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HEALIUS LIMITED (ASX: HLS)

ANNUAL GENERAL MEETING 2021

CHAIR'S SPEECH

Good morning everyone,

Welcome to the 2021 Annual General Meeting of Healius Limited, thank you for joining us.

My name is Rob Hubbard and I am your Company's Chairman.

I am speaking to you from our QML Pathology Head Office in Brisbane.

I would like to begin by acknowledging the Traditional Owners of the lands on which we meet today, in particular the Traditional Owners of the Jagera and Cammeraygal nations, and pay my respects to Elders past, present and emerging.

Given the continued lockdowns in various states, this is Healius' second virtual AGM. While the Healius Board is disappointed that we are unable to meet with our shareholders in person, we have chosen to do this to ensure the safety of our stakeholders.

It is past 11.00 am, Sydney time, and, as a quorum is present, I declare the meeting open.

Let me cover some procedural matters:

- Shareholders can participate and vote through the Lumi AGM platform.
- A guide on how to do this is on the Healius website.
- Should you require assistance during the meeting, the phone number is in that guide and on the slide on the screen now as well.
- A recording of the meeting will be available on the Healius website afterwards.
- Charles Tilley, our Company Secretary, will say more about how to ask questions and vote when we move to the formal part of the meeting.

For those who feel comfortable with the technology, the polls in relation to all items of business are now open. This means you can vote from now on. You will have an opportunity to vote throughout the meeting the meeting. I will let you know when voting is about to close.

Online with me today we have in Sydney:

- Sally Evans, Non-executive Director,
- Kate McKenzie, Non-executive Director,
- Jenny MacDonald, Non-executive Director,
- Dr Malcolm Parmenter, our Managing Director and CEO, and
- Charles Tilley, Company Secretary.

In Port Macquarie:

• Dr Paul Jones, Non-executive Director

And in Glenburn Victoria:

Gordon Davis, Non-executive Director,

For those of you who are regular AGM attendees the agenda today is relatively routine, however we encourage questions on any item of business.

As outlined in our Notice of Meeting, Sally Evans and Gordon Davis are retiring by rotation and standing for re-election today as Non-executive Directors.

Kate McKenzie and Jenny MacDonald, are standing for election today as Non-executive Directors.

In terms of remuneration in addition to the Remuneration Report for FY21 we are also seeking your approval for the issue of shares under the Short Term Incentive Plan to Malcolm.

Lastly, we seek your approval for the issue of shares to Non-executive Directors under the Non-executive Director share plan for the next three years.

I'll make some observations about the last financial year, FY 2021, while leaving Malcolm to update you on current trading and our strategy.

This year, like the one before it, has been challenging and unpredictable to say the least. However, I remain impressed our quickly all of us have responded to CoVid and integrated these responses into our day to day activities operations. Your Company has faced these challenges head on, and has gone far beyond any financial metrics, ensuring we were at the front and centre of Australia's public health response to the COVID-19 pandemic, in addition to keeping our core healthcare services running safely and efficiently. This has been our overriding aim, and one which I congratulate the Healius team on achieving day in day out.

The pandemic has exemplified who we are and what we strive to be, namely a purpose-led organisation caring for the health and wellbeing of Australians at every stage of life. We continue to grow Healius, evolving through our focus on customer-centricity and technological advancements that will help Australians live a healthier future.

In response to the pandemic, we reconfigured our laboratories and invested in new equipment to keep our communities safe. We have continued to establish pop-up drive-through clinics for safe and easy public access. We have run our laboratories often 24/7 as we undertook, at its peak, more than 34,000 tests a day during FY 2021. During the latest outbreaks in NSW and Victoria our people have undertaken more than 55,000 tests in a day, which is a phenomenal effort. I would like to make a special mention of our teams in NSW and Victoria for their continued efforts to contain the spread of COVID-19 and for enduring the challenges of extended lockdowns.

I pay tribute to our people, who have responded with unwavering and selfless dedication, extending far beyond any normal capacities and capabilities. We thank all of them, especially our frontline staff for their tremendous achievements over the last year. Collectively we have also kept each other safe through sound clinical practice, exemplifying our values of 'WE CARE', and by caring for our mutual wellbeing. We have had no cases of CoVid with our front line workers, remarkable when your aim is to contact people with CoVid. It has been an outstanding performance all round and I am very proud to be a part of the Healius family.

We would also like to thank the Federal Government for its support of the private sector pathology providers, in recognition of their indispensable role in response to the pandemic, and the collaboration and support of state governments.

I will now turn to what we have been doing at Healius over the 2021 financial year.

In terms of the results, these are set out in detail in our Annual Report.

In summary, the Company had an extraordinary year, revenue grew 22% to nearly \$2 billion while underlying EBIT grew to a record \$266.5 million. Our underlying results exclude Medical Centres and Adora Fertility as these businesses were classified as held for sale in the year.

The various state lockdowns, including the extended lockdown in Victoria in the winter of 2020, had an impact on non-COVID pathology and imaging volumes and, to a lesser degree, day hospital surgery numbers.

Pathology and Day Hospitals were up significantly on the prior period and Imaging improved from a lock-down impacted FY 2020. Underlying NPAT was up by \$95.3 million, more than 150% increase on the prior period. Management's successful execution of Phase 1 of the Sustainable Improvement Program (SIP) contributed to the delivery of this strong result through both cost control and revenue growth. I'll let Malcolm share with you more details of the SIP.

Reported results for the year ended 30 June 2021 include a small number of non-underlying items, including investment in pathology information systems. Importantly, we have delivered on our commitment to narrow the quantum of adjustments between reported and underlying, reduced to a 4% differential between reported and underlying EBIT in FY 2021, much of which is explained by changes to our portfolio of businesses..

Pleasingly, we generated over \$500 million in operating cash flow and a further \$387 million in net capital recycling, with a targeted program of capital investment. Healius is strongly positioned for growth.

The business invested in a new state of the art pathology laboratory in Western Australia, a comprehensive imaging centre in Orange, NSW and acquired Axis Diagnostics, a small but high-value radiology operation in Queensland, strategically extending its footprint. The strong cash inflow enabled your Company to significantly reduce its debt, whilst maintaining a strong balance sheet to fund future growth and buffer any potential shocks as the country returns to a post-pandemic new 'normal'.

There will be the opportunity to ask questions on the Financial Report later in this meeting.

The Board and Executive continue to focus on our strategic goals to maximise long-term growth and shareholder value, providing shareholders with a sustainable return on investment.

Over the past two years, we have pursued a strategy to realign our portfolio in order to deliver higher returns and a strong growth profile.

In November, we successfully completed the sale of Healius Primary Care, our medical centre and dental businesses. This was a watershed moment in our Company's history, a turning point if you will. Management achieved a value accretive outcome, especially considering the challenging environment in which it was accomplished. This was probably one of the first fully virtual transactions completed in the early months of CoVid and required both tenacity and innovation to achieve. We are delighted with the outcome and I am sure that you are as well.

In May, Adora IVF was brought to market with the sale to Virtus Health announced in August. We are rightly proud of how Adora opened up the possibility of IVF and the wonder of children to many people, however we are not the natural owner of this business and it was time for it to be sold.

These divestments have not only strengthened our balance sheet, our portfolio has also been simplified, allowing us to focus on our core diagnostic and growing day hospitals businesses.

In December, a capital management review was undertaken with focussed on the interests of our shareholders:

- We announced an on-market share buy back aiming to return up to \$200 million in calendar year 2021. 36.43 million shares have been repurchased for a total value of almost \$160 million by the end of last week, primarily funded from operating cash flow.
- We also restored a more sustainable dividend policy, with a payout target of 50-70% of reported NPAT, with a stated aim of growing dividends in real terms. Total fully franked dividends of 13.25 cents per share for FY21 f were the highest annual dividends for several years.

It is our aim to continue to deliver real value to our shareholders. In response to the Company's exceptional performance in FY 2021, the Company's share price appreciated by over 50% in FY 2021, outperforming the ASX200 index which increased 23% and the ASX200 Healthcare index which increased 5%.

Turning to remuneration.

Our remuneration framework aims to attract, retain and reward talented employees, while reinforcing Healius' Purpose and Mission, supporting our strategy, and aligning rewards to sustained shareholder value creation.

We continually review this framework to ensure it is contemporaneous, remains relevant to Healius' circumstances and importantly drives real outcomes.

Our framework takes a holistic approach to KMP performance, and acts to incentivise management which ensures their interests are aligned with shareholders.

It is also our plan to include Sustainability targets in KMP performance measures from FY 2022 following an in-depth review of our sustainability goals and objectives.

This the first year that the Board has applied a positive discretion to the STI award, in previous years discretion has been applied to reduce STIs. However, having considered the outperformance of the STI stretch targets and associated improvement in shareholder returns we are more than comfortable that STIs were well earned this year.

The Board believes in fairness, rewarding exceptional performance and conversely restricting bonus outcomes to minimal levels when outcomes are not achieved. Our history demonstrates this approach and in a year of exceptional performance it is appropriate the key members of management who have driven that exceptional performance are rewarded equitably. Failure to do so impacts the trust between management, board and shareholders. As an example, reductions to fixed annual remuneration and the reduction of all STIs to zero in 2020 were implemented when COVID impacted the business negatively and they were never considered for reinstatement even when exceptional performance was achieved in FY 2021.

Looking at this in a complete picture, whilst COVID testing has supported the Company's result, management have successfully led this Company and its people during the ongoing pandemic, ensuring that Healius played an instrumental role in Australia's public health response. In addition, the management team have continued to improve operational performance and profit margins. Their efforts together with those of the entire Healius have been nothing short of heroic.

In planning for Healius' future, the composition, renewal and diversity of the Board continue to be key considerations.

Last year I announced that Jenny McDonald would commence as Non-executive Director in November, and her in-depth experience in customer-centric businesses and financial and M&A capabilities have been a great asset to Healius. I also heralded at last year's AGM that we were in search for a further board member. I was delighted to announce the appointment of Kate McKenzie as a Non-executive Director last February. Kate's experience and expertise in digital transformation, change management and innovation is very timely and a great asset for Healius as it focuses on digitisation and automation and adopts new technologies. Kate's knowledge of public policy development will also be an asset in Healius' regulatory environment.

Last year Healius' Board set a gender diversity target of 40:40:20. We have now achieved this. In a predominantly female industry there need to be more female leaders, however this must start with the Board. in the coming years. Healius will now move its focus on diversity throughout the organisation.

Building a sustainable business is extremely important to the Board and management. A sustainable business means consistent and more predictable returns for shareholders.

Clearly, we see our purpose and mission go to the very heart of our social contract and our sustainability agenda.

Healius delivers essential healthcare services to the communities of Australia and we are helping to lead Australia to a healthier future. I want to reiterate how proud I am of the pivotal role Healius is playing in this pandemic.

In appreciation to our people in FY 2021 for their commitment and sacrifice, full and part-time team members were given three days of additional leave last year and we have implemented a raft of initiatives including a new parental leave policy across the Group and a reward scheme which goes deep within the Company, as we recognise the integral role of our people in building a sustainable future for Healius.

We also see the other areas of sustainability as crucial to our Company's future and that of our communities.

We are in the middle of an in-depth review and will report the results in our next Sustainability Report.

We were particularly pleased this year to commit to new targets responding to climate change, recently announcing our goal to be carbon neutral by 2025, with several initiatives already in train.

We are continuing to install solar panels on our buildings and LED lighting in our centres and we will be acquiring hybrid vehicles for our courier fleet in FY 2022.

We've consolidated waste management into two tier-one providers and, in partnership with them, will be looking to reduce our waste footprint.

In closing, FY 2021 has been a remarkable year for Healius. I would like to record my thanks to:

- the 11,000-plus team who make up the Healius family.
- our executive team and my fellow directors who have done a tremendous job leading our people during the COVID-19 pandemic
- our customers who choose to use our services each and every day,
- the public health teams of the Federal and all State Governments, and
- of course, you, our shareholders, for your ongoing support and encouragement.

I will now hand over to Malcolm.