

ASX Announcement (ASX: HLS)

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



ACN 064 530 516
REGISTERED OFFICE:
LEVEL 22
161 Castlereagh Street
SYDNEY NSW 2000
TEL: +61 2 9432 9400
FAX: +61 2 9432 9447

15 November 2024

HEALIUS LIMITED (ASX:HLS)
ANNUAL GENERAL MEETING 2024
CHAIR SPEECH

It is good to regularly remind ourselves of the purpose of your Company.

Australia has one of the best healthcare systems in the world, and diagnostics is a critical part of our nation's health infrastructure.

The Pathology sector sees a million Australians each week and Imaging sees another half a million.

In Pathology, the sector has a critical role in the diagnosis and management of most diseases, and furthermore, early screening and diagnosis is fundamental to reducing patient treatment demands and downstream healthcare costs.

As one of Australia's leading diagnostics operators, Healius is fundamental to our healthcare system, our people are proud of that – and we hope that you are too.

Having said that, it has once again been a challenging year for your Company.

We have undertaken a strategic review which culminated in the announcement in September of the sale of Lumus Imaging to Affinity Equity Partners.

MANAGEMENT CHANGES

There were important leadership changes during the year. As shareholders are aware, Maxine Jaquet resigned as CEO in March this year and Paul Anderson was appointed as the Healius Group CEO & Managing Director.

Our then Deputy CFO, Steve Humphries, replaced Paul as the Group CFO.

I would like to take this opportunity to thank Maxine for her contribution to Healius over 8 years with the Company. We wish her well for her next endeavours.

For personal use only

In selecting Paul as her replacement, the Board felt that his experience was crucial to lead the strategic review and also to provide continuity in leadership at the executive level at a critical time. Paul has stepped up the tempo and focus of the Company and the Board believes he is well placed to lead the company through this next period. He is very focused on the successful delivery of the outcomes of the strategic review, including improving the performance of the pathology business.

The Board is also pleased with the refreshed Executive Leadership Team under Paul's leadership. We have had 5 new people join the leadership team and they are all aligned around delivering improved results for your company, with some early 'green shoots' observable in the FY24 results, but a lot more remaining to be done. Some of the external factors include no indexation in pathology for 25 years and cost pressures due to inflation continuing to provide challenges.

LUMUS IMAGING

The Board was very pleased with the outcome of the Lumus sale process. Lumus is a great business, and this was recognised by those who participated in the process.

The transaction is expected to settle early in calendar year 2025. Paul will provide further detail on its progress in his address.

The other key outcome of the strategic review that the Board undertook in March and April of this year was the development of a new operating model and a re-focus on our pathology operations.

Healius will continue to be a leading provider of pathology services in Australia. A rapidly growing bioanalytical laboratory services business, Agilix, is also of growing importance. Assuming we can conclude the sale of Lumus as planned, the proceeds will alleviate balance sheet pressures and allow the business to focus solely on executing a new pathology strategy.

That work is underway, and we plan to give a more detailed update once we have received the proceeds from the sale, likely to be in the first quarter of calendar year 2025.

There will be some transitional service obligations post that period and Healius plans material reductions in head office, infrastructure and other costs as we become a smaller and leaner business.

Our plan will be to use the proceeds of the sale also refinance and reduce the Healius' debt facilities. The Board intends to also prioritise the distribution of surplus proceeds to

shareholders in a tax efficient manner. The form and timing of this distribution to shareholders will be communicated closer to completion of the sale.

BOARD CHANGES

Also, and in light of all that was happening in May of this year, the Board asked me to accept the role of Chair on a permanent basis. Your Board (and I) felt that the company needed continuity at this level through this next phase to support management to deliver the outcomes of the strategic review, the implementation of the new pathology operating model and the continued growth of Agilex.

In FY24, the Board welcomed 2 new directors - with both Dr Michael Stanford and Ravi Jeyaraj elected as Non-executive Directors at the last AGM. Michael has brought a wealth of medical and health administration skills to the Board and Ravi brought his deep commercial acumen and health experience. Ravi's recent appointment to an overseas-based role meant that he needed to resign from the Board in August 2024, and we thank him for the contribution he made to the Board during this time.

Your Board continues to consider the right size and balance of skills and experience to guide the Company through its next chapter – we are close to finalising a candidate to take over as chair of the Audit Committee. We expect to continue thoughtful Board renewal over the course of the year.

MEETING RESOLUTIONS

Sally and I are the directors up for election this year and I am happy to confirm that these resolutions are unanimously supported by your Board.

For my part, I would say to you as shareholders that I am committed to working diligently over the next period to conclude the sale of Lumus Imaging, to improve the performance of the pathology business and to support the growth of Agilex.

Sally will say a few words on her re-election when we get to that item on the agenda. Let me just re-iterate that Sally is a highly regarded member of the Board, she makes a huge contribution, and the Board is fully supportive of her re-election.

The other items on the agenda are the adoption of the Remuneration Report and I am disappointed to note that we have received a lower than expected vote. If the resolution does not receive 75% of votes in favour, we will note this as a 'first strike'. We believe this is primarily due to the bespoke nature of the CEO remuneration package that falls outside the expected, or more usual split, between cash and equity components and the incentive targets. These were designed specifically for the circumstances that the Board were

addressing in March of this year. We have set out the arrangements and the reasoning for the remuneration package in the report. Your Board believes that this was, and remains for now, the right arrangement to implement the change needed through the completion of the sale of Lumus, the simplified operating model and the return to sustainable pathology margins which will ultimately deliver value to our shareholders. We have explained our reasoning to shareholders and proxy advisors, and on the whole shareholders have been supportive.

The Board is very happy with the direction of the Company under Paul, and we will, of course, continue to communicate with and advise shareholders of any future changes to his tenure and remuneration package.

The final resolution concerns approval of changes to the Company's constitution that your Board believe are necessary to update it to comply with regulatory changes, align with developments in corporate and commercial practice for ASX listed entities and improve administration of the Company's affairs. As set out in the Notice of Meeting they address the director resignation requirement and nomination period, flexibility around the payment of dividends, small holdings and unclaimed dividends, voting on a poll, majority director resolutions, and restrictions on restricted securities. A version of the marked up constitution can be found on the Healius website, and a copy is tabled to the meeting.

CONCLUSION

I would like to finish by acknowledging the dedication of the entire Healius team that has faced several challenging years and their unwavering effort and dedication to the business.

I would also like to thank my fellow Board members and management team for their support, and I look forward to the year ahead and delivering to our shareholders on the outcomes of the strategic review.

I would also like to thank you, our shareholders, for your patience during these challenging times and your continued support for the business.

Kate McKenzie
Healius Chair

ENDS

Authorised for release by the Company Secretary