

# *Results for announcement to the market*

## *Healius Limited*

ACN 064 530 516

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

For the year ended 30 June 2023

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# Healius Limited

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

### Results for announcement to the market

For the year ended 30 June 2023

<b>\$M</b>	<b>2023 TOTAL</b>	<b>2022 TOTAL</b>	<b>\$ CHANGE 2023 VS 2022</b>	<b>% CHANGE 2023 VS 2022</b>
Revenue from continuing operations	1,706.9	2,288.9	(582.0)	(25.4%)
Underlying profit for the year after tax <sup>1</sup>	25.7	306.6	(280.9)	(91.6%)
(Loss)/profit for the year after tax from continuing operations	(380.0)	292.4	(672.4)	(230.0%)
(Loss)/profit for the year after tax	(367.8)	307.9	(675.7)	(219.5%)
	<b>2023 TOTAL</b>	<b>2022 TOTAL</b>		
<b>CENTS PER SHARE <sup>2</sup></b>				
Basic (loss)/earnings per share	(64.6)	52.8		
Underlying basic earnings per share	4.5	52.5		
Diluted (loss)/earnings per share	(64.5)	52.0		
Underlying diluted earnings per share	4.5	51.8		
Final dividend <sup>3</sup>	-	6.0		
Interim dividend <sup>3</sup>	-	10.0		
	-	16.0		

<sup>1</sup> A reconciliation between reported loss and underlying profit 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 2023.

<sup>2</sup> Weighted average number of shares at 30 June 2023 determined to be 569.8 million and 570.6 million for basic and diluted earnings per share calculations respectively. 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 2023.

## 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 2023.

	2023 \$M	2022 \$M	BETTER/(WORSE) %
BAU revenue	1,623.2	1,526.8	6.3%
COVID-19 revenue	83.8	763.5	(89.0%)
<b>Total revenue (Underlying)</b>	<b>1,707.0</b>	2,290.3	(25.5%)
<b>EBITDA (Underlying) <sup>4</sup></b>	<b>376.2</b>	758.2	(50.4%)
D&A	(277.2)	(271.2)	(2.2%)
<b>EBIT (Underlying) <sup>4</sup></b>	<b>99.0</b>	487.0	(79.7%)
Non-underlying items	(45.1)	(23.4)	(92.7%)
Impairment charges	(388.9)	-	-
<b>EBIT (Reported)</b>	<b>(335.0)</b>	463.6	(172.3%)
Interest	(62.3)	(49.0)	(27.1%)
Tax	17.3	(122.2)	114.2%
Profit from discontinued operations	12.2	15.5	(21.3%)
<b>NPAT (Reported)</b>	<b>(367.8)</b>	307.9	(219.5%)

## MARKET CONDITIONS

Healius operates within the Australian healthcare market. This market was impacted by significant changes in the year ended 30 June 2023 (FY 2023), in particular a substantial lessening in demand for COVID-19 PCR testing and broad-based GP workforce, supply and access challenges. These led to a significant drop in COVID revenues and to a soft year for GP-referred pathology services.

Compared to pre-COVID (FY 2023 v FY 2019), both Pathology and Imaging have grown below long-term trends due to the disruption caused by the pandemic. However, underlying demand drivers remain strong including a growing and ageing population with greater longevity and more complex health issues. These drivers are expected to underpin growth in the medium-term.

## HEALIUS RESULTS

For Healius, Group underlying revenue dropped 25.5% between FY 2022 and FY 2023 mirroring the market conditions and in particular the decline in demand for COVID-19 PCR testing. Earnings and margins for the year were impacted by this revenue reduction. In response, Healius successfully completed a cost reset program which reduced the labour base and achieved further procurement savings helping to mitigate the impacts of inflationary pressures in the business.

Healius recorded underlying EBIT of \$99.0 million which was in line with consensus.

<sup>4</sup> Underlying EBITDA and Underlying EBIT are non-IFRS (International Financial Reporting Standards) financial metrics.

## Review of operations for the year ended 30 June 2023

Reported EBIT included items which Healius identified as non-underlying. The reconciliation is as follows:

	2023	2022
	\$M	\$M
<b>Underlying EBIT</b>	<b>99.0</b>	487.0
Digital transformation costs	(21.7)	(10.5)
Restructuring, terminations and other costs	(13.9)	-
Transaction costs	(3.2)	(10.3)
Takeover bid costs	(5.4)	-
Transactions with discontinued operations	(0.9)	(2.6)
<b>Non-underlying items</b>	<b>(45.1)</b>	(23.4)
Impairment of goodwill	(349.8)	-
Impairment of leased assets	(39.1)	-
<b>Impairment charges</b>	<b>(388.9)</b>	-
<b>Reported EBIT</b>	<b>(335.0)</b>	463.6

The adjustments between underlying and reported EBIT are as follows:

- Digital costs of \$21.7 million are part of the multi-year digital transformation program.
- Restructuring, termination and other costs of \$13.9 million primarily relate to the reset of the cost base in response to the post-pandemic market conditions.
- \$5.4 million of takeover bid costs are due to the hostile bid launched by ACL Pathology in March 2023, together with \$3.2 million of other transaction costs.
- A non-cash impairment charge of \$349.8 million has been made to goodwill in the Pathology division. This impairment relates primarily to Agilex, lower forecast cashflows post Covid, and an increase in the Weighted Average Cost of Capital to 8.5% (previously 7.8%).
- A leased asset impairment of \$39.1 million in Lumus Imaging. This relates to the imaging facilities in the Medical Centres which are now owned by ForHealth and over which Healius has long-term leases. The impairment is due to lower Imaging volumes than were envisaged at the time of entering into the leases.

Interest costs of \$62.3 million were 27.1% up on pcp, primarily due to increases in average debt levels and the cost of borrowing with a pre-tax weighted average cost of debt of 4.8% during the year.

The results of the Day Hospitals division prior to the completion of its sale in May 2023 and the gain on sale of the division, totalling \$12.2 million post-tax, were recognised in discontinued operations.

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

	2023	2022
	\$M	\$M
<b>Underlying Net Profit after tax</b>	<b>25.7</b>	306.6
After-tax adjustments to underlying EBIT	(303.8)	(16.4)
Tax differential for non-deductible items (underlying tax calculated at 30%)	(101.9)	2.2
Profit from discontinued operations	12.2	15.5
<b>Reported Profit/(Loss) after tax incl. discontinued operations</b>	<b>(367.8)</b>	307.9

## DIVISIONAL RESULTS

### PATHOLOGY

UNDERLYING	2023 \$M	2022 \$M	BETTER/(WORSE) %
Revenue - Pathology Core	1,155.8	1,115.7	3.6%
Revenue - Pathology COVID	83.8	763.5	(89.0%)
Revenue - Agilex	32.7	11.2	192.0%
<b>Revenue - Total</b>	<b>1,272.3</b>	<b>1,890.4</b>	<b>(32.7%)</b>
EBITDA	293.5	702.6	(58.2%)
Depreciation and amortisation	(214.8)	(204.2)	(5.2%)
EBIT	78.7	498.4	(84.2%)

### PATHOLOGY

Core revenue was up \$40.1 million or 3.6% on pcp. Softness in GP pathology referrals impacted Healius due to its greater exposure to the GP market relative to its key peers. COVID-19 revenue was down \$679.7 million or 89.0%.

The impact of the COVID-related drop in volumes on EBITDA and EBIT compared to pcp in a highly leveraged business was significant.

In FY 2023, Healius undertook a reset of both its COVID and core costs. In particular COVID labour costs were removed and core labour costs were held flat compared to pcp, with rightsizing and leave initiatives offsetting rate increases and legislated superannuation increases. Domestic FTEs in Pathology reduced by 11% on pcp.

Healius continues to deploy its customer facing digital solutions including Referral Hub, Collectors Portal, and Results Portal. Internally, the Laboratory Information System has been rolled out in two of six main departments and another three in progress.

Healius appointed an experienced pathologist, Dr Jan van Rooyen, as its new Group Executive, Pathology in June 2023.

### AGILEX BIOLABS

Agilex Biolabs is a strategic adjacency offering a capital-light high-growth profile, revenue diversification away from MBS and complementary capabilities. While growth has been slower than initially forecast, Healius remains confident in the market fundamentals, strategic rationale for the acquisition, and Agilex's competitive position.

Revenue for the period was \$32.7 million, EBITDA was \$4.4 million and EBIT was \$1.3 million. Importantly, the last quarter of 2023 delivered a strong exit run-rate, with operational issues from the ownership transition and scale-up of activities having been addressed.

## LUMUS IMAGING

UNDERLYING	2023 \$M	2022 \$M	BETTER/(WORSE) %
Gross revenue <sup>5</sup>	491.1	457.7	7.3%
Statutory revenue	431.2	393.9	9.5%
EBITDA	96.2	81.8	17.6%
Depreciation and amortisation	(58.4)	(62.7)	6.9%
EBIT	37.8	19.1	97.9%

Lumus Imaging's gross<sup>5</sup> revenue grew above market at 7.3% on pcp. The community and hospital channels grew by 9.0% while the Medical Centres channel declined by 1%. Growth in volumes was supported by ongoing use of higher-end modalities driving higher average fees.

Compared to pre-COVID (FY 2019), Lumus Imaging delivered growth and improved efficiency with a gross revenue per FTE CAGR of 4.2% and an exams per FTE CAGR of 3.1% (excluding Medical Centres).

Lumus Imaging's underlying EBIT nearly doubled in FY 2023, due to the benefits of cost management and digital initiatives as well as the leverage impact of higher volumes on a fixed cost base. Of note in FY 2023, Lumus Imaging:

- appointed a radiologist, Dr Phil Lucas, as Group Executive, Imaging,
- recruited a number of radiologists in the period supported by the new employment model,
- developed a greenfield clinic pipeline, with three committed and a further three with advanced business cases, and
- continued the roll-out of customer-facing digital tools.

## CORPORATE

UNDERLYING	2023 \$M	2022 \$M	BETTER/(WORSE) %
Revenue	3.9	6.5	(40.0%)
EBITDA	(13.5)	(26.2)	48.5%
Depreciation and amortisation	(4.0)	(4.3)	7.0%
EBIT	(17.5)	(30.5)	42.6%

Corporate functions include the management of centralised support services where those functions benefit from scale. Costs include strategy, capital and stakeholder management, group finance, people & culture, treasury, property, legal, ASX listing and management incentives. Overheads are allocated to the divisions in the form of a charge based on headcount, footprint, or usage. The remaining costs are classified as corporate overheads, as shown above.

In FY 2023, corporate overheads reduced due to tight cost control coupled with lower accrual for management incentives with depressed market conditions meaning incentive targets were not met.

<sup>5</sup> Gross revenue is before and Statutory revenue is after deduction for radiologists' share of revenue under AASB15.

## CASH FLOW AND GEARING

Group net debt and key ratios on 30 June 2023 were as follows:

REPORTED	30 JUNE 2023	30 JUNE 2022
	\$M	\$M
Bank loans and financing arrangements <sup>6</sup>	562.1	606.1
Cash <sup>7</sup>	(115.3)	(81.3)
Net debt	446.8	524.8
Bank gearing ratio (covenant <4.0x) <sup>8</sup>	3.48x	1.0x
Bank interest cover ratio (covenant >3.0x) <sup>9</sup>	4.81x	44x

The Group's gearing was within its original debt covenant of 3.5x and within its negotiated increase of 4.0x for FY 2023 and 1H 2024.

Group cash flows (including continuing and discontinued operations) for FY 2023 were as follows:

REPORTED	2023	2022
	\$M	\$M
<b>Gross cash flows from operating activities</b>	404.4	677.1
Net income tax paid	(71.1)	(90.3)
<b>Net cash flows from operating activities</b>	333.3	586.8
Maintenance capex	(40.1)	(54.6)
<b>Free cash flow</b>	293.2	532.2
Growth capex	(36.0)	(38.9)
Payments relating to acquisitions	-	(303.3)
Proceeds from sale of business & PPE	147.2	31.9
Payments for earn-out, settlement and deferred consideration	(3.8)	(36.8)
Net interest paid and finance costs (including on lease liabilities)	(61.6)	(48.2)
Payment of lease liabilities	(216.8)	(214.3)
Dividends, buyback of shares and shares purchased for LTIP	(43.2)	(259.6)
Net debt funding /(repayment)	(45.0)	345.6
<b>Net increase in cash held</b>	34.0	8.6

In FY 2023, Healius achieved gross operating cash flow conversion in excess of 100% of underlying EBITDA. Selective investments were undertaken in growth initiatives including digital customer and referrer portals and capabilities, extension to the ACC network in Healius Pathology, a new toxicology laboratory and instrumentation upgrades in Agilex, and upgrades to Lumus Imaging's facilities.

<sup>6</sup> Bank loans of \$565 million (FY 2022: \$610 million) are shown net of unamortised borrowing costs.

<sup>7</sup> FY 2022 cash includes cash in discontinued operations.

<sup>8</sup> Bank gearing ratio is calculated on EBITDA of \$129.3m (underlying EBITDA of \$376.2m before \$247.9m for AASB 16 and \$1.0m for AASB 15 / gain on sale of assets) and net debt of \$449.9m (net debt of \$446.8m plus unamortised borrowing costs of \$2.9m and parent company guarantees of \$0.2m).

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

## INITIATIVES UNDERTAKEN DURING FY 2023

### Service

In order to deliver exceptional customer service and experiences, Healius is creating and implementing digital solutions that improve the way Healius interacts with clinicians and patients. Progress during the year included:

- Enhanced and expanded Electronic Referrals solution, making it easier for doctors to order Pathology and Imaging tests and to engage with patients directly with a mobile web experience.
- Introduced additional functionality to the Collections Portal to address manual and operational pain points. These include digitising collection workflows across patient registration, protocoling tests and specimen collection.
- Expanded Booking System to include self-service online appointments for diagnostic imaging services.
- Enhanced patient feedback mechanism with a high net promoter score emerging.
- Progressed with rebranding across Healius and subsidiary brands to strengthen identity and better connect online offerings.

### Insights

Insights is focused on enabling new diagnostic technologies to deliver superior clinical insights, supporting the prevention and treatment of diseases, and improving health outcomes for patients. Progress during the year included:

- Built a new state-of-the-art secure database platform and successfully migrated 14 years history in pathology diagnosis spanning 275 million results. This will be one of the most valuable assets of the company with a single view of patients, doctors and results. Healius has provision to connect radiology data for a holistic diagnostic proposition.
- Progressed the build of the Results Portal (also referred to as Doctors Portal) to provide a modern experience for doctors to view and share reports, check history and get clinical support from Pathologists and Radiologists.
- Progressed the build of a Patient Portal to provide a modern digital self-service experience for patients to receive reports with simplified visualisation of their diagnostic history and health insights.
- Pursued strategic opportunities in new clinical domains, in the consumer health space and with major health players to diversify revenue sources and strengthen diagnostic technologies.

### Operating leverage

To grow revenue beyond market growth, Healius is focused on extracting the maximum value from the network, which includes improving conversion, optimising the modalities and specialties on offer, and continuing to drive efficiency and productivity across the business. Progress during the year included:

- Progressed the new Laboratory Information System (also referred to as Lab Portal) as the company digitises the end-to-end workflow in clinical departments with nationally standardised tests, results, instrument configurations, and processes while also improving staff experience. Histology and Cytology modules were successfully delivered during the year, and development is underway for Microbiology, Haematology, and Biochemistry modules.
- Implemented robotic track-based automation in select pathology laboratory departments that are labour intensive to leverage economies of scale.
- Grew the core network and optimised the ACC footprint with a standardised approach to gross-margin based analysis.
- Developed a strong pipeline of commercial initiatives to extract maximum value from the pathology network.



- Realised savings across a number of procurement categories including consumables, voice telecommunications, teleradiology and transcription services, with additional categories expected to benefit in FY 2024.

## **People**

Healius is focused on attracting, retaining and developing staff, particularly clinical, technical and frontline talent through enhancing the Group operating model and improving organisational structures and processes. Progress during the year included:

- Developed initiatives to attract and retain technical and frontline talent through a better employee value proposition and enhancing the people experience at Healius.
- Continued to progress the digital experience for people as well as streamlining workflows across payroll, recruitment, onboarding, and communications, in particular enabling dynamic rostering and addressing pain points for team members.
- Implemented a new operating model which includes the consolidation of several group and support functions, delivering efficiencies and increased productivity.

## Consolidated statement of profit or loss for the year end 30 June 2023

	NOTE	2023 \$M	2022* \$M
Revenue	3	1,706.9	2,288.9
Employee benefits expense		(864.3)	(932.1)
Property expenses		(56.3)	(50.8)
Consumables		(223.7)	(306.4)
Repairs and maintenance		(30.4)	(29.7)
IT expenses		(46.2)	(47.6)
Insurance		(7.2)	(7.6)
Short-term equipment hire		(3.5)	(35.7)
Other expenses		(100.0)	(123.4)
Depreciation – property, plant and equipment		(40.8)	(41.5)
Depreciation – right of use assets		(220.9)	(215.4)
Amortisation – intangibles		(15.5)	(14.3)
Digital transformation costs	2	(21.7)	(10.5)
Transaction costs	2	(3.2)	(10.3)
Takeover bid costs	2	(5.4)	-
Impairment of leased assets	2	(39.1)	-
Impairment of goodwill	2	(349.8)	-
Restructuring, termination and other costs	2	(13.9)	-
<b>Earnings before interest and tax</b>		<b>(335.0)</b>	463.6
Net finance costs	4	(62.3)	(49.0)
<b>(Loss)/profit before tax</b>		<b>(397.3)</b>	414.6
Income tax benefit/(expense)	5	17.3	(122.2)
<b>(Loss)/profit for the year from continuing operations</b>		<b>(380.0)</b>	292.4
Profit from discontinued operations	19	12.2	15.5
<b>(Loss)/profit for the year</b>		<b>(367.8)</b>	307.9
Attributable to:			
<b>Equity holders of Healius Limited</b>		<b>(367.8)</b>	307.9

\* The results of entities disposed in FY23 are excluded from continuing operations and presented as results from discontinued operations.

Notes to the financial statements are included on pages 16 to 30.

**Consolidated statement of other comprehensive income for the year end 30 June 2023**

	2023 \$M	2022 \$M
<b>(Loss)/profit for the year</b>	<b>(367.8)</b>	307.9
<b>Other comprehensive income</b>		
<i>Items that may be reclassified subsequently to profit or loss</i>		
Fair value gain on cash flow hedges	4.1	0.8
Reclassification adjustments relating to realised cash flow hedges recognised in profit or loss	0.7	5.3
Income tax relating to items that may be reclassified subsequently to profit or loss	(1.4)	(1.8)
<b>Other comprehensive income for the year, net of income tax</b>	<b>3.4</b>	4.3
<b>Total comprehensive (loss)/income for the year</b>	<b>(364.4)</b>	312.2

Notes to the financial statements are included on pages 16 to 30.

## Consolidated statement of financial position as at 30 June 2023

	NOTE	30 JUNE 2023 \$M	30 JUNE 2022 \$M
<b>Current assets</b>			
Cash	18 (a)	115.3	81.3
Receivables	7	189.5	241.3
Consumables		32.8	49.2
Tax assets		6.7	-
<b>Total current assets</b>		<b>344.3</b>	<b>371.8</b>
<b>Non-current assets</b>			
Goodwill	8	1,897.5	2,344.3
Right of use assets	12	1,067.3	1,074.9
Property, plant and equipment	9	176.0	196.0
Other intangible assets	10	73.1	75.2
Other financial assets		7.1	5.8
Deferred tax asset		87.9	68.8
<b>Total non-current assets</b>		<b>3,308.9</b>	<b>3,765.0</b>
<b>Total assets</b>		<b>3,653.2</b>	<b>4,136.8</b>
<b>Current liabilities</b>			
Payables	13	218.0	169.6
Deferred consideration		0.9	5.7
Tax liabilities		1.9	67.3
Provisions	14 (a)	145.8	175.0
Lease liabilities	11	263.0	223.7
<b>Total current liabilities</b>		<b>629.6</b>	<b>641.3</b>
<b>Non-current liabilities</b>			
Provisions	14 (b)	14.4	18.6
Interest bearing liabilities	15	562.1	606.1
Lease liabilities	11	940.9	949.2
<b>Total non-current liabilities</b>		<b>1,517.4</b>	<b>1,573.9</b>
<b>Total liabilities</b>		<b>2,147.0</b>	<b>2,215.2</b>
<b>Net assets</b>		<b>1,506.2</b>	<b>1,921.6</b>
<b>Equity</b>			
Issued capital	16	2,421.0	2,422.9
Reserves		8.5	19.9
Accumulated losses		(923.3)	(521.2)
<b>Total equity</b>		<b>1,506.2</b>	<b>1,921.6</b>

Notes to the financial statements are included on pages 16 to 30.

## 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
<b>Balance at 1 July 2022</b>	<b>2,422.9</b>	<b>(0.2)</b>	<b>20.8</b>	<b>(0.7)</b>	<b>(521.2)</b>	<b>1,921.6</b>
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 30.

## Consolidated statement of changes in equity for the year ended 30 June 2022

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

Notes to the financial statements are included on pages 16 to 30.

## Consolidated statement of cash flows for the year ended 30 June 2023

	NOTE	2023 \$M	2022 \$M
<b>Cash flows from operating activities</b>			
Receipts from customers		1,904.8	2,456.2
Payments to suppliers and employees		(1,500.4)	(1,779.1)
Gross cash flows from operating activities		404.4	677.1
Net income tax paid		(71.1)	(90.3)
<b>Net cash provided by operating activities</b>	18 (b)	<b>333.3</b>	<b>586.8</b>
<b>Cash flows from investing activities</b>			
Proceeds from sale of business (net of cash disposed and transaction costs)		116.3	28.2
Payment for property, plant and equipment		(62.7)	(81.4)
Payment for other intangibles		(13.4)	(12.1)
Proceeds from the sale of property, plant and equipment and intangibles		30.9	3.7
Payment for business acquired (net of cash received) – Agilex Biolabs		-	(290.7)
Payment for business acquired (net of cash received) – Axis Diagnostics		-	(12.6)
Payments for earn out, settlement and deferred consideration		(3.8)	(36.8)
<b>Net cash from/(used in) investing activities</b>		<b>67.3</b>	<b>(401.7)</b>
<b>Cash flows from financing activities</b>			
Finance costs on interest bearing liabilities		(28.5)	(13.3)
Interest received		1.6	0.3
Interest paid on lease liabilities		(34.7)	(35.2)
Payment of lease liabilities		(216.8)	(214.3)
Payments for buyback of shares		(5.2)	(139.4)
Shares purchased for Long Term Incentive Plan		(3.7)	(22.1)
Proceeds from borrowings		135.0	510.6
Repayment of borrowings		(180.0)	(165.0)
Dividends paid		(34.3)	(98.1)
<b>Net cash used in financing activities</b>		<b>(366.6)</b>	<b>(176.5)</b>
<b>Net increase in cash held</b>		<b>34.0</b>	<b>8.6</b>
Cash at the beginning of the year	18 (a)	81.3	72.7
<b>Cash at the end of the year</b>	18 (a)	<b>115.3</b>	<b>81.3</b>

Notes to the financial statements are included on pages 16 to 30.

### 1. SIGNIFICANT 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 2023 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 2022. 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 2023 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 including amounts pertaining to Day Hospitals in the prior period which have been reclassified to discontinued operations (refer note 19 for details). 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.



## 2. SEGMENT INFORMATION

Operating segments are identified based on the way that the Chief Executive Officer and the Board of Directors (also known as the chief operating decision makers) regularly review and assess the financial performance of the business and determine the allocation of resources. Pursuant to the disposal of the Day Hospitals business, the Group's continuing operations comprise the following three divisions or operating segments. The segment results of the prior year have been restated for consistency with the current year operating segments:

<b>OPERATING SEGMENT</b>	<b>ACTIVITY</b>
<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.

Underlying results include the payment of rent, recharging of costs and other transactions with discontinued activities which are required to be excluded from reported results (see note 2).

## Notes to Appendix 4E for the year ended 30 June 2023

### 2. SEGMENT INFORMATION (CONTINUED)

#### Underlying results

<b>2023</b>	<b>PATHOLOGY \$M</b>	<b>IMAGING \$M</b>	<b>OTHER \$M</b>	<b>TOTAL CONTINUING OPERATIONS \$M</b>
Segment revenue	1,272.3	431.2	3.9	1,707.4
Intersegment sales				(0.4)
<b>Total revenue</b>				<b>1,707.0</b>
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)
<b>EBIT<sup>2</sup></b>	<b>78.7</b>	<b>37.8</b>	<b>(17.5)</b>	<b>99.0</b>

<b>2022</b>	<b>PATHOLOGY \$M</b>	<b>IMAGING \$M</b>	<b>OTHER \$M</b>	<b>TOTAL CONTINUING OPERATIONS<sup>3</sup> \$M</b>
Segment revenue	1,890.4	393.9	6.5	2,290.8
Intersegment sales				(0.5)
<b>Total revenue</b>				<b>2,290.3</b>
EBITDA <sup>1</sup>	702.6	81.8	(26.2)	758.2
Depreciation – property, plant and equipment	(22.8)	(17.0)	(1.7)	(41.5)
Amortisation – intangibles	(8.8)	(3.9)	(1.6)	(14.3)
Depreciation – right of use assets	(172.6)	(41.8)	(1.0)	(215.4)
<b>EBIT<sup>2</sup></b>	<b>498.4</b>	<b>19.1</b>	<b>(30.5)</b>	<b>487.0</b>

<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.

<sup>3</sup> The results of entities disposed in FY23 are excluded from continuing operations and presented as results from discontinued operations.

## Notes to Appendix 4E for the year ended 30 June 2023

### 2. SEGMENT INFORMATION (CONTINUED)

#### Reconciliation of underlying segment revenue to reported revenue

	SEGMENT RESULT	
	2023 \$M	2022* \$M
Total underlying segment revenue from continuing operations	1,707.0	2,290.3
Transactions with discontinued operations	(0.1)	(1.4)
<b>Total reported revenue (Note 3)</b>	<b>1,706.9</b>	<b>2,288.9</b>

#### Reconciliation of underlying segment result to reported (loss)/profit before tax

	SEGMENT RESULT	
	2023 \$M	2022* \$M
<b>Underlying results from continuing operations before tax</b>	<b>99.0</b>	487.0
Digital transformation costs	(21.7)	(10.5)
Transaction costs	(3.2)	(10.3)
Takeover bid costs	(5.4)	-
Impairment of leased assets	(39.1)	-
Impairment of goodwill	(349.8)	-
Restructuring, termination and other costs	(13.9)	-
Transactions with discontinued operations	(0.9)	(2.6)
<b>Reported EBIT</b>	<b>(335.0)</b>	463.6
Finance costs	(62.3)	(49.0)
<b>Reported (loss)/profit before tax</b>	<b>(397.3)</b>	414.6

### 3. REVENUE

	2023 \$M	2022* \$M
Trading revenue	1,706.9	2,288.9

### 4. NET FINANCE COSTS

	2023 \$M	2022* \$M
Interest expense	27.5	12.8
Interest on lease liabilities	33.7	33.5
Amortisation of borrowing costs	1.1	2.7
	<b>62.3</b>	<b>49.0</b>

\* The results of entities disposed in FY23 are excluded from continuing operations and presented as results from discontinued operations.

## Notes to Appendix 4E for the year ended 30 June 2023

### 5. INCOME TAX EXPENSE

	2023 \$M	2022* \$M
The prima facie income tax expense on pre-tax accounting profit reconciles to the income tax expense in the financial statements as follows:		
(Loss)/profit before tax	(397.3)	414.6
Income tax calculated at 30% (2022 30%)	(119.2)	124.4
Tax effect of non-temporary differences:		
Non-deductible asset impairment expense	104.9	-
Share related expense/(benefit)	(3.5)	(4.2)
Non-deductible acquisition costs	-	1.6
Other items	0.4	0.3
Under/(over) provision in prior years	0.1	0.1
Income tax (benefit)/expense	(17.3)	122.2

### 6. EARNINGS PER SHARE

#### Basic and diluted earnings per share

EARNINGS	2023 \$M	2022* \$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)/profit for the year from continuing operations	(380.0)	292.4
(Loss)/profit attributable to equity holders of Healius Limited	(367.8)	307.9

EARNINGS PER SHARE	2023 CENTS	2022* CENTS
Basic earnings per share	(64.6)	52.8
Basic underlying earnings per share	4.5	52.5
Diluted earnings per share	(64.5)	52.0
Diluted underlying earnings per share	4.5	51.8

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.

\* The results of entities disposed in FY23 are excluded from continuing operations and presented as results from discontinued operations.

## Notes to Appendix 4E for the year ended 30 June 2023

### 7. RECEIVABLES

	2023 \$M	2022 \$M
<b>Measured at amortised cost</b>		
<b>Current</b>		
Trade receivables	143.7	199.5
Allowance for expected credit losses	(23.0)	(22.0)
	<b>120.7</b>	<b>177.5</b>
Prepayments	24.9	21.6
Accrued revenue	35.8	36.3
Other receivables	8.1	5.9
	<b>189.5</b>	<b>241.3</b>

### 8. GOODWILL

	2023 \$M	2022 \$M
<b>Carrying value</b>		
Opening balance	2,344.3	2,042.3
Acquisition of businesses	(0.3)	302.0
Impairment of goodwill	(349.8)	-
Business divestments	(96.7)	-
<b>Closing balance</b>	<b>1,897.5</b>	<b>2,344.3</b>
Goodwill is allocated to the Group's cash-generating units (CGUs) as follows:		
Pathology	1,526.0	1,876.1
Imaging	371.5	371.5
Montserrat	-	96.7
	<b>1,897.5</b>	<b>2,344.3</b>

The accounting for the acquisition of Agilex Biolabs Pty Ltd ("Agilex") has been finalised and the Group has allocated the goodwill arising from this acquisition to the Pathology CGU.

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 2024 Board approved budget; and
- For financial years 2025 – 2028, growth rates have been determined with reference to historical company experience, industry data and a long-term growth rates expected for the industry.

A non-cash impairment charge of \$349.8 million has been made to goodwill in the Pathology division. This impairment relates primarily to Agilex, lower forecast cashflows post Covid, and an increase in the Weighted Average Cost of Capital to 8.5% (previously 7.8%).

## Notes to Appendix 4E for the year ended 30 June 2023

### 9. PROPERTY, PLANT AND EQUIPMENT

2023 \$M	PLANT AND EQUIPMENT	LEASEHOLD IMPROVEMENTS	ASSETS UNDER CONSTRUCTION	TOTAL
<b>Net book value</b>				
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)
<b>Closing balance</b>	<b>103.8</b>	<b>63.9</b>	<b>8.3</b>	<b>176.0</b>
<b>Cost</b>				
Cost	343.1	171.7	8.3	523.1
Accumulated depreciation and impairment	(239.3)	(107.8)	-	(347.1)
<b>Closing balance</b>	<b>103.8</b>	<b>63.9</b>	<b>8.3</b>	<b>176.0</b>

2022 \$M	PLANT AND EQUIPMENT	LEASEHOLD IMPROVEMENTS	ASSETS UNDER CONSTRUCTION	TOTAL
<b>Net book value</b>				
Opening balance	79.7	72.3	5.7	157.7
Additions	39.1	0.8	41.5	81.4
Business combinations	6.2	0.3	0.8	7.3
Capitalisation of assets under construction	25.9	6.2	(32.1)	-
Transfers and disposals	(1.5)	(0.6)	(3.8)	(5.9)
Depreciation expense	(32.5)	(12.0)	-	(44.5)
<b>Closing balance</b>	<b>116.9</b>	<b>67.0</b>	<b>12.1</b>	<b>196.0</b>
<b>Cost</b>				
Cost	377.2	170.0	12.1	559.3
Accumulated depreciation and impairment	(260.3)	(103.0)	-	(363.3)
<b>Closing balance</b>	<b>116.9</b>	<b>67.0</b>	<b>12.1</b>	<b>196.0</b>

## Notes to Appendix 4E for the year ended 30 June 2023

### 10. OTHER INTANGIBLE ASSETS

2023 \$M	IT SOFTWARE	LICENCES	INTANGIBLES UNDER CONSTRUCTION	TOTAL
<b>Net book value</b>				
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)
<b>Closing balance</b>	<b>51.7</b>	<b>7.3</b>	<b>14.1</b>	<b>73.1</b>
<b>Cost</b>				
Cost	159.1	40.4	14.1	213.6
Accumulated amortisation and impairment	(107.4)	(33.1)	-	(140.5)
<b>Closing balance</b>	<b>51.7</b>	<b>7.3</b>	<b>14.1</b>	<b>73.1</b>

2022 \$M	IT SOFTWARE	LICENCES	INTANGIBLES UNDER CONSTRUCTION	TOTAL
<b>Net book value</b>				
Opening balance	64.5	9.0	2.8	76.3
Additions	4.2	-	7.9	12.1
Business combinations	0.3	-	-	0.3
Capitalisation of intangible assets under construction	7.2	-	(7.2)	-
Other	-	-	0.8	0.8
Amortisation expense	(13.5)	(0.8)	-	(14.3)
<b>Closing balance</b>	<b>62.7</b>	<b>8.2</b>	<b>4.3</b>	<b>75.2</b>
<b>Cost</b>				
Cost	156.5	40.4	4.3	201.2
Accumulated amortisation and impairment	(93.8)	(32.2)	-	(126.0)
<b>Closing balance</b>	<b>62.7</b>	<b>8.2</b>	<b>4.3</b>	<b>75.2</b>

### 11. LEASE LIABILITIES

	2023 \$M	2022 \$M
Opening balance	1,172.9	1,177.6
New leases and remeasurement of leases during the year	287.4	208.6
Business divestments	(42.9)	-
Interest	33.7	35.2
Payments	(247.2)	(248.5)
<b>Closing balance</b>	<b>1,203.9</b>	<b>1,172.9</b>
<b>Presented as:</b>		
Current lease liabilities	263.0	223.7
Non-current lease liabilities	940.9	949.2
<b>Total lease liabilities</b>	<b>1,203.9</b>	<b>1,172.9</b>

## Notes to Appendix 4E for the year ended 30 June 2023

### 12. RIGHT OF USE ASSETS

	2023 \$M	2022 \$M
Opening balance	1,074.9	1,087.2
New leases and remeasurements of leases during the year	293.0	207.4
Depreciation	(220.9)	(219.7)
Business divestments	(40.6)	-
Impairment	(39.1)	-
<b>Closing Balance</b>	<b>1,067.3</b>	<b>1,074.9</b>

### 13. PAYABLES

	2023 \$M	2022 \$M
<b>Current</b>		
Trade payables and accruals	218.0	169.6
<b>Total payables</b>	<b>218.0</b>	<b>169.6</b>

### 14. PROVISIONS

	2023 \$M	2022 \$M
<b>(a) Current</b>		
Provision for employee benefits	118.6	155.5
Self-insurance provision	6.7	5.9
Make good provision	-	3.3
Other current provisions	20.5	10.3
	<b>145.8</b>	<b>175.0</b>
<b>(b) Non-current</b>		
Provision for employee benefits	8.4	10.1
Self-insurance provision	3.8	7.1
Make good provision	2.2	1.4
	<b>14.4</b>	<b>18.6</b>



## Notes to Appendix 4E for the year ended 30 June 2023

### 15. INTEREST BEARING LIABILITIES

	2023 \$M	2022 \$M
<b>Non-current</b>		
Gross bank loans	565.0	610.0
Refinancing valuation adjustment	-	0.1
Unamortised borrowing costs	(2.9)	(4.0)
<b>Closing Balance</b>	<b>562.1</b>	<b>606.1</b>

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

	2023 \$M	2022 \$M
<b>Financing facilities</b>		
<b>Non-current</b>		
<i>Unsecured Syndicated Debt Facilities</i>		
Amount used	565.0	610.0
Amount unused	435.0	390.0
<b>Closing balance</b>	<b>1,000.0</b>	<b>1,000.0</b>

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

**16. ISSUED CAPITAL**

	<b>2023 NO. OF SHARES 000'S</b>	<b>2022 NO. OF SHARES 000'S</b>	<b>2023 \$M</b>	<b>2022 \$M</b>
<b>Opening balance</b>	<b>569,207</b>	599,446	<b>2,422.9</b>	2,575.6
Shares issued via Short Term Incentive Plan (deferred equity)	228	-	0.8	-
Shares issued via Non-Executive Director Share Plan	61	62	0.3	0.2
Shares issued via Long Term Incentive Plan	2,660	4,391	5.9	8.6
Own shares acquired for Long Term Incentive Plan	(976)	(4,391)	(3.7)	(22.1)
Own shares acquired during buy back	(1,651)	(29,529)	(5.2)	(135.8)
Treasury shares cancelled	-	(772)	-	(3.6)
<b>Closing balance</b>	<b>569,529</b>	569,207	<b>2,421.0</b>	2,422.9

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.

**Share options on issue**

As at 30 June 2023, the company had 24,262,825 (2022: 36,394,239) share options on issue, exercisable on a 1:1 basis for 24,262,825 (2022: 36,394,239) ordinary shares of Healius at an exercise price of \$3.05. The share options will vest between July 2023 and July 2024 subject to the satisfaction of applicable service and performance conditions and carry no rights to dividends and no voting rights.

**Rights on issue**

As at 30 June 2023, the company had 246,426 (2022: 228,341) service rights on issue, exercisable on a 1:1 basis for 246,426 (2022: 228,341) ordinary shares of Healius at an exercise price of \$nil.

As at 30 June 2023, the company had 6,731,128 (2022: 5,549,056) performance rights on issue, exercisable on a 1:1 basis for 6,731,128 (2022: 5,549,056) ordinary shares of Healius at an exercise price of \$nil. The performance rights will vest between July 2023 and October 2025 subject to the satisfaction of applicable service and performance conditions and carry no rights to dividends and no voting rights.

As at 30 June 2023, the company had 25,660 (2022: 35,140) Non-Executive Director (NED) share rights on issue, exercisable on 1:1 basis for 25,660 (2022: 35,140) ordinary shares of Healius at an exercise price of \$nil.

**Restricted shares on issue**

As at 30 June 2023, the company had 78,585 (2022: 76,024) restricted shares on issue.

## Notes to Appendix 4E for the year ended 30 June 2023

### 17. DIVIDENDS ON EQUITY INSTRUMENTS

	2023 CENTS PER SHARE	2022 CENTS PER SHARE	2023 \$M	2022 \$M
<b>Recognised amounts</b>				
Final dividend – previous financial year	6.00	6.75	34.3	40.2
Interim dividend – this financial year	-	10.00	-	57.9
	<b>6.00</b>	<b>16.75</b>	<b>34.3</b>	<b>98.1</b>
<b>Unrecognised amounts</b>				
Final dividend – this financial year	-	6.0	-	34.2

No dividends are expected to be paid for the year ended 30 June 2023. A final dividend of 6.00 cps was paid with regards to the year ended 30 June 2022.

	2023 \$M	2022 \$M
<b>FRANKING ACCOUNT</b>		
Closing balance as at 30 June	<b>178.4</b>	<b>194.4</b>

## Notes to Appendix 4E for the year ended 30 June 2023

### 18. NOTES TO THE STATEMENT OF CASH FLOWS

	NOTE	2023 \$M	2022 \$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		115.3	81.3
<b>Cash as disclosed in the Group statement of cash flows</b>		<b>115.3</b>	<b>81.3</b>
<b>(b) Reconciliation of profit from ordinary activities after related income tax to net cash flows from operating activities</b>			
(Loss)/profit for the year		(367.8)	307.9
Finance costs		63.4	50.7
Depreciation of plant and equipment		40.8	44.5
Depreciation of right of use asset		220.9	219.7
Amortisation of intangibles		15.5	14.3
Amortisation of HCP upfronts		1.8	2.4
Share-based payment expense		(7.8)	7.9
Gain on sale of Day Hospitals	19	(6.8)	-
Gain on sale of Adora	19	-	(16.5)
Gain on derecognition of ROU asset		(4.2)	(0.5)
(Gain)/loss on sale of PP&E and intangibles		(1.1)	0.3
Impairment of leased assets		39.1	-
Impairment of goodwill		349.8	-
Other non-cash items		(1.3)	(1.3)
Increase/(decrease) in:			
Trade payables and accruals		40.1	(36.4)
Provisions		(31.6)	2.5
Deferred revenue		4.7	2.8
Income tax and deferred taxes		(89.3)	33.9
Decrease/(increase) in:			
Consumables		14.5	(12.4)
Receivables and prepayments		52.6	(33.0)
<b>Net cash provided by operating activities</b>		<b>333.3</b>	<b>586.8</b>

#### Financing facilities

Details of financing facilities available to the Group are provided at note 15.

## Notes to Appendix 4E for the year ended 30 June 2023

### 19. DISCONTINUED OPERATIONS

#### (a) Day Hospital Businesses (Day Hospitals)

On 9 December 2022 the Group announced that it had entered into a binding agreement to sell the Day Hospitals business to Nexus Hospitals for an enterprise value of up to \$138.6 million (including deferred contingent consideration of up to \$11.4 million) on a cash and debt free basis. The sale completed on 30 April 2023.

The results of the business have been presented in the results from discontinued operations in the 2023 financial year.

#### (b) Adora IVF and Healius Day Surgeries Businesses (Adora)

The Group sold Adora on 1 June 2022. The results of the business to 31 December 2021 have been presented in the comparative results from discontinued operations.

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

	2023 \$M	2022 \$M
Revenue and other gains	43.7	74.9
Expenses	(38.1)	(72.2)
<b>Earnings before interest and tax</b>	<b>5.6</b>	<b>2.7</b>
Finance costs	(1.1)	(1.7)
<b>Earnings before tax</b>	<b>4.5</b>	<b>1.0</b>
Profit on sale	6.8	16.5
<b>Profit before tax from discontinued operations</b>	<b>11.3</b>	<b>17.5</b>
Income tax benefit/(expense)	0.9	(2.0)
<b>Profit from discontinued operations</b>	<b>12.2</b>	<b>15.5</b>

The net cash flows of discontinued operations are:

	2023 \$M	2022 \$M
Operating	6.6	13.3
Investing	113.2	24.5
Financing	(4.3)	(6.0)
<b>Net cash inflow</b>	<b>115.5</b>	<b>31.8</b>

The profit per share attributable to discontinued operations is as follows:

	2023 Cents	2022 Cents
Basic profit per share from discontinued operations	2.1	2.7
Diluted profit per share from discontinued operations	2.1	2.6

**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**

	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
Net tangible liability backing per share	<b>(0.97)</b>	(0.97)

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

## Compliance Statement for the year ended 30 June 2023

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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: 30 August 2023



(Director)

Print name: Maxine Jaquet