

*Results for announcement to the market*  
*Healius Limited*

ACN 064 530 516

*Appendix 4E – Preliminary Final Report (Unaudited)*

For the year ended 30 June 2024

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CONTENTS	PAGE
Review of operations	3
Consolidated statement of profit or loss	10
Consolidated statement of other comprehensive income	11
Consolidated statement of financial position	12
Consolidated statement of changes in equity	13
Consolidated statement of cash flows	15
Notes to Appendix 4E	16
Compliance statement	30

# Healius Limited

## Appendix 4E – Preliminary Final Report (Unaudited)

### Results for announcement to the market

For the year ended 30 June 2024

\$M	2024 TOTAL	2023 TOTAL	\$ CHANGE 2024 VS 2023	% CHANGE 2024 VS 2023
Revenue from continuing operations	1,746.2	1,706.9	39.3	2.30%
Underlying (loss)/profit for the year after tax <sup>1</sup>	(3.8)	25.7	(29.5)	(114.79%)
Loss for the year after tax from continuing operations	(636.0)	(380.0)	(256.0)	(67.37%)
Loss for the year after tax	(645.8)	(367.8)	(278.0)	(75.58%)

  

CENTS PER SHARE <sup>2</sup>	2024 TOTAL	2023 TOTAL
Basic loss per share	(97.9)	(64.6)
Underlying basic (loss)/earnings per share	(0.6)	4.5
Diluted loss per share	(97.9)	(64.6)
Underlying diluted (loss)/earnings per share	(0.6)	4.5
Final dividend <sup>3</sup>	-	-
Interim dividend <sup>3</sup>	-	-
	-	-

<sup>1</sup> A reconciliation between reported loss and underlying profit/loss after and before tax is contained in the following Review of Operations and in Note 2 respectively, of this preliminary final report for the year ended 30 June 2024.

<sup>2</sup> Weighted average number of shares at 30 June 2024 determined to be 659.8 million for basic and diluted earnings per share calculations. Refer to Note 6 for further information on earnings per share.

<sup>3</sup> No dividends expected to be paid for the year ended 30 June 2024.

## GROUP PERFORMANCE

The Review of Operations 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 4 and in Note 2 of this preliminary final report 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%)
<b>Total revenue (Underlying)</b>	<b>1,746.2</b>	<b>1,707.0</b>	<b>2.3%</b>
<b>EBITDA (Underlying)</b>	<b>346.6</b>	<b>376.2</b>	<b>(7.9%)</b>
Depreciation and amortisation	(281.2)	(277.2)	(1.4%)
<b>EBIT (Underlying)</b>	<b>65.4</b>	<b>99.0</b>	<b>(33.9%)</b>
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%
<b>EBIT (Reported)</b>	<b>(579.3)</b>	<b>(335.0)</b>	<b>(72.9%)</b>
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%)
<b>NPAT (Reported)</b>	<b>(645.8)</b>	<b>(367.8)</b>	<b>(75.6%)</b>

## 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.<sup>4</sup>

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 to long-term.

<sup>4</sup> FY 2014-2019 CAGR for Specialist attendances was 2.9%.

## HEALIUS 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 FY24.

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 1H24) 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.

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

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 1H24, due to lower near-term volume forecasts and cashflows 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
<b>Underlying NPAT</b>	<b>(3.8)</b>	<b>25.7</b>
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
<b>Reported NPAT incl. discontinued operations</b>	<b>(645.8)</b>	<b>(367.8)</b>

## DIVISIONAL RESULTS

### 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%)

Pathology BAU revenue was up \$49.8 million or 4.2% on pcp, while Covid revenue was down \$61.0 million 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

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%

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

## Review of operations for the year ended 30 June 2024

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.

### LUMUS IMAGING

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%

Lumus Imaging's gross revenue<sup>5</sup> 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.<sup>6</sup> 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.

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.

### CORPORATE

UNDERLYING	2024 \$M	2023 \$M	BETTER/(WORSE) %
Revenue	4.2	3.9	7.7%
EBITDA	(11.2)	(13.5)	17.0%
Depreciation and amortisation	(3.7)	(4.0)	7.5%
EBIT	(14.9)	(17.5)	14.9%

Corporate functions include 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.

<sup>5</sup> Gross revenue is before and Statutory revenue is after deduction for radiologists' share of revenue under AASB 15.

<sup>6</sup> Community segment revenue growth excluding BUPA, and Hospital segment revenue growth excluding Northern Public Hospital contract.

## 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 <sup>7</sup>	420.8	562.1
Cash	(60.1)	(115.3)
Net debt	360.7	446.8
Bank gearing ratio (covenant <4.5x) <sup>8</sup>	4.1x	3.5x
Bank interest cover ratio (covenant >3.0x) <sup>9</sup>	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)
<b>Net cash flows from operating activities</b>	<b>266.8</b>	<b>333.3</b>
Maintenance capex	(27.6)	(40.1)
<b>Free cash flow</b>	<b>239.2</b>	<b>293.2</b>
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)/funding	(142.5)	(45.0)
<b>Net decrease in cash held</b>	<b>(55.2)</b>	<b>34.0</b>

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.

<sup>7</sup> Bank loans of \$425 million (FY 2023: \$565 million) are shown net of unamortised borrowing costs.

<sup>8</sup> Bank gearing ratio is calculated on banking 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).

<sup>9</sup> Bank interest cover ratio is calculated based on banking EBITDA divided by finance costs (excluding AASB 16 interest).

## STRATEGY

### Pathology

As part of the recent operating and strategic 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.

Healius Pathology is a clinically driven diagnostics business with an extensive footprint of 93 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.

There are five clear strategic priorities in the strategic realignment:

#### 1. Customer service – patients & 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.

#### 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.

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.

#### 3. Digital technologies

There are three components of our digital framework:

- Customer facing solutions to improve services for patients and doctors through 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.

#### 4. People & 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 & Commercial** – focused on improving services for patients and referring doctors across touchpoints 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.



## **5. 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. This strategic pillar includes:

- Genomic Diagnostics
- Preventative screening
- B2C and B2B offerings

Healius Pathology now has a well-defined strategy founded on patients and referrers. It is enabled by technology, new ways of working within our business and has been well communicated and understood by the organisation as a crucial part of our business plan.

### **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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## Consolidated statement of profit or loss for the year end 30 June 2024

	NOTE	2024 \$M	2023 \$M
Revenue	3	1,746.2	1,706.9
Employee benefits expense		(910.1)	(864.3)
Property expenses		(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	2	(25.8)	(21.7)
Transaction and takeover bid costs	2	(7.7)	(8.6)
Impairment of leased assets	2	-	(39.1)
Impairment of goodwill	2	(603.2)	(349.8)
Termination and other costs	2	(8.1)	(13.9)
<b>Loss before interest and tax</b>		<b>(579.3)</b>	<b>(335.0)</b>
Net finance costs	4	(70.8)	(62.3)
<b>Loss before tax</b>		<b>(650.1)</b>	<b>(397.3)</b>
Income tax benefit	5	14.1	17.3
<b>Loss for the year from continuing operations</b>		<b>(636.0)</b>	<b>(380.0)</b>
(Loss)/profit from discontinued operations	19	(9.8)	12.2
<b>Loss for the year</b>		<b>(645.8)</b>	<b>(367.8)</b>
Attributable to:			
Equity holders of Healius Limited		(645.8)	(367.8)

Notes to the financial statements are included on pages 16 to 29.

**Consolidated statement of other comprehensive income for the year end 30 June 2024**

	2024 \$M	2023 \$M
<b>Loss for the year</b>	<b>(645.8)</b>	<b>(367.8)</b>
<b>Other comprehensive (loss)/income</b>		
<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 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)
<b>Other comprehensive (loss)/income for the year, net of income tax</b>	<b>(1.6)</b>	<b>3.4</b>
<b>Total comprehensive loss for the year</b>	<b>(647.4)</b>	<b>(364.4)</b>

Notes to the financial statements are included on pages 16 to 29.

## Consolidated statement of financial position as at 30 June 2024

	NOTE	30 JUNE 2024 \$M	30 JUNE 2023 \$M
<b>Current assets</b>			
Cash	18 (a)	60.1	115.3
Receivables	7	207.9	187.6
Consumables		31.9	32.8
Tax assets		0.2	6.7
<b>Total current assets</b>		<b>300.1</b>	<b>342.4</b>
<b>Non-current assets</b>			
Goodwill	8	1,296.7	1,897.5
Right of use assets	12	1,038.5	1,067.3
Property, plant and equipment	9	183.4	176.0
Other intangible assets	10	71.8	73.1
Other financial assets		3.2	7.1
Deferred tax asset		89.1	87.9
<b>Total non-current assets</b>		<b>2,682.7</b>	<b>3,308.9</b>
<b>Total assets</b>		<b>2,982.8</b>	<b>3,651.3</b>
<b>Current liabilities</b>			
Payables	13	200.9	218.0
Deferred consideration		0.5	-
Provisions	14 (a)	127.6	141.6
Lease liabilities	11	271.3	263.0
<b>Total current liabilities</b>		<b>600.3</b>	<b>622.6</b>
<b>Non-current liabilities</b>			
Provisions	14 (b)	15.2	19.5
Interest bearing liabilities	15	420.8	562.1
Lease liabilities	11	905.8	940.9
<b>Total non-current liabilities</b>		<b>1,341.8</b>	<b>1,522.5</b>
<b>Total liabilities</b>		<b>1,942.1</b>	<b>2,145.1</b>
<b>Net assets</b>		<b>1,040.7</b>	<b>1,506.2</b>
<b>Equity</b>			
Issued capital	16	2,603.9	2,421.0
Reserves		4.1	8.5
Accumulated losses		(1,567.3)	(923.3)
<b>Total equity</b>		<b>1,040.7</b>	<b>1,506.2</b>

Notes to the financial statements are included on pages 16 to 29.

## 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
<b>Balance at 1 July 2023</b>	<b>2,421.0</b>	<b>3.2</b>	<b>6.0</b>	<b>(0.7)</b>	<b>(923.3)</b>	<b>1,506.2</b>
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
<b>Total comprehensive loss</b>	<b>–</b>	<b>(1.4)</b>	<b>–</b>	<b>(0.2)</b>	<b>(645.8)</b>	<b>(647.4)</b>
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	0.1	–	–	–	–	0.1
Share based payments	–	–	0.1	–	–	0.1
Transfers	1.1	–	(2.9)	–	1.8	–
<b>Balance at 30 June 2024</b>	<b>2,603.9</b>	<b>1.8</b>	<b>3.2</b>	<b>(0.9)</b>	<b>(1,567.3)</b>	<b>1,040.7</b>

Notes to the financial statements are included on pages 16 to 29.

## Consolidated statement of changes in equity for the year ended 30 June 2023

\$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)
<b>Total comprehensive loss</b>	<b>–</b>	<b>3.4</b>	<b>–</b>	<b>–</b>	<b>(367.8)</b>	<b>(364.4)</b>
Buy-back of shares	(5.2)	–	–	–	–	(5.2)
Shares issued via Non-executive Director (NED) Share Plan	0.3	–	–	–	–	0.3
Payment of dividends	–	–	–	–	(34.3)	(34.3)
Shares purchased for Long Term Incentive Plan	(3.7)	–	–	–	–	(3.7)
Share based payments	–	–	(8.1)	–	–	(8.1)
Transfers	6.7	–	(6.7)	–	–	–
<b>Balance at 30 June 2023</b>	<b>2,421.0</b>	<b>3.2</b>	<b>6.0</b>	<b>(0.7)</b>	<b>(923.3)</b>	<b>1,506.2</b>

Notes to the financial statements are included on pages 16 to 29.

## Consolidated statement of cash flows for the year ended 30 June 2024

	NOTE	2024 \$M	2023 \$M
<b>Cash flows from operating activities</b>			
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)
<b>Net cash provided by operating activities</b>	18 (b)	<b>266.8</b>	<b>333.3</b>
<b>Cash flows from investing activities</b>			
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)
<b>Net cash (used in)/from investing activities</b>		<b>(63.0)</b>	<b>67.3</b>
<b>Cash flows from financing activities</b>			
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)
<b>Net cash used in financing activities</b>		<b>(259.0)</b>	<b>(366.6)</b>
<b>Net (decrease)/increase in cash held</b>		<b>(55.2)</b>	<b>34.0</b>
Cash at the beginning of the year	18 (a)	115.3	81.3
<b>Cash at the end of the year</b>	18 (a)	<b>60.1</b>	<b>115.3</b>

Notes to the financial statements are included on pages 16 to 29.

## **1. MATERIAL ACCOUNTING POLICIES**

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 preliminary financial report has been prepared in accordance with ASX Listing Rule 4.3A and the disclosure requirements of ASX Appendix 4E. This preliminary financial report does not include all the notes included with the annual financial report.

### **Basis of preparation**

This 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.

The accounting policies and methods of computation adopted in the preparation of the preliminary financial report are consistent with those adopted and disclosed in the Group's annual report for the financial year ended 30 June 2023. These accounting policies are consistent with Australian Accounting Standards and International Financial Reporting Standards.

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

### **Comparative information**

Where necessary, comparative amounts have been reclassified and repositioned for consistency with current period disclosures. Further details on the nature and reason for amounts that have been reclassified and repositioned for consistency with current period disclosures, where considered material, are referred to separately in the preliminary financial report or notes thereto.

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## 2. 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
<b>Pathology</b>	Provider of pathology services, including specialty pathology and clinical trials.
<b>Imaging</b>	Provider of imaging services from stand-alone imaging sites, hospitals and medical centres.
<b>Other</b>	Comprises 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.

2. SEGMENT INFORMATION (CONTINUED)

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 <sup>1</sup>	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)
EBIT <sup>2</sup>	38.4	41.9	(14.9)	65.4

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
EBITDA <sup>1</sup>	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)
EBIT <sup>2</sup>	78.7	37.8	(17.5)	99.0

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

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

2. SEGMENT INFORMATION (CONTINUED)

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)
<b>Total reported revenue (Note 3)</b>	<b>1,746.2</b>	<b>1,706.9</b>

Reconciliation of underlying segment result to reported loss before tax

	SEGMENT RESULT	
	2024 \$M	2023 \$M
<b>Underlying results from continuing operations before tax</b>	<b>65.4</b>	<b>99.0</b>
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)
<b>Reported EBIT</b>	<b>(579.3)</b>	<b>(335.0)</b>
Finance costs	(70.8)	(62.3)
<b>Reported loss before tax</b>	<b>(650.1)</b>	<b>(397.3)</b>

3. REVENUE

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

4. NET FINANCE COSTS

	2024 \$M	2023 \$M
Interest expense	28.7	27.5
Interest on lease liabilities	40.8	33.7
Amortisation of borrowing costs	1.3	1.1
	<b>70.8</b>	<b>62.3</b>

5. 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)

6. EARNINGS PER SHARE

Basic and diluted earnings per share

	2024 \$M	2023 \$M
<b>EARNINGS</b>		
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)

	2024 CENTS	2023 CENTS
<b>EARNINGS PER SHARE</b>		
Basic loss per share	(97.9)	(64.6)
Basic underlying (loss)/earnings per share	(0.6)	4.5
Diluted loss per share	(97.9)	(64.6)
Diluted underlying (loss)/earnings per share	(0.6)	4.5

Any share options and performance rights on issue are contingently issuable shares. They are included in the calculation of diluted earnings per share only when the performance conditions have been met.

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7. 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

8. 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
	1,296.7	1,897.5

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. 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.

A non-cash impairment charge of \$603.2 million has been made to goodwill in the Pathology division. The impairment relates 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.

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9. 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	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
Business combinations	29.8	7.9	(37.7)	-
Capitalisation of assets under construction	(26.5)	(0.3)	-	(26.8)
Transfers and disposals	(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	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

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10. 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

11. LEASE LIABILITIES

	2024 \$M	2023 \$M
Opening balance	1,203.9	1,172.9
New leases and remeasurement of leases 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

12. RIGHT OF USE ASSETS

	2024 \$M	2023 \$M
Opening balance	1,067.3	1,074.9
New leases and remeasurements of leases during the year	203.7	293.0
Depreciation	(226.7)	(220.9)
Business divestments	-	(40.6)
Impairment	(5.8)	(39.1)
Closing Balance	1,038.5	1,067.3

13. PAYABLES

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

14. PROVISIONS

	2024 \$M	2023 \$M
(a) Current		
Provision for employee benefits	113.5	127.1
Self-insurance provision	7.1	6.7
Other current provisions	7.0	7.8
	127.6	141.6
(b) 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
	15.2	19.5

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15. INTEREST BEARING LIABILITIES

	2024 \$M	2023 \$M
<b>Non-current</b>		
Gross bank loans	425.0	565.0
Unamortised borrowing costs	(4.2)	(2.9)
<b>Closing Balance</b>	<b>420.8</b>	562.1

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

	2024 \$M	2023 \$M
<b>Financing facilities</b>		
<b>Non-current</b>		
<i>Unsecured Syndicated Debt Facilities</i>		
Amount used	425.0	565.0
Amount unused	255.0	435.0
<b>Closing balance</b>	<b>680.0</b>	1,000.0

Amounts unused on non-current facilities are able to be drawn during the course of the ordinary working capital cycle of the Group.

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16. 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 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.

17. 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

18. NOTES TO THE STATEMENT OF CASH FLOWS

	NOTE	2024 \$M	2023 \$M
<b>(a) Reconciliation of cash</b>			
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 statement of financial position		60.1	115.3
<b>Cash as disclosed in the Group statement of cash flows</b>		<b>60.1</b>	<b>115.3</b>
<b>(b) Reconciliation of loss from ordinary activities after related income tax to net cash flows from operating activities</b>			
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 asset		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	19	-	(6.8)
Gain on derecognition of ROU asset		(5.2)	(4.2)
Loss/(gain) on sale of PP&E and intangibles		0.5	(1.1)
Impairment of leased assets <sup>1</sup>		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
<b>Net cash provided by operating activities</b>		<b>266.8</b>	<b>333.3</b>

<sup>1</sup> 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 15.

19. 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)
<b>(Loss)/earnings before interest and tax</b>	<b>(11.3)</b>	<b>5.6</b>
Finance costs	-	(1.1)
<b>(Loss)/earnings before tax</b>	<b>(11.3)</b>	<b>4.5</b>
Profit on sale	-	6.8
<b>(Loss)/profit before tax from discontinued operations</b>	<b>(11.3)</b>	<b>11.3</b>
Income tax benefit	1.5	0.9
<b>(Loss)/profit from discontinued operations</b>	<b>(9.8)</b>	<b>12.2</b>

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)
<b>Net cash (outflow)/inflow</b>	<b>(14.8)</b>	<b>107.6</b>

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

20. 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.

21. NET TANGIBLE LIABILITY BACKING

	2024 \$	2023 \$
Net tangible liability backing per share	(0.63)	(0.97)

Net tangible liability backing is calculated based upon net assets excluding goodwill, deferred taxation and other intangible assets.

This report has been prepared in accordance with AASB Standards, other AASB authoritative pronouncements and Urgent Issues Group Consensus Views or other standards acceptable to ASX.

Identify other standards used

NIL

This report, and the accounts upon which the report is based (if separate), use the same accounting policies.

This report gives a true and fair view of the matters disclosed.

This report is based on accounts to which one of the following applies.

*(Tick one)*

- |   |   |
|---|---|
| <input type="checkbox"/> The accounts have been audited.                              | <input type="checkbox"/> The accounts have been subject to review.                  |
| <input checked="" type="checkbox"/> The accounts are in the process of being audited. | <input type="checkbox"/> The accounts have <i>not</i> yet been audited or reviewed. |

If the audit report or review by the auditor is not attached, details of any qualifications will follow immediately they are available.

The entity has a formally constituted audit committee.



Sign here:

Date: 21 August 2024

(Director)

Print name: Paul Anderson