	925.2	1,526.0
Imaging	371.5	371.5
Closing balance	1,296.7	1,897.5

Goodwill acquired in a business combination is initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised at the date of the acquisition. Goodwill is subsequently measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill is allocated to each of the CGUs, or group of CGUs, expected to benefit from the synergies of the business combination.

On disposal of an operation within a CGU, the attributable amount of goodwill is included in the determination of the profit or loss on disposal of the operation.

IMPAIRMENT OF GOODWILL AND OTHER NON-FINANCIAL ASSETS

The carrying amount of goodwill is tested for impairment annually at 30 June and whenever there is an indicator that the asset may be impaired. Where an asset is deemed to be impaired, it is written down to its recoverable amount.

In its impairment assessment, the Group determines the recoverable amount based on a fair value less costs of disposal calculation, under a five-year discounted cash flow model cross checked to available market data (level 3 fair value measurement in the fair value hierarchy – refer note C4 for further details on the hierarchy). The five-year discounted cash flow uses:

- year one cash flows derived from the financial year 2025 Board-approved budget; and
- for financial years 2026 – 2029, growth rates have been determined with reference to historical company experience, industry data and a long-term growth rate expected for the industry.

At December 2023, a non-cash impairment charge of \$603.2 million was made to goodwill in the Pathology division. The impairment related to the near-term lower volumes and cashflows at a point in time as required by accounting standards, plus an increase in the Weighted Average Cost of Capital. At 30 June 2024, headroom has increased to \$0.2 billion, driven by operating improvements in the intervening period and consequent impact on outlook for future years performance.

The key assumptions in the Group's discounted cash flow model as at 30 June 2024 are as follows:

ASSUMPTION	HOW DETERMINED
Forecast revenue	<p>Cumulative average revenue growth rates for FY 2025–FY 2029 are as follows:</p> <ul style="list-style-type: none"> • Pathology: 5.9% (30 June 2023: 5.8%) • Imaging: 10.4% (30 June 2023: 7.3%) <p>Consistent with the prior year, forecast revenue has been determined with reference to historical company experience and industry data.</p>
Terminal value growth rates	<p>The terminal value growth rates assumed are:</p> <ul style="list-style-type: none"> • Pathology: 2.75% (30 June 2023: 2.75%) • Imaging: 3.0% (30 June 2023: 3.0%) <p>The terminal value growth rates have been determined with reference to historical company experience for the CGU and expectations of long-term operating conditions. The growth rates do not exceed long-term growth rates for the industry in which the business operates.</p>
Discount rates	<p>Post-tax discount rates for each CGU reflect the Group's estimate of the time value of money and risks specific to each CGU.</p> <p>In determining the appropriate discount rate for each CGU, consideration has been given to the estimated weighted average cost of capital (WACC) for the Group, adjusted for business risks specific to that CGU. The post-tax discount rate for each CGU is:</p> <ul style="list-style-type: none"> • Pathology: 8.8% (30 June 2023: 8.5%) • Imaging: 8.3% (30 June 2023: 8.0%)

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Notes to the financial statements

for the year ended 30 June 2024

B2. Goodwill (continued)

SENSITIVITY ANALYSIS

The Group has conducted a sensitivity analysis on the key assumptions above to assess the effect on the recoverable amount of changes in the key assumptions.

The following table sets out the change in revenue growth rates, terminal value growth and discount rates that would be required in order for the carrying value of the respective CGU to equal the recoverable amount.

CGU	INCREASE/(DECREASE) IN ASSUMPTIONS REQUIRED FOR RECOVERABLE AMOUNT TO EQUAL CARRYING AMOUNT		
	AVERAGE REVENUE GROWTH PER ANNUM ¹	TERMINAL GROWTH PER ANNUM	DISCOUNT RATE
Imaging	(4.2%)	(8.9%)	5.5%
Pathology	(0.6%)	(1.0%)	0.8%

¹ Variable costs have been adjusted proportionately with the decrease in revenue for the purpose of sensitivity analysis.

ACCOUNTING ESTIMATES AND JUDGEMENTS: IMPAIRMENT OF GOODWILL

Determining whether goodwill is impaired requires an estimation of the fair value of the CGUs or group of CGUs to which goodwill has been allocated. The valuation model used to estimate the fair value of each CGU or group of CGUs requires the Directors to estimate the future cash flows expected to arise from the CGU or group of CGUs and apply a suitable discount rate in order to calculate net present value. The key assumptions used to estimate fair value of the group's CGUs are disclosed above.

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Notes to the financial statements

for the year ended 30 June 2024

B3. Property, plant and equipment

2024 \$M	PLANT AND EQUIPMENT	LEASEHOLD IMPROVEMENTS	ASSETS UNDER CONSTRUCTION	TOTAL
Net book value				
Opening balance	103.8	63.9	8.3	176.0
Additions	23.5	4.0	25.8	53.3
Capitalisation of assets under construction	4.5	22.8	(27.3)	–
Disposals	(5.5)	(0.3)	–	(5.8)
Depreciation expense	(27.2)	(12.9)	–	(40.1)
Closing balance	99.1	77.5	6.8	183.4
Cost				
Cost	351.7	184.3	6.8	542.8
Accumulated depreciation and impairment	(252.6)	(106.8)	–	(359.4)
Closing balance	99.1	77.5	6.8	183.4

2023 \$M	PLANT AND EQUIPMENT	LEASEHOLD IMPROVEMENTS	ASSETS UNDER CONSTRUCTION	TOTAL
Net book value				
Opening balance	116.9	67.0	12.1	196.0
Additions	21.7	3.4	34.0	59.1
Capitalisation of assets under construction	29.8	7.9	(37.7)	–
Transfers and disposals	(26.5)	(0.3)	–	(26.8)
Business divestments	(8.7)	(2.7)	(0.1)	(11.5)
Depreciation expense	(29.4)	(11.4)	–	(40.8)
Closing balance	103.8	63.9	8.3	176.0
Cost				
Cost	343.1	171.7	8.3	523.1
Accumulated depreciation and impairment	(239.3)	(107.8)	–	(347.1)
Closing balance	103.8	63.9	8.3	176.0

Property, plant and equipment is stated at cost less accumulated depreciation and any impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the item.

Depreciation commences once an asset is available for use and is calculated on a straight-line basis so as to write off the net cost of each asset to its estimated residual value over its expected useful life. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each annual reporting period. Where, as a result of this review, there is a change in the estimated remaining useful life of an asset, it is accounted for on a prospective basis with depreciation in future periods based on the written down value of the asset as at the date the change in useful life is determined.

The following estimated useful lives are used in the calculation of depreciation:

CLASS OF PROPERTY, PLANT AND EQUIPMENT	USEFUL LIFE
Leasehold improvements	1–20 years
Plant and equipment	3–20 years

Property, plant and equipment is reviewed at each reporting period to determine whether there is any indication that the assets may have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). The recoverable amount is the higher of fair value less costs of disposal and value in use. An impairment loss is recognised in profit or loss for the amount by which an asset's carrying amount exceeds its recoverable amount.

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the CGU to which the asset belongs.

Notes to the financial statements

for the year ended 30 June 2024

B4. Other intangible assets

2024 \$M	IT SOFTWARE	LICENCES	INTANGIBLES UNDER CONSTRUCTION	TOTAL
Net book value				
Opening balance	51.7	7.3	14.1	73.1
Additions	0.3	–	12.8	13.1
Capitalisation of intangible assets under construction	13.5	3.0	(16.5)	–
Disposals	–	–	–	–
Amortisation expense	(13.6)	(0.8)	–	(14.4)
Closing balance	51.9	9.5	10.4	71.8
Cost	167.1	43.3	10.4	220.8
Accumulated amortisation and impairment	(115.2)	(33.8)	–	(149.0)
Closing balance	51.9	9.5	10.4	71.8

2023 \$M	IT SOFTWARE	LICENCES	INTANGIBLES UNDER CONSTRUCTION	TOTAL
Net book value				
Opening balance	62.7	8.2	4.3	75.2
Additions	0.6	–	13.0	13.6
Capitalisation of intangible assets under construction	3.1	–	(3.1)	–
Transfers and disposals	(0.1)	–	(0.1)	(0.2)
Amortisation expense	(14.6)	(0.9)	–	(15.5)
Closing balance	51.7	7.3	14.1	73.1
Cost	159.1	40.4	14.1	213.6
Accumulated amortisation and impairment	(107.4)	(33.1)	–	(140.5)
Closing balance	51.7	7.3	14.1	73.1

Intangible assets acquired separately or developed internally are recognised initially at cost. Intangible assets acquired in a business combination are initially recognised at their fair value at the acquisition date (which is regarded as their cost). Subsequent to initial recognition intangible assets are recognised at cost less amortisation and impairment (if any).

An internally-generated intangible asset arising from development is only recognised once the feasibility, intention and ability to complete the intangible asset can be demonstrated. Any expenditure on research activities is recognised as an expense when incurred.

All intangible assets have a finite life and are amortised on a straight-line basis over their estimated useful life. The estimated useful lives and amortisation methods are reviewed at the end of each annual reporting period. Where, as a result of this review, there is a change in the estimated remaining useful life of an asset, it is accounted for on a prospective basis with amortisation in future periods based on the net written down value of the asset as at the date the change in useful life is determined. The following estimated useful lives have been used for each class of asset:

CLASS OF OTHER INTANGIBLES	USEFUL LIFE
Licences	3–8 years
IT software	3–20 years

Intangible assets are reviewed at each reporting period to determine whether there is any indication that the assets may have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). The recoverable amount is the higher of fair value less costs of disposal and value in use. An impairment loss is recognised in profit or loss for the amount by which an asset's carrying amount exceeds its recoverable amount.

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the CGU to which the asset belongs.

ACCOUNTING ESTIMATES AND JUDGEMENTS – OTHER INTANGIBLE ASSETS

Judgement must be exercised when determining whether it is appropriate to capitalise costs related to internally developed intangible assets, in particular costs related to the development of IT software. Judgement is also required when estimating the expected useful life of other intangible assets and the period over which these assets are amortised.

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Notes to the financial statements

for the year ended 30 June 2024

B5. Lease liabilities

	2024 \$M	2023 \$M
Opening balance	1,203.9	1,172.9
New leases and remeasurements during the year	199.2	287.4
Business divestments	–	(42.9)
Interest	40.8	33.7
Payments	(266.8)	(247.2)
Closing balance	1,177.1	1,203.9
Presented as:		
Current lease liabilities	271.3	263.0
Non-current lease liabilities	905.8	940.9
Total lease liabilities	1,177.1	1,203.9

B6. Right of use assets

2024	PROPERTY \$M	EQUIPMENT \$M	TOTAL \$M
Opening balance	998.9	68.4	1,067.3
New leases and remeasurements during the year	166.3	37.4	203.7
Depreciation	(209.9)	(16.8)	(226.7)
Impairment	(5.8)	–	(5.8)
Closing balance	949.5	89.0	1,038.5

2023	PROPERTY \$M	EQUIPMENT \$M	TOTAL \$M
Opening balance	1,025.4	49.5	1,074.9
New leases and remeasurements during the year	260.5	32.5	293.0
Depreciation	(207.3)	(13.6)	(220.9)
Business divestments	(40.6)	–	(40.6)
Impairment	(39.1)	–	(39.1)
Closing balance	998.9	68.4	1,067.3

ACCOUNTING ESTIMATES AND JUDGEMENTS – LEASES

(a) The Group as lessee

The Group assesses whether a contract is (or contains) a lease at inception of the contract. The Group recognises a lease liability and right of use asset arrangement in which it is the lessee, except for short-term leases (being leases with a lease term of less than 12 months) and leases of low value items (generally small items of IT equipment). For these leases, the Group recognises the lease payment as an operating expense on a straight-line basis over the term of the lease.

The lease liability is initially measured as the present value of the lease payments not paid at the commencement date. Lease payments include:

- Fixed lease payments less any lease incentives receivable
- Variable lease payments that depend on an index (such as CPI) initially measured using the index at the commencement date
- In relation to equipment leases, the amount expected to be payable on the exercise of purchase options where it is reasonably certain that the option will be exercised.

Lease payments are discounted using the rate implicit in the lease. If this rate cannot be readily determined (which is the case for all property leases) the Group uses its incremental borrowing rate of 3.86% (30 June 2023: 3.07%).

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The right of use assets comprise the initial measurement of the corresponding lease liability less any lease incentives received. They are subsequently measured at cost less accumulated depreciation and impairment losses. Right of use assets are depreciated over the lease term unless the Group expects to exercise a purchase option (primarily in relation to Imaging equipment leases) where the right of use asset is depreciated over the useful life of the underlying asset.

Notes to the financial statements

for the year ended 30 June 2024

B6. Right of use assets (continued)

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right of use asset) whenever:

- The lease term has changed, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index (such as CPI) in which case the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate.
- The lease contract is modified and the lease modification is not accounted for as a separate lease in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate effective at the date of the modification.

(b) The Group as lessor

The Group enters into lease agreements as lessor in respect of some property leases. In this situation, where the Group is an intermediate lessor, it accounts for the head lease and the sub-lease as two separate contracts.

The sub-lease is a finance lease where it transfers substantially all the risks and rewards of ownership to the lessee. All other sub-leases are operating leases. The determination of whether a sub-lease is classified as a finance or operating lease is made by reference to the right of use asset arising from the head lease.

The majority of sub-leases have lease terms substantially shorter than the head lease and accordingly are classified as operating leases. Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

B7. Payables

	2024 \$M	2023 \$M
Current		
Trade payables and accruals	200.9	218.0
Total payables	200.9	218.0

Trade payables and other accounts payable are recognised when the Group becomes obliged to make future payments resulting from the purchase of goods and services.

B8. Deferred consideration

	2024 \$M	2023 \$M
Current		
Other deferred consideration	0.5	–
Total current deferred consideration	0.5	–

Deferred consideration relates to business acquired and is initially measured at fair value as at the acquisition date. Subsequent to initial recognition, deferred consideration continues to be measured at fair value with any changes in fair value recognised in the profit or loss.

ACCOUNTING ESTIMATES AND JUDGEMENTS – DEFERRED CONSIDERATION

The measurement of deferred consideration requires management to estimate the amount likely to be paid in the future. This requires the exercise of judgement, in particular where the amount payable is dependent on the future financial performance of the business that has been acquired.

Notes to the financial statements

for the year ended 30 June 2024

B9. Provisions

	2024 \$M	2023 \$M
Current		
Provision for employee benefits	113.5	127.1
Self-insurance provision	7.1	6.7
Other provisions	7.0	7.8
Total current provisions	127.6	141.6
Non-current		
Provision for employee benefits	8.4	12.6
Self-insurance provision	4.0	3.8
Make good provision	2.4	2.2
Other non-current provisions	0.4	0.9
Total non-current provisions	15.2	19.5

2024	SELF- INSURANCE \$M	MAKE GOOD \$M	OTHER \$M
Opening balance	10.5	2.2	8.7
Arising during the year	8.5	0.3	12.7
Utilised	(7.9)	(0.1)	(14.0)
Closing balance	11.1	2.4	7.4

2023	SELF- INSURANCE \$M	MAKE GOOD \$M	OTHER \$M
Opening balance	13.0	4.7	11.2
Arising during the year	4.6	0.8	5.9
Utilised	(7.1)	(3.3)	(8.4)
Closing balance	10.5	2.2	8.7

Provisions are recognised when:

- the Group has a present obligation (legal or constructive) as a result of a past event;
- it is probable that the Group will be required to settle the obligation; and
- a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

EMPLOYEE BENEFITS

A liability is recognised for benefits accruing to employees in respect of annual leave and long service leave when it is probable that settlement will be required and they are capable of being measured reliably.

Liabilities recognised in respect of short-term employee benefits, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement. Liabilities recognised in respect of long-term employee benefits are measured as the present value of the estimated future cash outflows to be made by the Group in respect of services provided by employees up to reporting date.

SELF-INSURANCE

The Group is self-insured for workers' compensation in New South Wales, Victoria, Queensland and Western Australia. Provisions are recognised based on claims reported, and an estimate of claims incurred but not reported. These provisions are determined on a discounted basis and having regard to actuarial valuations.

MAKE GOOD PROVISION

The Group recognises make good provisions where under certain lease agreements the Group has an obligation to restore the leased premises to a specified condition at the end of the lease term.

Notes to the financial statements

for the year ended 30 June 2024

C. Financing and capital structure

This section contains details of the way the business is financed including details around debt and equity, the key financial risks that Healius faces and how they are managed, and accounting policies and key assumptions relevant to borrowings and equity.

C1. Interest-bearing liabilities

	2024 \$M	2023 \$M
Non-current		
Gross bank loans	425.0	565.0
Unamortised borrowing costs	(4.2)	(2.9)
	420.8	562.1

CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

	GROSS BANK LOANS \$M	VALUATION ADJUSTMENT \$M	BORROWING COSTS \$M	TOTAL \$M
2024				
Opening balance	565.0	–	(2.9)	562.1
Net cash draw down	50.0	–	–	50.0
Borrowing repayments	(190.0)	–	–	(190.0)
Borrowing cost on refinancing	–	–	(2.5)	(2.5)
Amortisation	–	–	1.2	1.2
Closing balance	425.0	–	(4.2)	420.8
2023				
Opening balance	610.0	0.1	(4.0)	606.1
Net cash draw down	135.0	–	–	135.0
Borrowing repayments	(180.0)	–	–	(180.0)
Amortisation	–	(0.1)	1.1	1.0
Closing balance	565.0	–	(2.9)	562.1

Interest-bearing liabilities are recorded initially at fair value (usually the amount of the proceeds received) less transaction costs. Subsequent to initial recognition, interest-bearing liabilities are measured at amortised cost with any difference between the initial recognised amount and the redemption value being recognised in profit and loss over the term of the interest-bearing liability using the effective interest method.

Interest rate sensitivity and liquidity analysis disclosures relating to the Group's interest-bearing liabilities are disclosed in note C4.

Notes to the financial statements

for the year ended 30 June 2024

C2. Issued capital

	2024 NO. OF SHARES 000's	2023 NO. OF SHARES 000's	2024 \$M	2023 \$M
Opening balance	569,529	569,207	2,421.0	2,422.9
Shares issued via Short Term Incentive Plan (deferred equity)	210	228	0.8	0.8
Shares issued via Non-executive Director (NED) Share Plan	59	61	0.1	0.3
Shares issued via Long Term Incentive Plan	155	2,660	0.3	5.9
Own shares acquired for Long Term Incentive Plan	-	(976)	-	(3.7)
Own shares acquired during buy back	-	(1,651)	-	(5.2)
Shares issued via Entitlement Offer, net of transaction costs	156,148	-	181.7	-
Closing balance	726,101	569,529	2,603.9	2,421.0

Issued capital consists of fully paid Ordinary Shares carrying one vote per share and the right to dividends.

Transaction costs that are incurred directly in connection with the issue of equity instruments are recognised directly in equity as a reduction of the proceeds of the equity instruments to which the costs relate.

In December 2023, Healius raised \$187.4 million (gross proceeds) pursuant to an accelerated non-renounceable pro rata entitlement offer. The issue price was \$1.20 per share and 156,148,077 shares were issued.

SHARE OPTIONS ON ISSUE

As at 30 June 2024, the company had 12,131,411 (2023: 24,262,825) share options on issue, exercisable on a 1:1 basis for 12,131,411 (2023: 24,262,825) ordinary shares of Healius at an exercise price of \$3.05. The performance conditions associated with these share options have been assessed subsequent to 30 June 2024 and have been deemed to have not been met. These options will therefore not vest.

RIGHTS ON ISSUE

As at 30 June 2024, the company had 25,000 (2023: 246,426) service rights on issue, exercisable on a 1:1 basis for 25,000 (2023: 246,426) ordinary shares of Healius at an exercise price of \$nil.

As at 30 June 2024, the company had 9,690,639 (2023: 6,731,128) performance rights on issue, exercisable on a 1:1 basis for 9,690,639 (2023: 6,731,128) ordinary shares of Healius at an exercise price of \$nil. The performance rights will vest between July 2024 and October 2026 subject to the satisfaction of applicable service and performance conditions and carry no rights to dividends and no voting rights.

As at 30 June 2024, the company had 32,900 (2023: 25,660) Non-Executive Director (NED) share rights on issue, exercisable on 1:1 basis for 32,900 (2023: 25,660) ordinary shares of Healius at an exercise price of \$nil.

RESTRICTED SHARES ON ISSUE

As at 30 June 2024, the company had no restricted shares on issue (2023: nil).

Notes to the financial statements

for the year ended 30 June 2024

C3. Dividends on equity instruments

	2024 CENTS PER SHARE	2023 CENTS PER SHARE	2024 \$M	2023 \$M
Recognised amounts				
Final dividend – previous financial year	–	6.00	–	34.3
Interim dividend – this financial year	–	–	–	–
	–	6.00	–	34.3
Unrecognised amounts				
Final dividend – this financial year	–	–	–	–

No dividends are expected to be paid for the year ended 30 June 2024.

FRANKING ACCOUNT	2024 \$M	2023 \$M
Closing balance as at 30 June	160.7	178.4

The above amounts are calculated from the balance of the franking account as at the end of the reporting period, adjusted for franking credits and debits that will arise from the settlement of liabilities or receivables recognised for income tax and dividends as at the reporting date.

C4. Financial instruments

FINANCIAL RISK MANAGEMENT

Overview

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk, including interest rate, currency and price risk.

This note presents information about the Group's exposure to each of the above risks, its objectives, policies and procedures for measuring and managing risk and the management of capital. Further quantitative disclosures are included throughout this financial report.

Risk Management Framework

The Board of Directors have overall responsibility for the establishment and oversight of risk management and this is delegated through the Group's:

- Risk Management Committee, which is responsible for developing and monitoring the Group's risk management policies (excluding financial reporting risks), and
- Audit Committee, which is responsible for developing and monitoring the Group's financial risk management policies and financial reporting risks.

These committees report regularly to the Board of Directors on their activities.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Group's Risk Management Committee (in relation to material business risks excluding financial reporting risks) and Audit Committee (in relation to financial reporting risks) oversee how management monitors compliance with the Group's risk management policies and procedures, and reviews the adequacy of the Risk Management Framework in relation to the risks faced by the Group.

Notes to the financial statements

for the year ended 30 June 2024

C4. Financial instruments (continued)

Credit risk

Credit risk is the risk of financial loss if a customer or counterparty to a financial asset held by the Group fails to meet its contractual obligations under the terms of the financial asset (to deliver cash to the Group).

The Group's exposure to credit risk arises principally from cash and derivatives held with financial institutions and trade receivables due from external customers. The credit risk on cash and derivative financial instruments is limited because the counter parties are banks with high credit-ratings assigned by international credit-ratings agencies. The Group's maximum exposure to credit risk from trade receivables is equal to the carrying amount of the Group's trade receivables as at the reporting date of \$170.5 million (30 June 2023: \$143.7 million). The ageing of the Group's trade receivables and an analysis of the Group's provision for expected credit losses is provided in note B1.

The Group's exposure to credit risk is also influenced by the bulk-billing of services by medical practitioners to whom the Group charges service fees for the use of imaging facilities. A large proportion of the Group's receivables are due from Medicare Australia (bulk-billed services), health funds and commercial contracts with public and private hospitals. The remaining trade receivables are due from individuals. The concentration of credit risk relating to this remaining debt is limited due to the customer base being large and unrelated.

Liquidity risk

Liquidity risk refers to the risk that the Group will encounter difficulties in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial liability.

The Group manages liquidity risk by continually monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and financial liabilities and ensuring that sufficient unused borrowing facilities are in place should they be required to refinance any short-term financial liabilities.

The Group had access to the following financing facilities as at the end of the reporting period:

	2024 \$M	2023 \$M
Financing facilities		
Non-current		
Unsecured Syndicated Debt Facilities		
Amount used	425.0	565.0
Amount unused	255.0	435.0
Total financing facilities	680.0	1,000.0

The first and second tranche of the Syndicated Facility Agreement of \$180 million and \$500 million respectively, mature on 11 March 2027.

Amounts unused on non-current facilities are able to be drawn during the course of the ordinary working capital cycle of the Group. The following tables detail the Group's remaining contractual maturity for its non-derivative and derivative financial liabilities.

The tables include the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The tables include both interest and principal cash flows except for expected interest payments which have already been recorded in trade and other payables. The cash flows for the interest rate swaps represent the net amounts to be paid.

The repayment of contractual cash flows due in the period less than one year from 30 June 2024 will be met through the ordinary working capital cycle of the Group, forecasted earnings and any unused facility headroom, if required.

Notes to the financial statements

for the year ended 30 June 2024

C4. Financial instruments (continued)

2024	CARRYING AMOUNT \$M	CONTRACTUAL CASH FLOWS			
		TOTAL \$M	LESS THAN 1 YEAR \$M	1 TO 5 YEARS \$M	GREATER THAN 5 YEARS \$M
Consolidated					
Non-derivative financial liabilities					
Gross bank loan ¹	425.0	513.1	25.1	488.0	–
Payables	200.9	200.9	200.9	–	–
Deferred consideration	0.5	0.5	0.5	–	–
Lease liabilities	1,177.1	1,344.5	310.6	731.5	302.4
	1,803.5	2,059.0	537.1	1,219.5	302.4

2023	CARRYING AMOUNT \$M	CONTRACTUAL CASH FLOWS			
		TOTAL \$M	LESS THAN 1 YEAR \$M	1 TO 5 YEARS \$M	GREATER THAN 5 YEARS \$M
Consolidated					
Non-derivative financial liabilities					
Gross bank loan ¹	565.0	687.1	32.1	655.0	–
Payables	218.0	218.0	218.0	–	–
Lease liabilities	1,203.9	1,373.4	303.1	748.1	322.2
	1,986.9	2,278.5	553.2	1,403.1	322.2

¹ Contractual cash flows include notional interest and assumes there is no change to the carrying amount.

Interest rate risk

The Group is exposed to interest rate risk as the Group borrows funds at floating interest rates plus a fixed margin. Interest rate risk is managed by the Group by the use of interest rate swap contracts (cash flow hedges), executed by authorised representatives of the Group within limits approved by the Risk Management Committee.

The following tables detail the Group's exposure to interest rate risk on non-derivative financial assets and financial liabilities as at 30 June. Lease liabilities below relate to financing arrangements for equipment with a variable interest component.

2024	AVERAGE INTEREST RATE %	CARRYING AMOUNT \$M
Financial assets		
Cash	4.66	60.1
Financial liabilities		
Gross bank loans	5.50	(425.0)
Lease liabilities – equipment	7.08	(12.1)
		(377.0)

2023	AVERAGE INTEREST RATE %	CARRYING AMOUNT \$M
Financial assets		
Cash	3.21	115.3
Financial liabilities		
Gross bank loans	4.24	(565.0)
Lease liabilities – equipment	2.29	(18.2)
		(467.9)

The Group uses interest rate swaps to hedge its interest rate risks. The following table details the notional principal amounts and the remaining terms of interest rate swap contracts outstanding at the end of the reporting period. The average interest rate disclosed in the table represents the average rate payable by the Group on the notional principal value hedged using cash flow hedges plus the fixed margin on the underlying debt which reflects the cost of funds to the Group.

Notes to the financial statements

for the year ended 30 June 2024

C4. Financial instruments (continued)

2024	AVERAGE CONTRACTED FIXED INTEREST RATE %	NOTIONAL PRINCIPAL \$M	FAIR VALUE \$M
Interest rate swaps			
Less than 1 year	3.72	70.0	1.6
1 to 2 years	3.70	245.0	0.9
		315.0	2.5

The aggregate notional principal amount of the outstanding interest rate swap contracts as at 30 June 2024 was \$315.0 million.

2023	AVERAGE CONTRACTED FIXED INTEREST RATE %	NOTIONAL PRINCIPAL \$M	FAIR VALUE \$M
Interest rate swaps			
1 to 2 years	3.00	90.0	2.1
2 to 5 years	3.71	315.0	2.4
		405.0	4.5

Interest rate sensitivity analysis

The sensitivity analysis below has been determined based on the Group's exposure to variable interest rates during the financial year, projecting a reasonably possible change taking place at the beginning of the financial year, held constant throughout the financial year and applied to variable interest payments made throughout the financial year. A 100 basis point increase represents management's assessment of a reasonably possible change in interest rates. If interest rates had been 100 basis points higher or lower and all other variables were held constant, the impact on the profit after tax and other comprehensive income would have been as follows:

	PROFIT AFTER TAX		OTHER COMPREHENSIVE INCOME	
	100BP INCREASE \$M	100BP DECREASE \$M	100BP INCREASE \$M	100BP DECREASE \$M
Consolidated				
30 June 2024 – variable rate instruments	(1.2)	1.2	3.8	(3.8)
30 June 2023 – variable rate instruments	(2.7)	2.7	7.4	(7.4)

Cash flow hedges (Interest rate swap contracts)

The Group uses interest rate swap contracts to hedge its interest rate risks, predominantly arising from financing activities. Under interest rate swap contracts, the Group agrees to exchange the difference between fixed and floating rate interest amounts calculated on agreed notional principal amounts. Such contracts enable the Group to mitigate the cash flow exposures on the variable rate debt and are accounted for as cash flow hedges. The fair value of interest rate swaps at the end of the reporting period is determined by discounting the future cash flows using the yield curves at the end of the reporting period and the credit risk inherent in the contract.

The Group's cash flow hedges settle on a monthly basis. The Group settles the difference between the fixed and floating interest rate payable/(receivable) under each cash flow hedge on a net basis.

Notes to the financial statements

for the year ended 30 June 2024

C4. Financial instruments (continued)

ACCOUNTING POLICY

All interest rate swap contracts exchanging floating rate interest amounts for fixed rate interest amounts are designated as cash flow hedges as they reduce the Group's cash flow exposure resulting from variable interest rates on its gross bank loans.

Interest rate swap contracts are initially recognised at fair value on the date the contract is entered into and are subsequently re-measured to their fair value at the end of each reporting period. The effective part of any gain or loss on the interest rate swap is recognised directly in equity. Any gain or loss relating to the ineffective portion (if any) of the interest rate swap is recognised immediately in the consolidated statement of profit or loss.

Payments under the interest rate swaps and the interest payments on the underlying financial liability occur simultaneously and the amount accumulated in equity is reclassified to the statement of profit or loss over the period that the floating rate interest payments on the underlying financial liability affect the statement of profit or loss.

When a hedging instrument expires or is sold, terminated or exercised, or the entity revokes designation of the hedge relationship but the hedged forecast transaction is still expected to occur, the cumulative gain or loss at that point remains in equity and is recognised in accordance with the above policy when the transaction occurs. If the hedged transaction is no longer expected to take place, then the cumulative unrealised gain or loss recognised in equity is immediately recognised in the consolidated statement of profit or loss.

Fair value of financial instruments

Basis for determining fair value

The determination of fair values of the Group's financial instruments that are not measured at cost or amortised cost in the financial statements are summarised as follows:

(i) Cash flow hedges (interest rate swap contracts)

The fair value of the Group's cash flow hedges are measured as the present value of future cash flows estimated and discounted based on applicable yield curves derived from quoted interest rates at the end of the financial year.

Fair value measurement – valuation methods

The table below analyses the Group's financial instruments carried at fair value, by valuation method. The definition of each "level" below is as required by accounting standards as follows:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Deferred consideration relates to business combinations. The fair value of deferred consideration is measured as the present value of the estimated future cash outflows which are based on Board-approved budgets and earnings multiples as set out in the relevant acquisition documentation.

Carrying amount

2024 \$M	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
Financial assets				
Interest rate swaps	–	2.5	–	2.5
Financial liabilities				
Deferred consideration	–	–	0.5	0.5
2023 \$M	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
Financial liabilities				
Interest rate swaps	–	4.5	–	4.5

Notes to the financial statements

for the year ended 30 June 2024

C4. Financial instruments (continued)

Fair value of other financial instruments

The fair value of cash, receivables, payables and lease liabilities approximates their carrying amount. The fair value of the non-current interest-bearing liabilities approximates the carrying amount of the gross bank loans of \$425.0 million (2023: \$565.0 million).

Other risks

Currency risk

The Group transacts predominately in Australian dollars and has a relatively small exposure to offshore assets or liabilities. The Group predominately uses the spot foreign currency market to service any foreign currency transactions. A sensitivity analysis has not been performed on the currency risk as this is not considered material.

Capital management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance and providing a stable capital base from which Healius can pursue its corporate strategic objectives.

The capital structure of the Group consists of debt, which includes the interest-bearing liabilities disclosed in note C1, cash and equity attributable to equity holders of the parent, comprising of issued capital, reserves and retained earnings as disclosed in the consolidated statement of changes in equity. The Group's policy is to borrow centrally on a long term basis from committed long term revolving bank facilities and through recycling capital in order to meet anticipated funding requirements.

C5. Commitments for expenditure

	2024 \$M	2023 \$M
Capital commitments		
Commitments for the acquisition of plant and equipment contracted for at the reporting date but not recognised as liabilities, payable:		
Within 1 year	8.6	17.1
Later than 1 year but not later than 5 years	–	1.8
	8.6	18.9

D. Group structure

This section contains details of the way the business is structured including details of controlled entities, changes to the group structure during the year and the financial impact of these changes.

D1. Subsidiaries

Details of the Group's material wholly owned subsidiaries at the end of the reporting period are as follows:

NAME OF SUBSIDIARY	PLACE OF INCORPORATION AND OPERATION
Healius Limited	Australia
Idameneo (No. 789) Ltd	Australia
Healthcare Imaging Services (Victoria) Pty Ltd	Australia
Queensland Diagnostic Imaging Pty Ltd	Australia
Healthcare Imaging Services (WA) Pty Ltd	Australia
Healthcare Imaging Services Pty Ltd	Australia
Specialist Veterinary Services Pty Ltd	Australia
Healius Pathology Pty Ltd	Australia
Agilex Biolabs Pty Ltd	Australia

Notes to the financial statements

for the year ended 30 June 2024

D2. Deed of cross guarantee

Pursuant to ASIC Corporations Instrument (Wholly-owned Companies) Instrument 2016/785, the wholly-owned subsidiaries listed below are relieved from the *Corporations Act 2001* requirements for preparation, audit and lodgement of financial reports, and Directors' reports.

It is a condition of the Instrument that the relevant holding entity and each of the relevant subsidiaries enter into a Deed of Cross Guarantee. The effect of the Deed is that each holding entity guarantees to each creditor payment in full of any debt in the event of winding up of any of the subsidiaries in each Group under certain provisions of the *Corporations Act 2001*. If a winding up occurs under other provisions of the *Corporations Act 2001*, each holding entity will only be liable in the event that after six months any creditor has not been paid in full. The subsidiaries have also given similar guarantees in the event that each holding entity is wound up.

HEALIUS GROUP – DEED OF CROSS GUARANTEE

Healius Limited has entered into a Deed of Cross Guarantee with certain of its wholly-owned subsidiaries. The holding entity and subsidiaries, subject to the Deed of Cross Guarantee as at 30 June 2024 are as follows:

ACN 138 935 403 Pty Ltd	Healthcare Imaging Services Pty Ltd
Agilex Biolabs Pty Ltd	HLS Healthcare Holdings Pty Ltd
Crystal Eye Clinic (WA) Pty Ltd	HLS Imaging Holdings Pty Ltd
Digital Diagnostic Imaging Pty Ltd	HLS Pathology Holdings Pty Ltd
Former AP Pty Ltd	Idameneo (No. 124) Pty Ltd
Former SDS Pty Ltd	Idameneo (No.789) Limited
Healius Limited (holding entity)	Integrated Health Care Pty Ltd
Healius Pathology Pty Ltd	Moaven & Partners Pathology Pty Ltd
Healius Training Institute Pty Ltd	Queensland Diagnostic Imaging Pty Ltd
Healthcare Imaging Services (SA) Pty Ltd	Queensland Medical Services Pty Ltd
Healthcare Imaging Services (Victoria) Pty Ltd	Specialist Haematology Oncology Services Pty Ltd
Healthcare Imaging Services (WA) Pty Ltd	Specialist Veterinary Services Pty Ltd

Consolidated income statements and consolidated balance sheets, comprising holding entities and subsidiaries which are parties to the above Deed, after eliminating all transactions between parties to the Deed, at 30 June 2024 are materially consistent with the Group's consolidated statement of profit or loss and consolidated statement of financial position disclosed elsewhere in this financial report.

D3. Parent entity disclosures

The accounting policies of the parent entity, Healius Limited, which have been applied in determining the information shown below, are the same as those applied in the consolidated financial statements except in relation to investments in subsidiaries which are accounted for at cost less any impairment losses in the financial statements of Healius Limited.

The summary statement of financial position of Healius Limited at the end of the financial year is as follows:

STATEMENT OF FINANCIAL POSITION	2024 \$M	2023 \$M
Assets		
Current	1.7	5.3
Non-current	1,460.3	2,044.9
Total assets	1,462.0	2,050.2
Liabilities		
Current	2.6	1.8
Non-current	420.8	562.1
Total liabilities	423.4	563.9
Net assets	1,038.6	1,486.3
Equity		
Issued capital	2,623.9	2,441.0
Accumulated losses	(1,590.1)	(963.7)
Other reserves	4.8	9.0
Total equity	1,038.6	1,486.3

The statement of comprehensive loss of Healius Limited for the financial year is as follows:

STATEMENT OF COMPREHENSIVE LOSS	2024 \$M	2023 \$M
Loss for the year	(628.2)	(145.9)
Other comprehensive (loss)/income	(1.4)	3.4
Total comprehensive loss	(629.6)	(142.5)

Notes to the financial statements

for the year ended 30 June 2024

E. Other disclosures

This section contains details of other items required to be disclosed in order to comply with accounting standards and other pronouncements.

E1. Notes to the statement of cash flows

	NOTE	2024 \$M	2023 \$M
Reconciliation of cash			
For the purpose of the statement of cash flows, cash includes cash on hand and in banks.			
Cash at the end of the financial year as shown in the statement of cash flows is reconciled to the related items in the statement of financial position as follows:			
Cash as disclosed in the statement of financial position		60.1	115.3
Cash as disclosed in the Group statement of cash flows		60.1	115.3
Reconciliation of loss from ordinary activities after related income tax to net cash flows from operating activities			
Loss for the year		(645.8)	(367.8)
Finance costs		70.8	63.4
Depreciation of plant and equipment		40.1	40.8
Depreciation of right of use assets		226.7	220.9
Amortisation of intangibles		14.4	15.5
Amortisation of HCP upfronts		1.0	1.8
Share-based payment expense		0.1	(7.8)
Gain on sale of Day Hospitals	E2	–	(6.8)
Gain on derecognition of right of use assets		(5.2)	(4.2)
Loss/(gain) on sale of PP&E and intangibles		0.5	(1.1)
Impairment of leased assets ¹		5.8	39.1
Impairment of goodwill		603.2	349.8
Other non-cash items		(1.2)	(1.3)
Increase/(decrease) in:			
Trade payables and accruals		(6.3)	40.1
Provisions		(18.4)	(31.6)
Deferred revenue		(7.0)	4.7
Income tax and deferred taxes		8.4	(89.3)
Decrease/(increase) in:			
Consumables		0.9	14.5
Receivables and prepayments		(21.2)	52.6
Net cash provided by operating activities		266.8	333.3

¹ Impairment of leased assets in 2024 relates to the right of use asset write-down of two legacy medical centre sites. Expense has been recognised in discontinued operations.

FINANCING FACILITIES

Details of financing facilities available to the Group are provided at note C4.

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FINANCE REPORT

HEALIUS ANNUAL REPORT 2024

Notes to the financial statements

for the year ended 30 June 2024

E2. Discontinued operations

The Group sold Day Hospital Businesses (Day Hospitals) on 30 April 2023. The results of the business has been presented in the comparative results as discontinued operations.

The results of discontinued operations for the year are presented below:

	2024 \$M	2023 \$M
Revenue and other gains	–	43.7
Expenses	(11.3)	(38.1)
(Loss)/earnings before interest and tax	(11.3)	5.6
Finance costs	–	(1.1)
(Loss)/earnings before tax	(11.3)	4.5
Profit on sale	–	6.8
(Loss)/profit before tax from discontinued operations	(11.3)	11.3
Income tax benefit	1.5	0.9
(Loss)/profit from discontinued operations	(9.8)	12.2

The net cash flows of discontinued operations are:

	2024 \$M	2023 \$M
Operating	(15.8)	(1.3)
Investing	1.0	113.2
Financing	–	(4.3)
Net cash inflow	(14.8)	107.6

The profit/(loss) per share attributable to discontinued operations is as follows:

	2024 CENTS	2023 CENTS
Basic (loss)/profit per share from discontinued operations	(1.5)	2.1
Diluted (loss)/profit per share from discontinued operations	(1.5)	2.1

E3. Taxation

CURRENT TAX BALANCES

INCOME TAX

	2024 \$M	2023 \$M
Income tax payable is attributable to:		
Entities in the tax consolidated group	–	–
Other	–	(1.9)
	–	(1.9)

	2024 \$M	2023 \$M
Income tax receivable is attributable to:		
Entities in the tax consolidated group	–	6.7
Other	0.2	–
	0.2	6.7

Current tax assets and liabilities for the current and prior year are measured at the amount expected to be paid to or recovered from the taxation authorities based on the current year's taxable income. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Notes to the financial statements

for the year ended 30 June 2024

E3. Taxation (continued)

DEFERRED TAXATION

2024 \$M	1 JULY 2023 OPENING BALANCE	CREDITED/ (CHARGED) TO INCOME	CREDITED/ (CHARGED) TO EQUITY	OTHER ADJUSTMENTS	30 JUNE 2024 CLOSING BALANCE
Receivables	(7.0)	0.2	–	–	(6.8)
Consumables	(9.7)	0.2	–	–	(9.5)
Prepayments	(1.0)	0.2	–	–	(0.8)
Property, plant and equipment	0.4	1.6	–	–	2.0
Right of use assets	(327.3)	8.8	–	–	(318.5)
Intangibles and capitalised costs	4.3	(2.0)	–	–	2.3
Transaction costs for equity raise	–	(0.5)	2.4	–	1.9
Payables	6.2	0.5	–	–	6.7
Provisions	46.7	(1.6)	–	–	45.1
Lease liabilities	361.1	(7.9)	–	–	353.2
Other financial liabilities	(0.9)	(0.2)	0.6	–	(0.5)
Net temporary differences	72.8	(0.7)	3.0	–	75.1
Tax losses – revenue	15.1	(2.6)	–	1.5	14.0
Deferred tax asset	87.9	(3.3)	3.0	1.5	89.1

2023 \$M	1 JULY 2022 OPENING BALANCE	CREDITED/ (CHARGED) TO INCOME	CREDITED/ (CHARGED) TO EQUITY	ACQUISITIONS AND OTHER ADJUSTMENTS	30 JUNE 2023 CLOSING BALANCE
Receivables	(5.6)	(1.4)	–	–	(7.0)
Consumables	(14.3)	4.1	–	0.5	(9.7)
Prepayments	(0.9)	(0.1)	–	–	(1.0)
Property, plant and equipment	1.5	(2.7)	–	1.6	0.4
Right of use assets	(328.7)	2.1	–	(0.7)	(327.3)
Intangibles and capitalised costs	(1.0)	4.5	–	0.8	4.3
Entitlement offer	0.4	(0.4)	–	–	–
Payables	7.7	(1.4)	–	(0.1)	6.2
Provisions	56.2	(8.9)	–	(0.6)	46.7
Lease liabilities	351.8	9.3	–	–	361.1
Other financial liabilities	0.5	0.2	(1.4)	(0.2)	(0.9)
Net temporary differences	67.6	5.3	(1.4)	1.3	72.8
Tax losses – revenue	1.2	10.9	–	3.0	15.1
Deferred tax asset	68.8	16.2	(1.4)	4.3	87.9

Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

Deferred tax arises when there are temporary differences between the carrying amount of assets and liabilities and the corresponding tax base of those items. Deferred taxes are not recognised for temporary differences relating to:

- the initial recognition of assets and liabilities that is not a business combination which affects neither taxable income nor accounting profit;
- the initial recognition of goodwill; and
- investments in subsidiaries where the Group is able to control the timing of the reversal of the temporary difference and it is probable that they will not reverse in the foreseeable future. Deferred tax assets are recognised to the extent that it is probable that future taxable amounts will be available against which the assets can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the periods when the asset is realised or the liability is settled based on tax rates and tax laws that have been enacted or substantively enacted by reporting date.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

The Group has capital losses carried forward of \$519 million (FY 2023: \$519 million). No deferred tax assets have been recognised in relation to these amounts as these capital losses cannot be utilised until the group generates a capital gain.

Notes to the financial statements

for the year ended 30 June 2024

E3. Taxation (continued)

TAX CONSOLIDATION

Healius Limited and its wholly-owned Australian entities elected to form an income tax consolidated group as of 1 July 2002. The entities in the income tax consolidated group entered into a tax sharing agreement which, in the opinion of the Directors, limits the entities' joint and several liability in the case of an income tax payment default by the head entity, Healius Limited. The entities continue to adopt the stand-alone taxpayer method in measuring current and deferred tax amounts for each entity, as if it continued to be a taxable entity in its own right.

The entities have also entered into a tax funding agreement under which the entities fully compensate Healius Limited for any current income tax payable assumed and are compensated by Healius Limited for any current tax receivable and deferred tax assets relating to unused tax losses or unused tax credits that are transferred to Healius Limited under the income tax consolidation legislation.

E4. Contingent liabilities

	2024 \$M	2023 \$M
Guarantees		
Property related	-	0.2
	-	0.2

E5. Share-based payments

The Group uses Options, Performance Rights and Service Rights to remunerate Senior Executives and Management.

Options and Performance Rights are subject to both service and performance conditions whilst Service Rights are subject to service conditions only. Details of service conditions and performance conditions for each share based payment plan are set out below. Options and Rights will vest if the relevant conditions are met. Each Performance Right is an entitlement to one fully paid ordinary share in Healius.

Options and Performance Rights carry no rights to dividends and no voting rights.

On vesting, Options may be exercised by the participant at the exercise price. For the third and final remaining tranche of the FY 2020 Options Plan, the exercise price is the standard volume weighted average price (VWAP) for the Company's shares for the 10 trading days following 1 July 2019 which was \$3.05. The Options must be exercised on the relevant Exercise Date as set out below.

On vesting, Performance Rights and Service Rights are exercised automatically for nil consideration and convert to fully paid ordinary shares in the Company. The Board may determine to allow a cashless exercise of Options.

If a participant ceases employment any unvested Options or Rights will lapse unless otherwise determined by the Board.

The Group operate the following share based payment plans:

(a) Transformation Long Term Incentive Plan (TLTIP) – Options Plan

The purpose of the TLTIP is to retain and motivate the executive team to deliver over the term of the strategic plan. The strategic plan aims to deliver a sustainable increase in shareholder returns over time. The key components of the TLTIP are a close alignment to cumulative shareholder returns and a measurement period of five years.

The TLTIP was granted as Options with a one-off grant of Options to cover a three-year period from FY 2020 with options exercisable in equal tranches at the end of FY 2022, FY 2023 and FY 2024. The vesting of the Options is subject to continued employment throughout the relevant measurement period and the following performance conditions:

- Earnings Per Share (EPS) cumulative compound annual growth rate (CAGR) and relative Total Shareholder Return (rTSR) for the CEO, CFO and members of the executive team in functional roles (split 2/3 to 1/3 between EPS and rTSR); and
- Divisional Earnings Before Interest and Tax (EBIT) growth as well as EPS growth and rTSR for the divisional CEOs (split 40%/20%/40% between EPS, rTSR and EBIT).

The Options granted in FY 2020 are allocated evenly to three tranches with the measurement period being 1 July 2019 to 30 June 2022 for Tranche 1, 1 July 2019 to 30 June 2023 for Tranche 2 and 1 July 2019 to 30 June 2024 for Tranche 3.

Notes to the financial statements

for the year ended 30 June 2024

E5. Share-based payments (continued)

The relevant Exercise Date for each tranche is as follows:

- Tranche 1: the day following the release of the FY 2022 results;
- Tranche 2: the day following the release of the FY 2023 results; and
- Tranche 3: the day following the release of the FY 2024 results.

Further details of the LTIP Options Plan can be found in the Remuneration Report.

(b) Long Term Incentive Plan (LTIP) – Performance Rights Plans

In FY 2022, Performance Rights were granted under the LTIP to senior executives other than members of the executive team who received Options under the LTIP as discussed above.

In FY 2023 and FY 2024, Performance Rights were granted under the LTIP to senior management including members of the executive team.

The Performance Rights are subject to continued employment throughout the measurement period and are subject to EPS and rTSR based performance conditions, with rights allocation split as follows:

- In FY 2024 – split 1/2 to 1/2 between EPS and rTSR;
- In FY 2023 – split 1/3 to 2/3 between EPS and rTSR; and
- In FY 2022 – split 2/3 to 1/3 between EPS and rTSR

The measurement period for Performance Rights granted under the FY 2024 award is 1 July 2023 to 30 June 2026 (FY 2023 award: 1 July 2022 to 30 June 2025). Retesting will not occur under any of these awards.

(c) Short Term Incentive Plan (STIP)

The purpose of the STIP is to motivate Senior Executives to achieve the short-term annual objectives linked to Company success and shareholder value creation and to create a strong link between performance and reward. Awards made under the STIP are subject to various financial and non-financial performance conditions (KPIs) measured over a 12 month period ending 30 June.

Set out below are summaries of the equity instruments granted under each of the plans as at 30 June 2024:

DESCRIPTION	GRANT DATE ¹	BALANCE AS AT 1 JULY 2023 NUMBER	GRANTED DURING THE YEAR NUMBER	EXERCISED DURING THE YEAR NUMBER	FORFEITED DURING THE YEAR NUMBER ²	BALANCE AS AT 30 JUNE 2024 NUMBER
FY 2020 LTIP – Options	28 February 2020	19,668,429	–	–	(13,823,839)	5,844,590
FY 2021 LTIP – Rights	26 October 2020	1,319,511	–	(164,863)	(1,154,648)	–
FY 2022 LTIP – Rights	21 May 2022	1,726,842	–	–	(252,709)	1,474,133
FY 2022 STIP – Rights	23 September 2022	221,426	–	(209,778)	(11,648)	–
FY 2023 Retention – Rights	29 July 2022	25,000	–	–	(25,000)	–
FY 2023 LTIP – Rights	16 March 2023	3,010,231	–	–	(921,671)	2,088,560
FY 2024 LTIP – Rights	5 January 2024	–	3,803,384	–	(792,647)	3,010,737

1 Grant date has been determined in accordance with the requirements of AASB 2 *Share based Payment*. These dates may differ from the dates on which notice was given to the ASX of the proposed issue of securities.

2 Options forfeited will remain on the Company's Options Register until the Exercise Date for the relevant Options tranche, at which time they will lapse.

FAIR VALUE OF RIGHTS GRANTED

The fair value of the Options and Performance Rights granted under the FY 2024, FY 2023, FY 2022 and FY 2020 Plans were estimated at the grant date using a Monte-Carlo simulation model taking into account the terms and conditions on which the Options and Performance Rights were granted including the rTSR performance condition where applicable. As the EPS and EBIT performance conditions are non-market conditions they are not taken into account when determining the fair value of the Options and Performance Rights but rather are considered when determining the number of Options and Performance Rights that will ultimately vest.

The fair values of Rights granted during the year are set out below:

DESCRIPTION	TRANCHE	GRANT DATE	MEASUREMENT PERIOD	GRANT DATE FAIR VALUE PER RIGHT \$
FY 2024 LTIP – Rights	EPS	5 January 2024	1 July 2023 to 30 June 2026	1.46
FY 2024 LTIP – Rights	rTSR	5 January 2024	1 July 2023 to 30 June 2026	0.08

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for the year ended 30 June 2024

E5. Share-based payments (continued)

ACCOUNTING POLICY

Options and Performance Rights granted to employees are measured at the fair value of the equity instruments at the grant date. The fair value is recognised as an employee benefits expense on a straight line basis over the vesting period with a corresponding increase in the share based payments reserve. The fair value of the Rights granted includes any market performance conditions such as rTSR and the impact of any non vesting conditions, but excludes the impact of service and non-market performance conditions such as EPS and EBIT.

At the end of each reporting period, in relation to service and non market performance conditions, the Group revises its estimate of the number of Options and Rights that are expected to vest. The impact of the revision to the original estimate, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share based payments reserve.

E6. Related party disclosures

TRANSACTIONS WITHIN THE WHOLLY-OWNED GROUP

Loans between wholly-owned entities in the Group are repayable at call. If both parties to the loan are within the same tax consolidated Group, no interest is charged on the loan. If this is not the case, interest is charged on the loan at normal commercial rates.

During the financial year, rental of premises occurred between wholly-owned entities within the Group at commercial rates.

E7. Key Management Personnel disclosures

KEY MANAGEMENT PERSONNEL COMPENSATION

Key Management Personnel (KMP), including Non-executive Directors, compensation details are set out in the Remuneration Report section of the Directors' Report.

	2024 \$000	2023 \$000
Short-term employee benefits	4,213	4,368
Post-employment benefits	187	164
Other long-term employee benefits	(20)	163
Termination payments	2,090	1,690
Share-based payments	132	(1,983)
	6,602	4,402

OTHER TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL

From time to time, KMPs (and their personally related entities) enter into transactions with entities in the Group, including the use or provision of services under normal customer, supplier or employee relationships. These transactions:

- Occur within a normal employee, customer or supplier relationship on terms and conditions no more favorable than those which it is reasonable to expect the Group would have adopted if dealing with the KMP or their personally related entity at arm's length in the same circumstances;
- do not have the potential to adversely affect decisions about the allocation of scarce resources made by users of the financial report, or the discharge of accountability by the KMP; and
- are trivial or domestic in nature.

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for the year ended 30 June 2024

E8. Remuneration of auditor

	2024 \$000	2023 \$000
Fees to Ernst & Young (Australia)		
Fees for auditing the statutory financial report of the Group	982	905
Fees for other assurance and agreed-upon-procedures services		
Internal controls and compliance	6	5
Fees for other services		
Tax consulting	154	69
Due diligence	-	97
Advisory	162	162
Total fees to Ernst & Young (Australia)	1,304	1,238
Fees to overseas member firms of Ernst & Young (Australia)		
Fees for auditing the financial report of the Group's controlled entities	41	40
Fees for other services		
Tax consulting	12	17
Total fees to overseas member firms of Ernst & Young (Australia)	53	57
Total auditor's remuneration	1,357	1,295

E9. Adoption of new and revised standards

STANDARDS AFFECTING AMOUNTS REPORTED IN THE CURRENT PERIOD (AND/OR PRIOR PERIODS)

A number of amendments to Standards issued by the Australian Accounting Standards Board (AASB) and Interpretations are applicable for the first time in the 2024 financial year, however adoption does not have a material impact on the disclosures or amounts recognised in the consolidated financial statements of the Group.

STANDARDS ON ISSUE NOT YET ADOPTED

At the date of authorisation of the financial statements, a number of Standards and Interpretations were on issue but not yet effective for the Group. In the Directors' opinion these standards will not have a material impact on the amounts reported by the Group in future financial periods.

E10. Subsequent events

There has not been any matter or circumstance that has arisen since the end of the financial year that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

Consolidated entity disclosure statement

for the year ended 30 June 2024

Presented below is the consolidated entity disclosure statement:

NAME OF SUBSIDIARY	ENTITY TYPE	TAX RESIDENCY – AUSTRALIAN/ FOREIGN	PLACE OF INCORPORATION	PROPORTION OF OWNERSHIP INTEREST AND VOTING POWER HELD BY THE GROUP	
				2024 %	2023 %
Healius Limited	Body Corporate	Australian	Australia		
Former AP Pty Ltd	Body Corporate	Australian	Australia	100	100
Former SDS Pty Limited ¹	Body Corporate	Australian	Australia	100	100
The Sydney Diagnostic Services Unit Trust	Trust	Australian	Australia	100	100
Healius Nominees Pty Ltd	Body Corporate	Australian	Australia	100	100
Healius Training Institute Pty Ltd	Body Corporate	Australian	Australia	100	100
Idameneo (No. 124) Pty Ltd	Body Corporate	Australian	Australia	100	100
Idameneo (No. 789) Ltd	Body Corporate	Australian	Australia	100	100
ACN 063 535 884 Pty Ltd	Body Corporate	Australian	Australia	100	100
ACN 063 535 955 Pty Ltd	Body Corporate	Australian	Australia	100	100
ACN 138 935 403 Pty Ltd	Body Corporate	Australian	Australia	100	100
Crystal Eye Clinic (WA) Pty Ltd	Body Corporate	Australian	Australia	100	100
Digital Diagnostic Imaging Pty Ltd	Body Corporate	Australian	Australia	100	100
Healius Health Care Institute Pty Ltd	Body Corporate	Australian	Australia	100	100
HLS Camden Pty Ltd ¹	Body Corporate	Australian	Australia	100	100
Primary (Camden) Property Trust	Trust	Australian	Australia	100	100
HLS Healthcare Holdings Pty Ltd	Body Corporate	Australian	Australia	100	100
HLS Imaging Holdings Pty Ltd	Body Corporate	Australian	Australia	100	100
ACN 088 631 949 Pty Ltd ¹	Body Corporate	Australian	Australia	100	100
Orana Service Unit Trust	Trust	Australian	Australia	100	100
Amokka Java Pty Limited	Body Corporate	Australian	Australia	100	100
Brystow Pty Ltd	Body Corporate	Australian	Australia	100	100
Healthcare Imaging Services (SA) Pty Ltd	Body Corporate	Australian	Australia	100	100
Healthcare Imaging Services (Victoria) Pty Ltd	Body Corporate	Australian	Australia	100	100
Healthcare Imaging Services (WA) Pty Ltd	Body Corporate	Australian	Australia	100	100
Healthcare Imaging Services Pty Ltd	Body Corporate	Australian	Australia	100	100
Campbelltown MRI Pty Ltd	Body Corporate	Australian	Australia	100	100
Queensland Diagnostic Imaging Pty Ltd	Body Corporate	Australian	Australia	100	100
Axis Diagnostic Holdings Pty Ltd	Body Corporate	Australian	Australia	100	100
Granite Belt Diagnostic Imaging Pty Ltd	Body Corporate	Australian	Australia	100	100
Keperra Diagnostic Imaging Pty Ltd	Body Corporate	Australian	Australia	100	100
Toowoomba Diagnostic Imaging Pty Ltd	Body Corporate	Australian	Australia	100	100
Whitsunday Radiology Pty Ltd	Body Corporate	Australian	Australia	100	100
Northcoast Nuclear Medicine (QLD) Pty Ltd	Body Corporate	Australian	Australia	100	100
PET Imaging Services Pty Ltd	Body Corporate	Australian	Australia	100	100
HLS Pathology Holdings Pty Ltd	Body Corporate	Australian	Australia	100	100
Agilex Biolabs Pty Ltd	Body Corporate	Australian	Australia	100	100
AME Medical Services Pty Ltd	Body Corporate	Australian	Australia	100	100
HLS Pathology Holdings Asia Pty Ltd	Body Corporate	Australian	Australia	100	100
SDS Pathology (Singapore) Private Limited	Body Corporate	Australian	Singapore	100	100
Healius Pathology India Private Limited	Body Corporate	India	India	100	100
Healius Pathology Pty Ltd	Body Corporate	Australian	Australia	100	100
Moaven & Partners Pathology Pty Ltd ¹	Body Corporate	Australian	Australia	100	100
Pathways Unit Trust	Trust	Australian	Australia	100	100
Queensland Medical Services Pty Ltd	Body Corporate	Australian	Australia	100	100
SDS Healthcare Solutions Inc.	Body Corporate	Philippines	Philippines	99.98	99.98

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Consolidated entity disclosure statement

for the year ended 30 June 2024

NAME OF SUBSIDIARY	ENTITY TYPE	TAX RESIDENCY – AUSTRALIAN/ FOREIGN	PLACE OF INCORPORATION	PROPORTION OF OWNERSHIP INTEREST AND VOTING POWER HELD BY THE GROUP	
				2024 %	2023 %
Jandale Pty Ltd	Body Corporate	Australian	Australia	100	100
Integrated Health Care Pty Ltd	Body Corporate	Australian	Australia	100	100
Queensland Specialist Services Pty Ltd	Body Corporate	Australian	Australia	100	100
Specialist Haematology Oncology Services Pty Ltd	Body Corporate	Australian	Australia	100	100
Specialist Veterinary Services Pty Ltd	Body Corporate	Australian	Australia	100	100
HLS Millers Point Pty Ltd ¹	Body Corporate	Australian	Australia	100	100
Primary Millers Point Property Trust	Trust	Australian	Australia	100	100
HLS Richmond Pty Ltd	Body Corporate	Australian	Australia	100	100
HLS PST Pty Ltd ¹	Body Corporate	Australian	Australia	100	100
Primary (Greensborough) Property Sub Trust	Trust	Australian	Australia	100	100
Primary (Richmond) Property Trust	Trust	Australian	Australia	100	100
Primary (Robina) Property Sub Trust	Trust	Australian	Australia	100	100
John R Elder Pty Ltd	Body Corporate	Australian	Australia	100	100
Larches Pty Ltd	Body Corporate	Australian	Australia	100	100
Kelldale Pty Ltd	Body Corporate	Australian	Australia	100	100
MGSF Pty Ltd	Body Corporate	Australian	Australia	100	100
Murdoch Haematology & Oncology Clinic Pty Ltd	Body Corporate	Australian	Australia	100	100
Murdoch Private Hospital Pty Ltd	Body Corporate	Australian	Australia	100	100
HLS Employee Share Acquisition Plan Pty Ltd ¹	Body Corporate	Australian	Australia	100	100
Senior Executive Short Term Incentive Plan Trust	Trust	Australian	Australia	100	100
Symbion Employee Share Acquisition Plan Trust	Trust	Australian	Australia	100	100
Symbion Executive Short Term Incentive Plan Trust	Trust	Australian	Australia	100	100
PHC Finance (Australia) Pty Ltd	Body Corporate	Australian	Australia	100	100
PSCP Holdings Pty Ltd	Body Corporate	Australian	Australia	100	100
Saftsal Pty Ltd	Body Corporate	Australian	Australia	100	100
Aksertel Pty Ltd	Body Corporate	Australian	Australia	100	100
Onosas Pty Ltd	Body Corporate	Australian	Australia	100	100
Sumbrella Pty Ltd	Body Corporate	Australian	Australia	100	100
HLS Health Insurance Pty Ltd	Body Corporate	Australian	Australia	100	100
The Ward Corporation Pty Ltd	Body Corporate	Australian	Australia	100	100
Symbion International BV	Body Corporate	United Kingdom	Netherlands	100	100
Idameneo UK Ltd	Body Corporate	United Kingdom	United Kingdom	100	100
Mayne Nickless Incorporated	Body Corporate	United States	United States	100	100
Symbion Holdings (UK) Ltd	Body Corporate	United Kingdom	United Kingdom	100	100
Wellness Holdings Pty Ltd	Body Corporate	Australian	Australia	100	100
PHC (No. 01) Pty Ltd	Body Corporate	Australian	Australia	100	100
Transport Security Insurance (Pte) Limited	Body Corporate	Singapore	Singapore	100	100

¹ The entity is a trustee of a trust within the consolidated entity.

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FINANCE REPORT

HEALIUS ANNUAL REPORT 2024

Sustainability Report

for the year ended 30 June 2024

Building a sustainable business

SUSTAINABILITY ASPIRATION AND PRIORITY AREAS

Our aspiration

Healius aspires to be a socially responsible company that creates value for all stakeholders including customers, employees and investors through its core values of care, compassion and quality.

Our priority focus areas:

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OUR CUSTOMERS

- Through digitisation, automation and advanced applications, improve the way diagnosis is delivered to referrers and patients
- Refine and progress embedded customer feedback mechanisms into operations
- Constantly monitor and enhance privacy and cyber security controls



OUR PLANET

- Refine and progress pathway to carbon neutrality for Scope 1 and 2 emissions through hybrid vehicle fleet, LED's, solar power and green power purchasing
- Continually improve the use of resources and the handling of waste including medical waste and single-use plastic
- Refine and progress Scope 3 emission reduction opportunities



OUR PEOPLE

- Improve employee recognition and benefits
- Foster diversity and inclusion
- Foster employee talent training and career pathways
- Listen to our people and respond appropriately to feedback



OUR COMMUNITIES

- Continue involvement with local charities and local communities
- Support and enhance a national charity partnership aligned to Healius' brand and vision
- Support university partnerships and student placements
- Expand work on human rights in relation to supply chains with a focus on reducing risks associated with modern slavery



OUR SHAREHOLDERS

- Grow the business, improve efficiency and increase returns
- Report against sustainability roadmaps
- Report against United Nations SDGs and other global reporting frameworks
- Prepare for independent assurance of sustainability data

We have identified seven United Nations Sustainable Development Goals (SDGs) that our sustainability strategy is most aligned to:



Sustainability Report

for the year ended 30 June 2024

Our progress:

- Digital front-end program to improve customer experience, now two-thirds complete
- Achieved an improved Net Promoter Score (NPS) of 80 (FY 2023: 78)

- 30.3 kt carbon emissions (Scope 1 & 2)
- 185 hybrid cars (16% of fleet)
- Renewable energy power purchasing agreement effective from January 2024 for our large sites

- 10,610 employees with 74% female participation
- Supporting our people through launch of leadership and management programs

- Enabling access to critical diagnostic care in rural and remote areas
- Supporting key partnerships with Children's Cancer Institute, Street Side Medics and Radiology Across Borders

- Continue preparations for mandatory climate reporting
- Continued good risk management and tax transparency

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Sustainability Report

for the year ended 30 June 2024

Our Customers

Customer experience roadmap

INITIATIVES	FY 2022	FY 2023	FY 2024
Electronic Referrals for patients	[Progress bar from start to end]		
Collections Portal (Pathology)	[Progress bar from start to end]		
Booking System (Imaging)	[Progress bar from start to end]		
Doctor Portal for GPs and specialists (aka Results Portal)	[Progress bar from start to end]		
Laboratory Portal (Pathology)	[Progress bar from start to end]		
Develop customer feedback mechanism	[Progress bar from start to end, with a checkmark icon at the end]		
Set feedback targets and address any concerns	[Progress bar from start to end]		
Enhance privacy and cyber security controls	[Progress bar from start to end]		

Customer experience

DIGITAL SERVICES

A major focus of our pathology strategy is using digital technologies that practically improve services for customers being referring doctors as well as patients.

Over the last year, we have continued to build new capabilities which now span across a suite of market facing as well as internal products across all major touch points in our business. Listed below are some examples of solutions delivered to date:

- **Electronic Referrals:** We have now integrated with major GP and Specialist Practice Management Software and hospital Electronic Health Record systems to obtain electronic referrals and where relevant, engaging the patient directly via text message to help them know where and how to get their tests done easily.
- **Collections Portal:** When patients arrive at one of our collection centres (ACCs), we have made it easier for our Collectors to serve them more efficiently with a digital workflow to register patients, protocol tests, collect specimens, and manage an increasing volume of out-of-pocket fees via new payment terminals rolled out across the network.
- **Results Portal:** We have completely migrated from the legacy system that was at end of life to a modern platform for doctors nationally. This allows referrers to view patient history, request add-on tests, share files with other doctors, with further features in the pipeline to support better clinical decisioning and convenient self-service.
- **Telephony Platform:** A modern Call Centre technology platform has now been successfully rolled out across all our Contact Centres nationally which has enabled our Operators to significantly reduced call waiting times for doctors and patients.
- **Artificial intelligence (AI):** There is a significant opportunity to improve accuracy and operational efficiency in diagnostics by using AI. Our strategy is to leverage globally proven partners as it gives us faster speed-to-market at a lower cost and with flexibility to make changes as technologies evolve. We now have partnerships with Ibex.ai for Histopathology reporting and Annalise.ai for Tuberculosis screening.
- **Cyber Security:** We take privacy of our customers and the protection of their information very seriously. We have adopted the Australian Cybersecurity Centre's industry framework and implemented many risk mitigation controls including upgrading firewalls, segmenting networks, strengthening user access controls, training staff on phishing risks, and 24/7 threat monitoring across our systems.

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Sustainability Report

for the year ended 30 June 2024

Our Customers (continued)

CASE STUDY

New AI technology for the screening of Tuberculosis

Lumus Imaging has recently engaged Australian health tech company, Annalise.ai, to assist with the large volume of Tuberculosis (TB) screening cases the business reports daily. Annalise Enterprise CXR, is the decision support solution, and promises to enhance the early detection and management of TB as it is specifically tailored to support the analysis of chest X-rays.

Group Executive Lumus Imaging, Dr Phil Lucas was thrilled to be utilising the focused capabilities of this cutting-edge machine. "This technology will certainly enhance diagnostic accuracy, efficiency, ultimately revolutionising patient care," he said. Additionally, Lumus Imaging will use this advanced AI technology to augment the quality of reporting for its Doctors' through:

- **Accurate Imaging Analysis:** AI-powered algorithms applied to analyse chest X-rays with high precision.
- **Insightful Decision Support:** Detailed insights to support patient management strategies and treatment planning.
- **User-friendly Interface:** Intuitive design and user-friendly interface ensuring quick adoption and minimal training.

PATIENT FEEDBACK

Our customer feedback tool enables us to identify opportunities and problem areas in real-time, allowing us to address issues and implement operational improvements in a much timelier manner. This is reflected in our improved Net Promoter Score, which was 80 in FY 2024 compared with 78 in the previous year.

Significant patient feedback and concerns, including complaints, are captured within Healius' incident management system and assigned to relevant team members for action and response. Our underlying philosophy is to empower patients by giving them multiple channels to provide feedback, and to empower our people by giving them the authority and the tools to resolve issues with patients. We encourage the resolution of complaints at the front line where possible, but also provide an escalation pathway where needed.

Patients are advised of their right to complain to external bodies such as the various state-based Healthcare Complaints Commissions or Health Ombudsmen. Feedback data including numbers and trends are reported to the Board through the Executive Risk Committee and the Risk Management Committee. Each division's senior management team is included in reporting so that they can address trends and take remedial action. Healius continues to work on broadening the focus of feedback and complaints to the entire patient journey with us.

Patient complaints

	FY 2024	FY 2023	FY 2022
Total patient complaints from continuing operations	1,117	1,139	835
Patient complaints per 100,000 patient services	5.20	5.31	2.92

Our feedback tool has improved accessibility and ease for our patients to provide feedback and has contributed to the increase in overall volume of feedback received since its launch in FY 2023. Following the end of Covid restrictions and the resumption of patient and diagnostic activity, the number of patient complaints have gradually increased to more normal levels.

Sustainability Report

for the year ended 30 June 2024

Our Customers (continued)

DATA PRIVACY AND INFORMATION SECURITY

Data privacy, confidentiality, integrity and availability of medical records is of utmost importance in healthcare. At Healius, we manage large volumes of personal health data in delivering diagnostic services to our referrers and patients. We understand that protecting the privacy of individual data and personal information is paramount.

We have an established Cyber Security Framework aligned to the Australian Cyber Security Centre (ACSC) Information Security Manual, with controls and processes in place to protect clinical and financial data within our systems. We work with intelligence provided by ACSC to continuously update our approach and to invest in strengthening our defences against unauthorised access.

Healius' security program is founded on a process to Identify, Protect, Detect, Respond and Recover with respect to data management and security issues.

IDENTIFY

Programs have been established around identifying risks, prioritising controls, allocating adequate resources, and meeting regulatory obligations.

PROTECT

A comprehensive set of risk mitigation tools and processes to reduce the risk of succumbing to cyber-attacks, which includes (but is not limited to) firewalls, network segmentation, website security, user access controls, end point protection, data loss prevention, training and penetration testing.

DETECT

Healius' Security Operations Centre continuously monitors its IT systems and select Operational Technology (OT) assets.

RESPOND AND RECOVER

A Cyber Incident Response Plan has been developed for both IT and OT assets.

Healius' information security strategy is communicated to the Board, security risk management activities are reported to the Board Risk Committee, and information security metrics are reported to the Executive Risk Committee.

Security awareness

Cyber security and awareness training programs are mandatory for all employees and are undertaken at least annually. Training is tailored to relevant current topics such as how to handle sensitive medical information, and how to identify and respond to phishing emails. IT policies regarding use of technology and social media are included in all employees' on-boarding programs and a training module provides additional policy awareness and affirmation for all existing staff.

Privacy and data breaches

Our websites contain privacy statements that outline why Healius needs personal information, what is done with it, and what a patient needs to do to make a complaint about a breach of the Australian Privacy Principles under the *Privacy Act 1988 (Cth)*. Following the Notifiable Data Breach scheme inclusion in the 2017 *Privacy Act* amendment, Healius implemented Notifiable Data Breach Handling procedures and communicated procedures to its staff for reporting potential privacy breaches to the Healius Privacy Officer.

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Sustainability Report

for the year ended 30 June 2024

Our Planet

Emissions reduction roadmap

SCOPE 1 AND 2

INITIATIVES	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026
LED upgrade complete for all feasible sites	[Progress bar from FY 2022 to FY 2025]				
Solar installed at all feasible sites		[Progress bar from FY 2023 to FY 2024]			✓
Replace courier fleet with hybrid vehicles		[Progress bar from FY 2023 to FY 2026]			
Corporate head office relocation		✓			
Convert to renewable energy at all independent sites			[Progress bar from FY 2024 to FY 2026]		
Explore carbon offset programs					[Progress bar from FY 2025 to FY 2026]

SCOPE 3 AND RESOURCE USE

INITIATIVES	FY 2022	FY 2023	FY 2024
Improve the use of resources (e.g. film, paper and water)	[Progress bar from FY 2022 to FY 2024]		
Improve disposal, processing and recycling of medical waste		[Progress bar from FY 2023 to FY 2024]	
Develop waste reduction roadmap		[Progress bar from FY 2023 to FY 2024]	
Identify and implement other Scope 3 emission reduction opportunities		[Progress bar from FY 2023 to FY 2024]	

Scope 1 and 2 initiatives

HYBRID FLEET

Target: Convert 50% of fleet to hybrid vehicles by FY 2026

Status: Ongoing

Our courier fleet is the primary source of our Scope 1 emissions, generated as they collect and transport pathology samples across the country from our collection centres to our laboratories for testing. With over 1,000 vehicles across the business, we have decided to convert 50% of our fleet to hybrid vehicles by FY 2026 as the first step to reducing our Scope 1 emissions.

In FY 2024, 65 hybrid cars were rolled out, bringing the total number of hybrids to 185 which is 16% of our vehicle fleet. Pacing of transition has slowed due to capacity constraints, however, Healius remains committed to converting our vehicle fleet to hybrids in a sustainable manner.

LED UPGRADES

Target: 100% of feasible sites within portfolio upgraded with LEDs by FY 2025

Status: On hold

In FY 2024, Healius successfully upgraded five additional sites with energy efficient LEDs which will reduce our carbon emissions by 55 tonnes annually going forward. Since the start of the initiative, we have upgraded 34 sites, representing 14% of our portfolio excluding pathology collection centres and changed over 5,550 lights.

Progress on this initiative has slowed due to changes to the economic feasibility of upgrading our sites. As a result of increased costs of implementation in a higher inflationary environment, reduced availability of government rebates, energy cost savings from the proposed upgrades over the lease term no longer cover the initial capital investment.

Healius will continue to identify and upgrade feasible sites within its portfolio as a part of this multi-year program, where feasible and economically viable.

For our existing light fittings, Healius is committed to responsible waste management. Globes are recycled using certified fluorescent globe recyclers to ensure any mercury bearing waste is appropriately treated and recycled. All salvageable metal within the fittings is also recycled where possible.

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Sustainability Report

for the year ended 30 June 2024

Our Planet (continued)

SOLAR

Target: Install solar systems on all major sites where feasible by FY 2026

Status: Complete

Healius has successfully completed solar installations at two of our large sites, which together produced 509 MWh of renewable solar energy during the year.

Although Healius has a national footprint of over 2,200 sites across its Pathology and Imaging businesses, the majority are small collection centres with a relatively short lease term. After assessing the requirements for solar such as unobstructed roof space and minimum roof area, minimum lease tenure as well as landlord consent and approval, there are no further sites which are suitable for solar installation within the current footprint.

Although this initiative is considered complete, Healius will look to reassess its portfolio for solar eligibility in the future as appropriate.

RENEWABLE ENERGY

Target: 100% renewable energy at all independent sites by FY 2026

Status: Ongoing

The initial focus of our emission reduction roadmap is on reducing energy consumption and associated carbon emissions within our operations, but accept that energy will always be consumed as part of our business. This is why, we are committed to transitioning all our independent sites (where possible) to renewable energy by FY 2026.

During FY 2024, Healius signed a significant power purchasing agreement (PPA) with a global renewable energy leader, to supply 100% electricity from Australian-based renewable sources across all our large market sites, representing up to 65% of our reported Scope 2 emissions. The eight-year PPA which came into effect in January 2024, will provide approximately 20 GWh of power annually from various wind and solar farms located in NSW, Victoria and South Australia.

We will reassess our remaining property portfolio to determine the feasibility of transitioning our remaining independent sites. We hope that our investment in procurement of renewable energy will assist Australia's transition to a low carbon economy and accelerate the industry's growth and potential to secure new and improved renewable technologies.

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Sustainability Report

for the year ended 30 June 2024

Our Planet (continued)

Scope 3 and other initiatives

RESOURCE CONSUMPTION

Film usage

Reducing the use of film in our operations lessens the impact on the environment, as production, exposure, development and disposal of film uses both hazardous chemicals and valuable resources. Since the deployment of Imaging Core Application Refresh (ICAR), we have continually reduced the volume of imaging results printed on film by using digital images of scans. To date, we have reduced the volume of film used by 72% compared to FY 2020 and will continue to drive digital adoption as a part of our business-as-usual processes.

Paper and printing

Our digital program not only aims to create a single leading diagnostics platform, improving the experience for our clinicians, patients and our people, but also provides a sustainable way forward within our operations. Initiatives such as Collectors Portal, Electronic Referrals, and the Results Portal all effectively reduce the need for paper and printing by offering a digital solution.

On the corporate side, Healius encourages its shareholders to access communication electronically. Currently only 2% of Healius shareholders have opted to receive a physical copy of the Annual Report through the post, while over 60% of shareholders have opted to receive the notice of meetings and other communications electronically.

WASTE MANAGEMENT

At Healius, we have two main streams of waste generated through our operations, clinical waste and general waste.

Data collation continues to be a challenge for Healius, as variability in the availability, completeness and consistency of data captured by our waste management service providers remains an issue. Healius will continue to proactively work with our waste management service providers to identify opportunities to reduce waste within our operations and to improve the quality and availability of the data.

Clinical waste

As a healthcare business, a significant portion of our waste relates to medical, clinical by-products, and single use items that may be contaminated by blood and other human fluids. Correct disposal of clinical waste items is paramount, Healius uses reputable, licensed businesses who specialise in dealing with these effluents.

Given the nature of clinical waste, and the need for it to be disposed of in a sterile manner, there are very limited opportunities for recycling and reuse. Nevertheless, Healius is exploring alternatives to the current treatment of incinerating clinical waste that are less harmful for the environment.

General waste

General waste encompasses all other types of solid waste that is not contaminated (i.e. non clinical waste), such as packaging, and general office supplies. Currently, our waste data only covers sites serviced by our group-preferred general waste provider. Healius is assessing how it can improve general waste data to enable making the disposal of such waste as environmentally efficient as possible.

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Sustainability Report

for the year ended 30 June 2024

Our Planet (continued)

Key metrics

ENVIRONMENTAL METRICS	FY 2024	FY 2023	CHG %
Energy			
Total electricity purchased and consumed (MWh)	34,883	33,188	+5.1%
Total energy consumed (GJ)	213,743	212,503	+0.6%
Carbon emissions (tonnes)			
Scope 1 and 2			
Scope 1	5,878	6,189	-5.0%
Scope 2	24,402	24,414	-
Total Scope 1 and 2 emissions	30,280	30,603	-1.1%
Scope 3			
Emissions from purchased fuel and electricity consumed	4,416.8	4,310.9	+2.5%
Emissions from waste generated in operations to landfill	868.3	1,050.4	-17.3%
Emissions from business travel	1,249.1	1,160.2	+7.7%
Total Scope 3 emissions	6,529.2	6,521.5	+0.2%
Other metrics			
Energy intensity (MWh/employee)	3.29	3.07	+5.1%
Energy intensity (GJ/employee)	20.12	19.63	+2.5%
Scope 1 and 2 emissions intensity (CO ₂ e/employee)	2.85	2.83	-0.7%
Hybrid cars in fleet	185	120	+54.2%
% of hybrids in fleet	16.4%	10.5%	-
Fuel consumption from fleet (kL)	2,573	2,720	-5.4%
Waste generated through operations (tonnes)	1,283.7	1,280.5	-
% landfill	52%	63%	-
% incinerated	-	4%	-
% recycled	48%	33%	-
Reduction of film usage in Lumus Imaging (% YoY)	18%	28%	-

Prior year comparatives have been restated to reflect additional emissions data collated in the current year but relating to the previous financial year.

ENERGY

In FY 2023, Healius enhanced its property management system to improve data capture and completeness of our energy consumption data across our portfolio (specifically sites where energy is provided by the landlord and consumption data is available). As this change was applied prospectively in Q423, we have the full year impact of the data in FY 2024, which has contributed to the increase in energy consumption compared to the previous year. It is now expected that energy consumption will drop as a more comprehensive baseline has been established.

CARBON EMISSIONS

In FY 2024, we reduced our carbon footprint by 323 tonnes, representing a 1.1% reduction on FY 2023. This is significantly less than the target of 26% reduction against our FY 2021 baseline. The shortfall was driven predominately by the timing of the new renewable PPA, which came into effect from January 2024. Our initial target assumed that carbon emissions would be progressively offset and reduced in line with consumption. However, required compliance documents are only surrendered annually which did not occur before the end of the financial year.

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Sustainability Report

for the year ended 30 June 2024

Our People

Workforce roadmap

INITIATIVES	FY 2022	FY 2023	FY 2024
Remuneration: Implement single integrated remuneration policy. Undertake gender parity analysis. Expand variable remuneration plans.			
Recognition and reward: Implement improved non-financial employee recognition. Enhance leave offerings. Target further support of mental health.			
Diversity: Implement Diversity, Equity, Inclusion and Belonging Policy, set targets and training. Set up networks for non-dominant groups. Partner with external providers to expand employment opportunities for non-dominant groups.			
Talent and succession: Implement succession plans, continue to embed transparent KPI performance review framework. Implement e-learning pathways and graduate programs.			

Working at Healius

REMUNERATION

At Healius, we are committed to equitable remuneration. [Our Group Remuneration Policy Statement](#) outlines the core principles we follow to ensure we can attract and retain talent to deliver on business objectives and create value.

Across the Group we have a broad group of over 10,500 people working with us from independent healthcare professionals, scientists, laboratory assistants, other technical professionals, phlebotomists, courier drivers and so forth. Terms and conditions of their employment range from Modern Awards and Enterprise Agreements to Common Law contracts.

Our industrial instrument coverage, including Modern Awards and Enterprise Agreements across the Group, is shown below:

	PATHOLOGY	IMAGING	CORPORATE	GROUP
People covered by an EA or Award	89%	95%	2%	87%
People not covered by EA or Award	11%	5%	98%	13%

Freedom of association

Healius respects and supports the rights of our people to join and participate in union activity connected with the workplace, noting that we have a broad number of unions that we engage with across our sites. We provide our people with access to Union information on site and abide by all associated obligations under the *Fair Work Act*.

Gender pay equity

We aim to provide compensation that focuses on an individual's role, classification, skills and experience, and is not gender biased. For those who are covered by an EA or Award, there is no gender bias in the pay rates as they are based on an individual's role.

For the remaining 13% of our workforce who are not covered by an EA or Award, we strive for gender pay equity and review this on an annual basis. When undertaking any remuneration activities, including appointment to roles, annual remuneration reviews and incentive payments, a gender lens is applied to ensure that any differences in remuneration are a result of functional speciality, performance and experience, and not related to gender.

Performance based pay

Healius uses fixed and variable remuneration (or a combination thereof) for distinct purposes. Fixed remuneration recognises the market relativity of a role, along with the skills and experience of the individual performing the role. Variable remuneration, which may include short-term and long-term incentive schemes, is used to recognise an individual's performance for the achievement of both specific short-term targets as well as strategic business objectives and long-term value creation.

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Sustainability Report

for the year ended 30 June 2024

Our People (continued)

RECOGNITION AND REWARD

Parental leave

At Healius, we aim to create an inclusive and supportive workplace that meets the diverse needs of our team members.

We recognise the importance of family and the flexibility that is often required in managing family responsibilities.

To assist with the transition, where possible we accommodate adjustments to work patterns, changes to job functionality, or work schedules, with the intention of providing more flexible work options.

Healius' Parental Leave Policy provides Primary Carers with six weeks of paid leave and Secondary Carers with two weeks of paid leave, where either can be taken at half pay. We are committed to enhancing the policy over time and will consider other inclusions such as continuity of superannuation contributions for the duration of paid parental leave.

Approximately 98% of team members across the Group who took parental leave to June 2024, returned to work.

EMPLOYEES WHO RETURNED AFTER PARENTAL LEAVE	PATHOLOGY	IMAGING	CORPORATE	GROUP AVERAGE
FY 2024	97%	98%	99%	98%
FY 2023	98%	99%	100%	98%
FY 2022	96%	96%	94%	96%

Benefits portal

At our core, the wellbeing of our people matters.

At Healius, we offer a range of benefits that cater to individual needs and to help our people thrive.

Healius' benefits portal allows our people to access a variety of services offerings including:

- Discounts and rewards at leading retailers and service providers
- Discounted private health insurance through our corporate partner
- Access to vehicle novated leasing
- TELUS Health Employee Assistance Program
- Fitness Passport, a discounted workplace health and fitness program available to our people and their family members
- Wellbeing information and resources, including financial wellbeing and mental health tools

These benefits also help to better support our people to manage cost of living challenges and promote overall wellbeing.

DIVERSITY, EQUITY, INCLUSION AND BELONGING

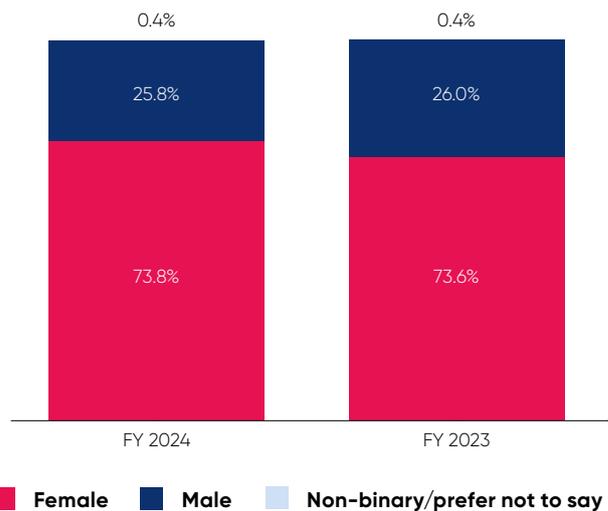
Healius is committed to supporting an inclusive environment that embraces all that makes us different and recognises the benefits that these differences make.

Our Diversity, Equity, Inclusion and Belonging Policy, recognises the importance of and commitment to building a workforce that reflects the diversity of the people and communities we serve, delivering responsive and culturally appropriate services, and that together we can create welcoming workplaces and teams where people can thrive.

Gender diversity

Healius remains committed to gender diversity and will continue to work towards our 40:40 ambition¹ across all levels of management. We recognise that more time may be needed to achieve this ambition, in light of the board and senior management changes during the year. To achieve this, Healius is looking at initiatives that will support further gender balance in our leadership roles, including ensuring gender balance in our talent identification and succession planning.

WORKFORCE COMPOSITION BY GENDER



¹ Healius has pledged its support for '40:40 Vision', an initiative led by superannuation fund HESTA. 40:40 Vision seeks to achieve gender balance – 40% women, 40% men and 20% any gender – across the senior leadership of all ASX200 companies by 2030.

Sustainability Report

for the year ended 30 June 2024

Our People (continued)

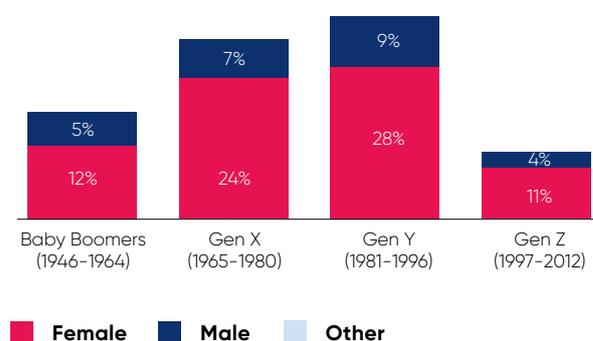
FEMALE REPRESENTATION AT 30 JUNE 2024	PATHOLOGY	IMAGING	CORPORATE
Board of Directors			29%
Executive Management Team			20%
Other Executive/General Managers	44%	50%	36%
Senior Managers	61%	52%	65%
Other Managers	77%	74%	54%

- Board of Directors and Executive Management Team is as per pages 26 to 29.
- Other Executive/General Managers are those general managers largely tasked with managing state operations, or functional responsibility, or a direct report of a functional Group Executive.
- Senior Managers are responsible for a function, department within a business unit or function, or outcome. They are more likely to be involved in a balance of strategic and operational aspects of management. Some decision making at this level would require approval from either of the two management levels above. They may also be responsible for managing a budget.
- Other Managers are those who plan, organise, direct, control and coordinate an operational function. They usually oversee day to day operations, working within and enforcing defined company parameters. These individuals implement, determine, monitor and review strategies, policies and plans to meet business needs relating to their own function/work area. An "Other Manager" is accountable for a defined business outcome which generally involves the management of resources that also includes time management, coordination of different functions of people, financial resources and other assets. Line managers are also included in this category.

Age diversity

Healius' workforce distribution comprises a good age diversity, with a reasonable spread across the four generations. As expected, the majority of the workforce are from Gen X and Y, while employee numbers reduce for Baby Boomers as our people progress towards retirement. On the other end of the spectrum, we have lower employee numbers in Gen Z as they are still early in their careers with many working towards their qualifications.

GENERATIONAL DISTRIBUTION



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Sustainability Report

for the year ended 30 June 2024

Our People (continued)

TALENT AND SUCCESSION

Succession planning

Succession planning is essential to ensure continuity of critical roles within the company and that they are filled by people with the necessary skills, knowledge and experience to perform the role.

In FY 2024, Healius completed a comprehensive talent review of its people in management roles, an annual process focused on identifying and understanding its current talent portfolio. This informs the next phase of succession planning, which is centred on creating and providing development opportunities such as broadening their exposure to other areas of the business and assuming greater responsibility within the company.

With the launch of our new Pathology operating model and leadership framework, our leadership program is currently in development to ensure it will meet the needs of the business going forward. The succession planning process is integral to identifying talent pools for the broader leadership program, while there will also be targeted development opportunities.

Performance review and development framework

MyPulse is Healius' performance framework and has a simple purpose – *"being our best, through inspiring conversations"*.

Our performance framework aims to enable our people to have regular and meaningful conversations with their managers, and to provide focus and clarity around individual performance. At Healius, we recognise that it is not one size fits all, and our framework is tailored to our three core organisational groups being clinical, clerical, and operational, to ensure it best meets the needs of our people leaders and managers.

We are focused on creating a work environment where people thrive, by ensuring they have the right tools, support and opportunities to bring out their best. MyPulse aims to help our people develop, grow, reach and exceed their potential, creating a high performance culture where our people feel engaged and motivated.

Learning and development

Management programs

Healius has launched a new series of management development programs, such as the Manager Onboarding Playbooks. These have been developed to promote a consistent onboarding framework across the business. New managers will complete the New Manager Onboarding Pathway, a series of self-guided learning modules through our learning and development system. This is designed to introduce people managers to the basics of Healius' applications, systems, processes and policies and to assist them with their fundamental managerial tasks.

The next stage is the Manager Effectiveness Program, which aims to equip those in management roles with the essential tools needed to be an effective manager. It comprises a combination of learning modules, frameworks, and tools used throughout the organisation and is a growing library of learning material with numerous modules and tools on offer.

CASE STUDY

New Healius-wide Management Development Program launched

More than 500 people managers across Healius have now completed the first phase of a new manager development program – the Manager Foundations Pathway.

The Manager Foundations Pathway is designed to help build and grow our managers and develop great leaders across Healius. Through this Pathway Program, Healius is making it a priority to offer effective and meaningful management training to all our People Managers. This training will be ongoing so that managers can continuously and consistently manage effectively while building on their skillsets.

"We were excited to launch this program for our People Managers across Healius," said Nicole Ohlsen, Healius National L&OD Manager. "It's the first step in ensuring we help build and grow our managers and develop great leaders."

Sustainability Report

for the year ended 30 June 2024

Our People (continued)

Policy and awareness training

Healius is committed to raising awareness and maintaining knowledge in our people through targeted training across the Group. We have delivered a number of Group-wide programs aimed at increasing our baseline knowledge and awareness of key contemporary business topics such as:

- Healius Fair Treatment in the Workplace, which is designed to raise awareness of the obligations Healius employees have to work ethically and safely in our business.
- Standards of Behaviour and Conduct Policy training, to help people understand the relationship between our WE CARE values and the expectations we have of our people.
- Cyber security, to ensure contemporary safety and security standards for the management of data and information as well as technology usage.
- Modern slavery, to increase awareness of ways in which we ensure our value chain does not participate, support or endorse any form of modern slavery.

WORKING SAFELY

As a leading healthcare provider, Healius is dedicated to ensuring a safe work environment for our team members, patients, and customers. We continuously review and update our workplace health and safety (WHS) management system to align with regulatory and operational requirements. We utilise a comprehensive set of key performance indicators, including lead and lag, to monitor our WHS performance.

Our key indicators are outlined below:

	FY 2024	FY 2023	FY 2022
Number of WHS prosecutions	0	0	0
Number of sites subject to WHS Mini Audit	112	160	162
Number of sites subject to WHS Internal Audit	26	32	33
Compliance to Health & Safety Plan	95%	93%	93%
Compliance to Health & Safety Management System – Mini Audit	95%	96%	97%
Compliance to National Tool Version 3 – Internal Audit	85%	94%	94%
Lost time incidents (LTIFR) per million hours worked, excluding Covid	12.0	7.3	4.2
Lost time incidents (LTIFR) per million hours worked, including Covid	n/a	15.9	18.2

As a result of resourcing constraints and operational challenges, the number of WHS mini and internal audits completed has reduced in FY 2024. We have also observed a decline in some performance metrics such as an increased LTIFR excluding Covid. In FY 2024, Covid related incidents are no longer captured as all public health orders have ceased, hence LTIFR including Covid will no longer be reported.

The primary drivers for the increased LTIFR excluding Covid include a sustained reduction in number of hours worked since Covid, as well as an increase in the absolute number of lost time injury (LTI) incidents which was predominately slip-and-fall incidents in third-party locations and premises that were outside management's control. In these cases, Healius raises the incident with the relevant third-party workplace controller to ensure it is addressed by site management. Each LTI incident has been thoroughly investigated to identify root causes and ensure corrective measures are implemented to prevent future occurrences.

Healius remains steadfast in its commitment to enhancing workplace safety. Healius has placed strategic focus on improving operational safety systems to ensure compliance and achieve more meaningful safety outcomes by fostering an environment where safety is prioritised and transparently reported.

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Sustainability Report

for the year ended 30 June 2024

Our People (continued)

Our team at Healius

EMPLOYMENT	FY 2024	FY 2023	FY 2022
Total team members in Australia	10,610	10,824	11,322
Women in workforce	7,941	7,938	7,821
Team members engaged in full-time employment	4,329	4,377	4,378
Team members engaged in part-time employment	5,329	5,173	5,114
Temporary team members and contractors engaged	952	1,274	1,830
Team members with more than 10 years of service	2,729	2,902	2,727
Annual turnover (voluntary) rate	18%	22%	22%
Team members that took parental leave during the year	453	428	547
Proportion of team members that returned after taking parental leave	98%	98%	96%
Lost time injuries per million hours worked (LTIFR), excluding COVID	12.0	7.3	4.2
Lost time injuries per million hours worked (LTIFR), including COVID	n/a	15.9	18.2
Fatalities	0	0	0

TURNOVER

Current employment market conditions across Australia include relatively low unemployment rates at 4.1% (as at June 2024). This is expected to continue slowly rising until early 2025. Pathology and Imaging, experienced voluntary turnover of 21% and 14% respectively which reflected the ongoing competition for talent experienced in key roles across the business.

Following the consolidation of group and support functions in the previous year, involuntary turnover has reduced across all divisions with the exception of Imaging, which was higher in FY 2024 due to the insourcing of the Northern Public Hospital contract, where a number of existing team members transitioned from Lumus Imaging to the hospital at the end of the contract term.

VOLUNTARY TURNOVER RATES	PATHOLOGY	IMAGING	CORPORATE	GROUP AVERAGE
FY 2024	21%	14%	10%	18%
FY 2023	24%	15%	9%	22%
FY 2022	22%	16%	25%	22%

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Sustainability Report

for the year ended 30 June 2024

Our People (continued)

FY 2024

TURNOVER REASONS	PATHOLOGY	IMAGING	CORPORATE	GROUP AVERAGE
Voluntary turnover¹	21%	14%	10%	18%
Involuntary turnover				
Redundancy	1%	–	1%	1%
Terminated	2%	6%	2%	3%
Other ²	1%	9%	1%	2%
Total involuntary turnover	4%	15%	4%	6%
Total turnover	25%	29%	14%	24%

FY 2023

TURNOVER REASONS	PATHOLOGY	IMAGING	CORPORATE	GROUP AVERAGE
Voluntary turnover¹	24%	15%	9%	22%
Involuntary turnover				
Redundancy	2%	1%	7%	2%
Terminated	3%	2%	1%	2%
Other ²	4%	2%	2%	4%
Total involuntary turnover	9%	5%	10%	8%
Total turnover	33%	20%	19%	30%

EMPLOYMENT MIX

Casual and other types of employment

Healius is committed to offering permanent and long-term roles to the majority of our people and only uses contractors for project-based initiatives or to meet specialist skill sets. During the year, there was a notable reduction in the use of casual employment due to reversion to normal business and employment conditions post pandemic. In prior years, casuals were predominately used to manage surge capacity for Covid PCR testing.

For all types of employment, compensation is in line with comparable permanent employees.

CASUAL EMPLOYEES	PATHOLOGY	IMAGING	CORPORATE	GROUP AVERAGE
FY 2024	4%	7%	–	5%
FY 2023	8%	18%	–	10%
FY 2022	16%	19%	–	17%

1 Employee retirement is included as a part of voluntary turnover.

2 Other reasons for involuntary turnover include end of fixed term contract and death.

Sustainability Report

for the year ended 30 June 2024

Our Communities

Community involvement roadmap

INITIATIVES	FY 2022	FY 2023	FY 2024
Develop a national charity partnership aligned to Healius' brand and vision	→	→	→
Continue involvement with local charities	→	→	→
Support university partnerships and student placements	→	→	→
Expand work on human rights within supply chains with a focus on reducing risks of Modern Slavery	→	→	→

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Charitable partnerships

CHILDREN'S CANCER INSTITUTE

Childhood cancer kills three children every week in Australia, which is more than any other disease. For those that survive, approximately 70% of children will suffer from long-term side effects from their treatment. Healius has continued to support the Children's Cancer Institute, as we recognise the importance of good health in the earlier stages of life and its role in ensuring on-going well-being in the future. Aside from our fundraising activities, we provide specialist diagnostic services to cancer patients, and improve health outcomes through the delivery of clinical insights.

STREET SIDE MEDICS

People who experience homelessness are at a significantly higher risk of suffering from poor health outcomes, including higher morbidity and mortality, due to barriers that limit their access to healthcare. Street Side Medics (SSM) is a not-for-profit organisation that delivers free and mobile medical services to vulnerable populations, such as those experiencing homelessness in NSW.

Clinics are run from well-equipped vans with clinically qualified volunteers who give their time freely and are passionate about providing the best evidence-based health care to their patients. As a part of SSM's long-term commitment to their communities, they consistently deliver a clinic from the same location, at the same time, on the same day, every week.

Aside from financial support, SSM works closely with Laverty Pathology and Lumus Imaging, and together our front-line team help provide free pathology testing and medical imaging services to sites across NSW.

CASE STUDY

Healius ELT raise more than \$25,000 for children's cancer research

The Healius executive leadership team put their fitness to the test for a good cause during the year and raised more than \$25,000 to help the Children's Cancer Institute find a cure for childhood cancer as a part of the CEO Dare to Cure fundraiser. While most of the team took part in an extreme fitness challenge, Healius CEO, Paul Anderson took part in the 3-hour bike challenge – 3 straight hours (on a stationary bike), dedicated to the 3 kids that die every week from cancer.



Paul Anderson, CEO and Managing Director took on the 3-hour bike ride challenge.

Sustainability Report

for the year ended 30 June 2024

Our Communities (continued)

HEART OF AUSTRALIA

QML Pathology's partnership with Heart of Australia is delivering medical specialists and pathology services to the doorstep of those in small, remote locations in Queensland.

Heart of Australia is a mobile healthcare company striving to give everyone in Queensland an equal chance of having the best possible health outcomes. Their custom-designed clinic trucks travel to the most remote corners of Queensland, bringing access to medical specialists and healthcare services.

This includes pathology, with the Heart of Australia team delivering samples collected in rural areas to our QML Pathology laboratories for testing.

Our partnership with Heart of Australia is a natural fit for Healius and we are proud to support this important work. Everyone needs and deserves access to great quality healthcare services, whether they live in the city or in a remote, rural location.

Respecting human rights and responsible sourcing

At Healius, we are committed to respecting all human rights, including the right to be free from slavery, exploitation, forced labour, forced marriage, debt bondage, domestic servitude, deceptive recruitment for labour, human trafficking, unlawful child labour, and any other form of illegal or unethical labour or human practices, with zero tolerance for modern slavery or abuses of human rights of any kind, whether direct or complicit.

Healius recognises that responsible sourcing is fundamental to ensuring a sustainable ecosystem for the products and services consumed within our operations. We have taken a risk-based approach in identifying, assessing and managing modern slavery risk within our supply chain, focusing initially on our Tier 1 suppliers and strategic partners. Healius' **Procurement Policy** in conjunction with our **Supplier Code of Conduct** forms the framework to ensure that our procurement activities are conducted commercially, ethically and sustainably, while we look to further embed this within our operations more broadly.

More information will be available in our 2024 Modern Slavery Statement.

University partnerships, medical student placements, and training and research activities

PATHOLOGY

Healius Pathology is committed to supporting training, research and professional development. It hosts educational activities throughout Australia, in collaboration with:

- Educational entities,
- Public hospitals,
- Royal College of Pathologists of Australasia (RCPA), and
- State Health Educational Authorities.

Healius Pathology runs a range of registrar programs throughout the country in support of trainee pathologists. Healius provides specialty training to assist with the attainment of fellowships of the RCPA. These programs are funded either by Healius or by medical colleges where Healius Pathology is the accredited trainer.

In memory of the late Dr Melody Caramins, who was Healius Pathology's National Director of Genetics, Healius Pathology provides an annual grant through the RCPA Foundation to support trainees and early career Fellows in broadening and enhancing their training and experience in Genetic Pathology. In FY 2024, Healius is pleased to award this to Dr Samuel Cotton, in support of his research and development in improving the accuracy of rare disease genetic diagnosis.

IMAGING

Lumus Imaging has a long-term commitment to supporting training, research and professional development. Lumus Imaging hosts educational activities across our geographic footprint, in collaboration with:

- Educational entities,
- Public hospitals,
- Royal Australian and New Zealand College of Radiologists (RANZCR), and
- State Health Educational Authorities.

Lumus Imaging offers:

- registrar training rotations at our accredited public hospital sites along with fellowship training programs, enabling graduate radiologists to continue their clinical career through sub-specialty training in MRI, Interventional and Women's Imaging,
- a training course for our International Medical Graduates (IMG), and
- training for our sonographers and radiographers in specialty areas such as ultrasound and MRI.

Lumus Imaging hosts an Annual National Imaging Conference, which is RANZCR accredited and provides a forum for healthcare professionals to exchange ideas and industry best practices.

Sustainability Report

for the year ended 30 June 2024

Our Shareholders

Our Shareholder Reporting roadmap

INITIATIVES	FY 2022	FY 2023	FY 2024
Report against sustainability roadmap	[Progress bar from FY 2022 to FY 2024]		
Adopt SDG reporting framework	[Progress bar from FY 2022 to FY 2024 with a checkmark in FY 2023]		
Continue to ensure good risk management and tax transparency	[Progress bar from FY 2022 to FY 2024]		
Consider other global reporting frameworks	[Progress bar from FY 2023 to FY 2024]		
Review and audit of ESG data	[Progress bar from FY 2024 to FY 2024]		

United Nations Sustainable Development Goals

Healius has identified seven SDG's that our sustainability priority focus areas are most aligned with based on two key criteria, the first being where we can make the greatest contribution and have a positive impact, and the second is focused on minimising the potential negative impact from our existing activities.

OUR POSITIVE IMPACTS

Where we can contribute the most



At Healius, our purpose is to provide care for health and wellbeing at every stage of life. Being a market leading healthcare company that strives to provide quality, accessible and affordable healthcare for all, "Good Health and Well-Being" and "Reduced Inequalities" are the goals where we can have the most beneficial impact and contribution to society.

Additionally, our people are core to the delivery and provision of healthcare services and an integral part of our value chain. We strive to create a working environment where they have the right tools, support and opportunities to bring out their best. This underscores our commitment to goals around "Gender Equality, Decent Work Environment, and Innovation".

OUR NEGATIVE IMPACTS

Where we want to minimise risk and our potential adverse effects



Our main risk areas relate to responsible consumption of resources and the associated environmental impact (predominately carbon emissions from fuel and energy consumption). To facilitate accessibility to healthcare services, it is necessary for Healius to operate a diverse property portfolio of collection centres and to manage a courier fleet of over 1,000 vehicles to ensure specimens are collected and brought back to our laboratory for testing in a timely and secure manner. Currently, our fleet is primarily petrol-based and the main contributor of our Scope 1 carbon emissions. Although essential, Healius aims to limit and reduce the negative impact this activity has on the environment.

Similarly, a key component is our consumption of energy (mainly electricity purchased from the grid) to ensure our facilities continue to run, and the primary contributor of our Scope 2 carbon emissions.

Responsible consumption often focuses on what we use and take into our operations, however the other aspect is the creation of waste by-products from those processes. At Healius, medical and clinical waste (a common by-product within the healthcare industry) is another focus area where we aim to reduce our negative impact.

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Sustainability Report

for the year ended 30 June 2024

Our Shareholders (continued)

Risk management

CLINICAL QUALITY AND ACCREDITATION

At Healius, we believe quality underpins the delivery of clinical excellence in healthcare. All of our divisions operate under appropriate quality systems and processes and have Clinical Directors or appropriate managers who are responsible for ensuring clinical governance is maintained within their relevant businesses.

In our Pathology business, the Clinical Advisory Council which consists of the Chief Medical Officer, State Clinical Directors and Heads of Department, ensure stringent clinical quality standards are maintained. Similarly, Discipline Networks are attended by Senior Pathologists and Scientists to ensure quality standards are met.

All state-based pathology laboratory services are accredited by the National Association of Testing Authorities (NATA) and have a statement on quality and accreditation published on their relevant websites.

The Agilix Bioanalytical and Toxicology business operates under NATA accreditation (17025 and Good Laboratory Practice). The business also complies with global Food and Drug Administration and European Medicines Agency requirements.

A Clinical Council operates in Imaging, established to provide clinical and professional direction in radiology and nuclear medicine and to assist with the clinical review of safety and quality governance initiatives. Our Imaging practices are accredited under the Diagnostic Imaging Accreditation Scheme (DIAS) on a four-year cycle.

RISK MANAGEMENT FRAMEWORK

Healius' operations are highly regulated and subject to a range of State and Commonwealth legislation and accreditation requirements. Risk management is overseen by the Board through its Risk Management Committee. Risk management is the executive responsibility of the Group Chief Financial Officer who reports to the Executive Risk Committee.

Healius' Risk Management Framework is designed to align with current best practice and meet the needs of the company. The Risk Management Framework is subject to annual review to ensure it remains "fit for purpose" for the Group. It was last reviewed and endorsed by the Risk Management Committee in June 2024.

Healius has a uniform risk management methodology, which is based on AS/NZ ISO31000:2018 'Risk Management – Guidelines', that can be applied to all strategic, operational and contractual objectives. Incident notification and response procedures are in place as well as a comprehensive insurance program which is reviewed annually.

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Sustainability Report

for the year ended 30 June 2024

Our Shareholders (continued)

ETHICAL STANDARDS

Independence of healthcare professionals

As part of the agreement with independent healthcare professionals who use our facilities and support services, Healius does not specify or direct how these independent healthcare professionals perform their services.

Independent healthcare professionals are free to exercise their professional judgment as to the manner in which they perform medical services.

Specifically, within our Imaging business, Radiologists must abide by the Royal Australian and New Zealand College of Radiologists (RANZCR) Code of Ethics, and where Nuclear Medicine Physicians are fellows of the Royal Australasian College of Physicians (RACP) they must also ensure they comply with RACP's 'Clinical Ethics Position Statement'.

Healius also expects healthcare professionals to adhere to their own high ethical standards, including acting in a harmonious way with other practitioners and staff.

Animal testing

The Agilex Biolabs Toxicology facility in Brisbane performs rodent studies through the pre-clinical phase of pharmacological drug development. It is not involved with any cosmetic drug development. All studies are approved by a registered, external and independent Animal Ethics Committee, which has:

- Animal Welfare representatives ensuring animal treatment and all animal handling procedures are global best practice, and
- pharmacologist input on the appropriateness of the species suggested, which species are required, or indeed if the study serves any scientific benefit as there is no previously available global data that has answered the hypothesis.

There is currently no in-vitro substitute to running these pre-clinical studies through animal models. However, Agilex is looking at opportunities to partner in the CSIRO's investigation into the use of artificial tissue and its potential to eliminate animal testing in future clinical tests.

Where Agilex Biolabs is unable to carry out a test on rodents, it has a partner in the USA who performs studies on other animals. This partner is accredited under the American Association for Laboratory Animal Science which promotes the humane treatment of animals in science through voluntary accreditation and assessment programs

TAX TRANSPARENCY

The voluntary Tax Transparency Code (TTC) is a set of principles and minimum standards developed by the Board of Taxation, which is designed to encourage greater transparency by the corporate sector and enhance the community's understanding of corporate compliance with Australia's tax laws.

Refer to page 112 to 114 for Healius' FY 2024 Tax Transparency Report.

Sustainability Report

for the year ended 30 June 2024

Our Shareholders (continued)

Progressing our sustainability reporting

Our FY 2024 Sustainability Report captures the progress made in the current financial year on our five priority focus areas and sustainability roadmaps, which is aligned with the United Nations Sustainability Development Goals (SDGs) reporting framework.

Our priority focus areas:



**OUR
CUSTOMERS**



**OUR
PLANET**



**OUR
PEOPLE**



**OUR
COMMUNITIES**



**OUR
SHAREHOLDERS**

In light of recent developments in sustainability reporting both globally and domestically, and the eminent release of final Australian Sustainability Reporting Standards (ASRSs) by the Australian Accounting Standards Board (AASB), we continue to progress with our data collation exercise and have commenced aligning our reporting to the recommendations from the Task Force on Climate-related Financial Disclosures (TCFD) which forms the basis for the new ASRS. The new Australian standards are expected to be closely aligned with the equivalent International Financial Reporting Standards (IFRS) Sustainability Disclosure Standards, which is the expected global reporting framework to apply to sustainability related topics in the future.

Over the course of the next 12 months, Healius will be preparing and updating our sustainability reporting for the new disclosure framework and relevant requirements, which includes external assurance of key sustainability disclosures.

FY 2024 is the final year for four of our initial sustainability roadmaps, which includes our customer, people, communities, and shareholder roadmaps. Healius will however continue with the underlying activities as they are embedded as a part of our business operations, but they will no longer be reported within the sustainability report. During FY 2025, Healius will look to refresh its materiality assessment and reset its reporting baseline in preparation for mandatory climate reporting which is expected to apply to the FY 2026 reporting period and onwards.

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Tax Transparency Report

for the year ended 30 June 2024

1. Tax strategy and governance

Healius pursues a tax strategy that is governed by the following principles endorsed by its Board of Directors:

- Commitment to ensuring integrity in compliance with all statutory obligations, and full disclosure to Revenue Authorities.
- Maintenance of documented policies and procedures in relation to tax risk management and sustaining constructive and transparent relations with Revenue Authorities.
- Management of tax affairs in a pro-active manner that seeks to enhance shareholder value, while operating in accordance with all taxation laws.

The tax strategy is implemented through Healius' Tax Risk Management Framework which is founded on a low risk appetite to all taxation affairs including tax positions adopted in respect of strategic transactions, tax planning activities and compliance and reporting.

Healius' overarching and systematic approach to the management of tax risk involves the proactive assessment, mitigation, monitoring and reporting of identified risks. Healius' tax risks are regularly considered by its Management and Executive Risk Committees and tax is a regular agenda item for Audit Committee meetings with appropriate tax matters reported to the Board. Where appropriate, Healius engages external advisors on complex transactions and for review of compliance activities.

Healius' Tax Risk Management Framework has been documented and approved by its Audit Committee and is aligned with its overall Risk Management Policy and the Australian Taxation Office's Tax Risk Management and Governance Review Guide.



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Tax Transparency Report

for the year ended 30 June 2024

2. Income tax reported in Healius' 2024 Annual Report

The income tax expense disclosed in the Annual Report for 2024 is calculated based on Australian equivalents to International Financial Reporting Standards. In any year, there are common and typical differences between income tax expense reported in the Annual Report and the amount of cash taxes paid to Revenue Authorities due to factors such as timing differences and other taxes being excluded from income tax expense, such as FBT, payroll tax and employee taxes.

Healius' effective tax rate for the 30 June 2024 year is mainly impacted by the difference in tax and accounting treatment of asset impairment expense. Impairment expense is treated as a permanent difference for the purpose of calculating Healius' income tax expense.

2.1 RECONCILIATION OF ACCOUNTING LOSS TO INCOME TAX EXPENSE BENEFIT

Healius' effective tax rate calculated as income tax benefit divided by accounting loss before tax was 2.2% for 2024.

The following table shows the calculation of the income tax benefit for Healius and the impact of adjustments to the income tax benefit and the effective tax rate.

HEALIUS LIMITED	2024		2023	
	A\$M	%	A\$M	%
Loss before income tax	(650.1)		(397.3)	
Tax at the Australian tax rate of 30%	(195.0)	(30.0)	(119.2)	(30.0)
Asset impairment expense	180.9	27.8	104.9	26.4
Share related benefit	0.0	0.0	(3.5)	(0.9)
Other items	0.1	0.0	0.4	0.1
(Over)/under provision in prior years	(0.1)	0.0	0.1	0.0
Income tax benefit	(14.1)	(2.2)	(17.3)	(4.4)

2.2 RECONCILIATION OF INCOME TAX EXPENSE BENEFIT TO INCOME TAX REFUND

The following table shows the reconciliation of income tax expense benefit to cash income tax refunded.

HEALIUS LIMITED	2024 \$M
Income tax benefit on loss before income tax	(14.1)
Less: Timing differences recognised in deferred tax	3.3
Less: Over provision in prior years	(0.1)
Current income tax benefit as per 2024 financial statements	(17.3)
Tax refunds and adjustments for prior periods in 2024	(6.9)
Cash taxes refunded per cash flow statement	(24.2)

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Tax Transparency Report

for the year ended 30 June 2024

3. Tax contribution summary

Healius pays a significant amount of tax, including indirect tax and employer taxes. In the financial year ended 30 June 2024, Healius paid a total of \$82.5 million in taxes and remitted a further \$187.3 million to tax authorities on behalf of Healius' employees.

Set out below is a summary of Australian and foreign taxes paid and collected by Healius for the financial year ended 30 June 2024. The majority of Healius' taxes are paid in Australia to the Australian Taxation Office and State Revenue Offices (summary excludes property taxes such as land tax and stamp duties).

TAX AUTHORITY	CORPORATE INCOME TAX A\$M	EMPLOYER TAXES ¹ A\$M	INDIRECT TAXES ² A\$M	TOTAL TAXES PAID A\$M	EMPLOYEE PAYG WITHHOLDING A\$M
Australia (Federal) ⁴	–	0.8	36.8	37.6	187.3
Australia (State)	–	44.6	–	44.6	–
Foreign jurisdictions ³	0.3	–	–	0.3	–
Total	0.3	45.4	36.8	82.5	187.3

4. International related party dealings

There were limited international related party dealings between Healius and its foreign subsidiaries during the financial year ended 30 June 2024. These dealings primarily related to the provision of administrative and data processing services by the Indian subsidiary to Australia. Healius also has non-trading subsidiaries in the US, UK, the Philippines, Netherlands and Singapore.

All dealings between related parties reflect the commercial and legal substance of the transactions and are priced on an arm's length basis in accordance with global transfer pricing laws and OECD guidelines. Healius' international related party dealings do not have a material impact on Healius' Australian tax position.

Total taxes paid in India are for the period between 1 July 2023 to 30 June 2024. No taxes were paid by Healius' non-trading subsidiaries in the Philippines, US, UK, the Netherlands, and Singapore.

1 Fringe benefits tax and payroll tax.

2 GST net of recoveries is (\$54.9 million).

3 Income taxes paid in India. The subsidiary is treated as a Controlled Foreign Company for Australia income tax purposes and is subject to tax at the Australian corporate tax rate of 30% on any profits generated from activities between Healius and the subsidiary.

4 Tax refund of \$24.4m was received in FY24 in relation to prior year.

Shareholder information

Number of shareholders

As at 31 August 2024 there were 726,132,843 fully paid ordinary Shares held by 13,637 shareholders.

Distribution of ordinary Shares as at 31 August 2024

NUMBER OF SHARES HELD	INDIVIDUALS
1–1,000	4,339
1,001–5,000	5,053
5,001–10,000	2,070
10,001–100,000	2,080
100,001–999,999,999	95
Total	13,637

1,872 shareholders hold less than a marketable parcel of Shares.

Number of Rights holders

As at 31 August 2024, there were 9,715,639 Rights held by 62 persons.

Distribution of Rights as at 31 August 2024

NUMBER OF RIGHTS HELD	INDIVIDUALS
1–1,000	0
1,001–5,000	1
5,001–10,000	0
10,001–100,000	32
100,001–999,999,999	30
Total	62

Number of Options holders

As at 31 August 2024, there were 12,131,411 Options held by eight persons.

Distribution of Options as at 31 August 2024

NUMBER OF OPTIONS HELD	INDIVIDUALS
1–1,000	0
1,001–5,000	0
5,001–10,000	0
10,001–100,000	0
100,001–999,999,999	8
Total	8

Securities Exchange Listing

Healius Limited is a listed public company, incorporated and operating in Australia. The Shares of Healius Limited are listed on the Australian Securities Exchange Limited (ASX) under the code "HLS".

Voting Rights

Votes of members are governed by Healius' Constitution. In summary, each member is entitled either personally or by proxy or attorney or representative, to be present at any general meeting of Healius and to vote on any resolution on a show of hands or upon a poll. Every member present in person, by proxy or attorney or representative, has one vote for every Share held.

Healius fully paid ordinary Shares carry voting rights of one vote per Share.

Healius Options carry no voting rights.

Healius Rights carry no voting rights.

Shareholder information

Top 20 shareholders as at 31 August 2024

RANK	NAME	SHARES	% OF SHARES
1	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	211,636,287	29.15
2	CITICORP NOMINEES PTY LIMITED	209,962,638	28.92
3	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	127,569,782	17.57
4	ARGO INVESTMENTS LIMITED	22,874,452	3.15
5	BNP PARIBAS NOMS PTY LTD	19,666,305	2.71
6	BNP PARIBAS NOMINEES PTY LTD <AGENCY LENDING A/C>	12,096,389	1.67
7	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED <NT-COMNWLTH SUPER CORP A/C>	5,855,473	0.81
8	CITICORP NOMINEES PTY LIMITED <COLONIAL FIRST STATE INV A/C>	4,335,651	0.60
9	NATIONAL NOMINEES LIMITED	3,718,898	0.51
10	FIRST SAMUEL LTD ACN 086243567 <ANF ITS MDA CLIENTS A/C>	3,469,215	0.48
11	RINRIM PTY LTD	2,497,161	0.34
12	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	2,037,242	0.28
13	BNP PARIBAS NOMINEES PTY LTD <HUB24 CUSTODIAL SERV LTD>	939,397	0.13
14	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED <GSCO CUSTOMERS A/C>	838,693	0.12
15	NETWEALTH INVESTMENTS LIMITED <WRAP SERVICES A/C>	731,765	0.10
16	JOROMADA PTY LTD	660,000	0.09
17	BUTTONWOOD NOMINEES PTY LTD	658,941	0.09
18	SEP SUPER PTY LTD <SEP SUPER FUND A/C>	637,236	0.09
19	MR GREGORY ANTHONY THOMAS BATEMAN	636,213	0.09
20	IOOF INVESTMENT SERVICES LIMITED <IPS SUPERFUND A/C>	609,635	0.08
Total		631,431,373	86.96

Substantial shareholders as at 31 August 2024

NAME	NUMBER OF FULLY PAID ORDINARY SHARES AS AT DATE OF EACH NOTICE	% OF TOTAL ISSUED CAPITAL AS AT THE DATE OF EACH NOTICE
Perpetual Limited ¹	112,808,685	15.54
Tanarra Capital Australia Pty Ltd and its related entities ²	68,203,075	11.97
Australian Retirement Trust Pty Ltd ATF Australian Retirement Trust ³	56,740,437	7.81
Host-Plus Pty Limited ⁴	45,433,327	7.97
State Street Corporation and its related entities ⁵	45,153,258	6.22
Spheria Asset Management Pty Ltd ⁶	38,371,860	5.28
Vanguard Group ⁷	36,366,331	5.01

- Substantial shareholder notice received by the Company on 6 June 2024.
- Substantial shareholder notice received by the Company on 12 November 2023.
- Substantial shareholder notice received by the Company on 16 August 2024.
- Substantial shareholder notice received by the Company on 24 November 2023.
- Substantial shareholder notice received by the Company on 15 July 2024.
- Substantial shareholder notice received by the Company on 6 May 2024.
- Substantial shareholder notice received by the Company on 26 March 2024.

Auditor

Ernst & Young

The EY Centre
200 George Street
SYDNEY NSW 2000

Financial calendar

2025

Half year results announcement	20 February
Year end	30 June
Full year results announcement	21 August

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Corporate information

Company's Registered Office

(and location of Register of Option Holders)

Level 22
161 Castlereagh Street
SYDNEY NSW 2000
(02) 9432 9400

Share Registry

(and location of Register of Rights Holders)

Computershare Investor Services Pty Ltd

6 Hope Street
ERMINGTON NSW 2115
Sydney Office: (02) 8877 3000
Investor enquiries: 1300 855 080

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Our brands

Healius' businesses operate a number of brands across Australia representing quality, affordability and accessible care. We are developing number of new brands with a shared aim of becoming the best customer-centric organisation in healthcare in Australia. Our current brands are set out below:

Pathology



Imaging



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 **healius**

www.healius.com.au