

Healius Limited

Appendix 4D – Half-Year Report

Results for announcement to the market

For the Half-Year ended 31 December 2021

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This half-year report should be read in conjunction with the 30 June 2021 annual financial report of Healius Limited.

Healius Limited

Appendix 4D – Half-Year Report

Results for announcement to the market

For the Half-Year ended 31 December 2021

\$m	% Increase	31 December 2021 Total	31 December 2020 Total
Revenue from continuing operations	44.2%	1,338.0	927.6
Profit for the period after tax from continuing operations	221.4%	233.0	72.5
Profit for the period	271.3%	233.2	62.8
Underlying profit for the period after tax ¹	226.2%	245.6	75.3

Earnings per share	2021 ¢ per share	2020 ¢ per share
Basic earnings per share from continuing and discontinued operations	39.5	10.1
Diluted earnings per share from continuing and discontinued operations	39.0	10.1
Basic earnings per share from continuing operations	39.5	11.6
Diluted earnings per share from continuing operations	39.0	11.6
Underlying basic earnings per share	41.6	12.1
Underlying diluted earnings per share	41.1	12.0
Interim dividend ^{2, 3}	10.0	6.5

¹ Underlying profit excludes the impact of non-recurring items including the tax case (comparative results only). A reconciliation between reported profit and underlying profit is contained in the review of operations on page 8 of this Healius Limited interim financial report for the period ended 31 December 2021.

² The 31 December 2021 interim dividend will be 100% franked at the corporate income tax rate (2020: 100% franked at the corporate income tax rate).

³ The record date for determining entitlement to the interim dividend is 25 March 2022 and the dividend is payable on 15 April 2022.

Healius Limited

Appendix 4D – Half-Year Report

Attachment A - Interim Financial Report
For the Half-Year ended 31 December 2021

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Director's report

For the half-year ended 31 December 2021

Your Directors present their report on the consolidated entity consisting of Healius Limited and the entities it controlled (referred to as "Healius", "the Company", or "the Group") at the end of, or during, the half-year ended 31 December 2021.

Directors

The Directors of Healius during the half-year ended 31 December 2021 and up to the date of this report were:

- Mr Gordon Davis
- Ms Sally Evans
- Mr Robert Hubbard
- Dr Paul Jones
- Ms Jenny Macdonald
- Ms Kate McKenzie
- Dr Malcolm Parmenter

Review of Operations

A Review of Operations of the Group during the half-year ended 31 December 2021, and the results of those operations, can be found on pages 3 to 11 of this Report.

Subsequent events

On 17 December 2021 the Group announced the acquisition of Agilex Biolabs Pty Ltd ("Agilex") for an enterprise value of \$301.3 million. The all-cash consideration has been funded by the Group's existing lenders through a combination of existing borrowing facilities and a new loan of \$250 million. Agilex is one of Australia's leading bioanalytical laboratories. Completion of this acquisition occurred on 31 January 2022.

Other than the event described above, 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.

Dividend

In respect of the half-year ended 31 December 2021, the Board has determined payable an interim dividend of 10 cents per share, 100% franked (31 December 2020: 6.5 cents per share, 100% franked).

Non-IFRS financial information

The Review of Operations attached to and forming part of this Directors' Report includes a number of non-IFRS financial measures. These non-IFRS financial measures are used internally by management to assess the performance of Healius' business and make decisions on the allocation of resources.

The Directors have included the additional line items EBITDA (earnings before interest, tax, depreciation and amortisation) and EBIT (earnings before interest and tax) within the Financial Report as such presentation is, in the Directors' view, necessary for and relevant to a full understanding of the Group's financial performance.

Rounding off of amounts

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

Director's report

For the half-year ended 31 December 2021

Auditor's independence declaration

The Auditor's Independence Declaration is set out on page 12 and forms part of this report.

Signed in accordance with a resolution of the Directors made pursuant to s.306(3) of the *Corporations Act 2001*.

On behalf of the Directors



Malcolm Parmenter
Managing Director & Chief Executive Officer

Sydney, 23 February 2022

Review of operations

For the half-year ended 31 December 2021

GROUP PERFORMANCE

	31 DECEMBER 2021 \$M UNDERLYING ¹	31 DECEMBER 2020 \$M	31 DECEMBER 2021 \$M REPORTED	31 DECEMBER 2020 \$M
Revenue ²	1339.0	936.4	1338.0	927.6
EBIT	376.1	136.0	361.7	140.0
NPAT (Reported incl. discontinued operations)	245.6	75.3	233.2	62.8
Dividends cps 100% franked			10.0	6.5

GROUP UNDERLYING RESULTS

In the six months ended 31 December 2021 (1H 2022), Healius continued to play a pivotal role in Australia's public health response to the COVID-19 pandemic through its community and commercial testing, during both the Delta and Omicron outbreaks. In response to surges in demand, Healius expanded, automated and improved its PCR testing capacity, efficiency, and turnaround times. It is currently investing further in order to be prepared for the nation's response to future COVID-19 variants.

Importantly, Healius continued to provide non-COVID pathology, imaging and day hospital services while ensuring its people remained safe, notwithstanding the impact of various state-based lockdowns and isolation requirements. Commercial testing in Pathology and above-market growth in some of Imaging's key states were the highlights. Demand for services is expected to return strongly as states open up, including a period of catch-up for the backlog in routine care which has resulted from pandemic delays and general community fear of healthcare settings.

In 1H 2022, Healius achieved significant growth in underlying revenue, EBIT and NPAT compared to the prior comparable period (pcp) with COVID-19 testing the main driver. The Sustainable Improvement Program (SIP) also contributed with successful cost containment in an increasingly inflationary environment. Of particular note, labour costs were held at 36.7% of revenue compared to 44.1% in pcp, demonstrating the economies of scale available to the business when costs are well contained. In addition, both property and IT costs grew at or below 5% growth compared to pcp with SIP efficiencies offsetting inflationary pressures, while the growth in consumables with increased volumes masked successful sourcing initiatives under SIP.

Underlying results for the period exclude the trading of Adora Fertility and three co-located Healius Day Hospitals (Adora), as these assets were held for sale on 31 December 2021. In addition, they exclude costs relating to corporate transactions and digital transformation. The quantum of adjustments between reported and underlying has reduced substantially compared to historic levels.

Gross operating cash flow in the period was strong and, normalising for the impact of the exceptionally high volumes of COVID-19 testing in the last two weeks of the year, EBITDA conversion was well over 90%. The Group has materially lower capital intensity following the divestment of HPC in 1H 2021 and the balance sheet remains conservatively geared, positioned to fund growth, reward shareholders and meet the on-going capital needs of the business while maintaining a liquidity buffer.

During the period, Healius completed the acquisition of Axis Radiology and announced both the development of the Murdoch day hospital and cancer centre in Western Australia and the acquisition of Agilex Biolabs, a leading bioanalytical laboratory. Healius also rewarded its shareholders with the completion of its announced buy-back and payment of FY 2021 final dividend, totalling \$140.8 million.

Taking into consideration the strong performance of the Company, an interim dividend of 10 cents per share (cps) fully franked was determined by the Board, compared to 6.5 cps in 1H 2021 and 6.75 cps in 2H 2021.

¹ All comments in this review of operations relate to underlying results for continuing operations unless otherwise noted. For a reconciliation to reported results, refer section below titled: 'Group reported results'

² Divisional revenue includes inter-segment sales of \$0.9 million. For a reconciliation refer note 2 to the Consolidated Financial Statements

Review of operations

For the half-year ended 31 December 2021

DIVISIONAL RESULTS

PATHOLOGY

UNDERLYING	31 DECEMBER 2021 \$M	31 DECEMBER 2020 \$M	BETTER/(WORSE) %
Revenue	1,112.3	711.4	56.4
EBITDA	471.1	209.2	125.2
Depreciation and amortisation	(95.3)	(82.3)	(15.8)
EBIT	375.8	126.9	196.1
Total capital expenditure	13.0	17.4	25.3

In the six-month period, Healius Pathology delivered revenue up over 56% to \$1.1 billion and EBIT up nearly 200% to a historic high for a half year of \$375.8 million.

Healius Pathology continues to play a key role in the national COVID-19 testing regime. The division has conducted more than 11 million COVID-19 tests to-date with well over 40,000 tests per working day undertaken in 1H 2022.

Pathology's extensive community COVID-19 testing program was delivered through more than 110 dedicated drive-through and 40 dedicated walk-in sites, as well as a number of hospital and aged care facilities. In the period, Healius invested in its testing capacity and drive-through footprint as well as delivering efficiencies including automation upgrades to reduce the cost per test and turnaround times and to improve consumer experience.

Healius Pathology also undertook extensive commercial and direct-to-consumer COVID-19 testing, including for Federal and State government bodies, for various sporting codes, at workplaces and for travellers.

COVID revenue was the prime driver of growth, but significantly non-COVID revenue was also up by 3%. Good growth was achieved in the commercial channel including the speciality area of veterinary testing, which was up 11%.

It is expected that non-COVID revenue will return as states open up, including a period of catch-up for the backlog of routine pathology services.

Under the SIP program, Healius Pathology improved its EBIT through optimisation of the network which saw 27 poorly performing and low margin sites closed in the period. A new supplier was selected for improving courier routing and pilots are in train to improve laboratory workflows and to deliver ACC automation.

Overall, the EBIT margin of 34% demonstrated strong operating leverage on volumes achieved together with the early benefits of the SIP program.

A total of \$13.0 million in capital was invested in the period on digital platform integration, the aforementioned investment in PCR rapid testing equipment and pre-analytics automation, and the upgrade to the main laboratory testing equipment, called the Serum Work Area, which is nearing completion.

Late in the period, Healius announced the acquisition of Agilex Biolabs which represents a strategic adjacency in Pathology offering a high-margin capital-light growth profile, revenue diversification, and a platform into the global clinical trials sector. The acquisition was completed in 2H 2022.

Review of operations

For the half-year ended 31 December 2021

IMAGING

UNDERLYING	31 DECEMBER 2021 \$M	31 DECEMBER 2020 \$M	BETTER/(WORSE) %
Revenue	199.6	200.4	(0.4)
EBITDA	42.5	38.8	9.5
Depreciation and amortisation	(30.6)	(24.6)	(24.4)
EBIT	11.9	14.2	(16.2)
Total capital expenditure	38.9	4.3	large

During the period, Imaging delivered broadly flat revenue, reflecting the industry-wide impacts of COVID-19 and elective surgery restrictions.

State-based differences were evident, including an above-market performance in Victoria and Queensland compared to the prior corresponding period. NSW grew at market excluding the unique effects of the Delta-driven lockdown impacting volumes in S.W. Sydney, a Lumus Imaging heartland; telehealth and GP shortages impacting the division's Medical Centre volumes; and low immigration numbers and site closures impacting its screening contract with BUPA.

Volumes are expected to return rapidly as states open up, including a period of catch-up for delayed diagnostic screening and elective surgery. The division is well-placed to capitalise on this backlog with a strong hospital presence.

EBIT was affected by higher locum costs due to radiologist shortages. Importantly site labour (excluding radiologists) was well-controlled down 4% on the prior period.

SIP initiatives continue to be developed, including the Lumus Imaging brand launch and development of automated booking, referral and rostering systems. These SIP investments were recorded in operating costs, previously treated as non-underlying items.

A total of \$38.9 million in capital was spent in the period, including \$12.6 million on Axis Radiology. The remaining increase over 1H 2021 was primarily due to the purchase rather than lease of imaging equipment.

DAY HOSPITALS

The Day Hospitals division represents Montserrat (and Brookvale Day Hospital), with Adora Fertility and three co-located Healius Day Hospitals classified as discontinued operations. Comparatives have been restated accordingly.

UNDERLYING	31 DECEMBER 2021 \$M	31 DECEMBER 2020 \$M	BETTER/(WORSE) %
Revenue	24.6	24.7	(0.4)
EBITDA	6.8	8.4	(19.0)
Depreciation and amortisation	(3.8)	(3.3)	(15.2)
EBIT	3.0	5.1	(41.2)
Total capital expenditure	1.4	1.3	(7.7)

Review of operations

For the half-year ended 31 December 2021

Westside Private Hospital, Montserrat's leading Day Hospital and the prototype for future short-stay facilities, delivered strong revenue growth, up 24% in the six-month period. However, overall top-line growth was flat experiencing similar drivers to the imaging division.

Volumes are likely to return as states open up, including a period of catch-up for delayed procedures and Montserrat is well-placed for this rebound.

The division's performance included investment to support the identification and roll-out of growth initiatives including a new day hospital and cancer centre at Murdoch in Perth, Western Australia and higher results in the pcp from JobKeeper and other support payments (JobKeeper was subsequently repaid in 2H 2021). Brookvale Day Hospital continued to be profitable under the Montserrat management team.

Capital expenditure of \$1.4 million was invested in the period with the majority of the spend on medical equipment and technology. In addition to the Murdoch facility, Montserrat has a strong pipeline of both greenfield and M&A opportunities under consideration as it looks to capitalise in this growing sector.

CORPORATE

UNDERLYING	31 DECEMBER 2021 \$M	31 DECEMBER 2020 \$M	BETTER/(WORSE) %
Revenue	3.4	2.3	n/a
EBITDA	(9.6)	(4.8)	(100.0)
Depreciation and amortisation	(5.0)	(5.4)	7.4
EBIT	(14.6)	(10.2)	(43.1)
Total capital expenditure	1.7	3.4	50.0

Corporate functions include the management of centralised support services, where those functions benefit from scale, and core corporate costs including strategy, capital and stakeholder management, group finance and treasury, group property and legal, Board costs and executive 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 1H 2022, revenue was earned on subleases to discontinued operations and from the transitional services agreement following the sale of Healius Primary Care ("HPC"), both of which were offset by higher cost of delivery.

Corporate costs are consistent with 2H 2021 and as previously announced, Healius has undertaken a capability ramp up including in IT support.

Capital expenditure of \$1.7 million was invested in the period with the majority of the spend on information technology systems. Separately, Healius paid \$36.0 million for the final earn-out and settlement relating to Montserrat, provided for in the FY 2021 results.

Review of operations

For the half-year ended 31 December 2021

CASH FLOW AND GEARING

Group cash flows (including continuing and discontinued operations) for 1H 2022 were as follows:

REPORTED	31 DECEMBER 2021 \$M	31 DECEMBER 2020 \$M
Gross cash flows from operating activities	408.3	285.0
Net income tax paid	(58.7)	(33.8)
Net cash flows from operating activities	349.6	251.2
Maintenance capex	(30.1)	(18.8)
Free cash flow	319.5	232.4
Growth capex	(12.7)	(20.2)
Payments relating to acquisitions	(48.6)	-
Proceeds from capital recycling (primarily HPC sale proceeds)	0.7	460.2
Net interest paid and finance costs (including on lease liabilities)	(24.0)	(45.7)
Payment of lease liabilities	(105.9)	(97.9)
Dividends, buyback of shares and shares purchased for LTIP	(163.0)	(16.7)
Net debt funding /(repayment)	70.0	(593.0)
Net increase/(decrease) in cash held	36.0	(80.9)

In 1H 2022, Healius achieved strong gross operating cash flows, 43.3% above the prior period. These cash flows were used in part to fund the significant growth in volumes in the business and specifically the high level of COVID-19 testing over the year-end, which drove an increase in receivables and consumables of \$118.5 million over the period. Normalising for pathology testing in the last two weeks of the year, gross operating cash flow/EBITDA conversion was well over 90%.

The Group has achieved materially lower capital intensity following the divestment of HPC in 1H 2021. However, as announced at the FY 2021 results, investments are now being undertaken in digital, commercial and operational initiatives under the SIP program, including digital pathology.

In the period, Healius invested \$42.8 million in maintenance and growth capital, \$36.0 million for the final Montserrat earn-out and settlement and \$12.6 million for the acquisition of Axis Radiology net of cash acquired. Healius also paid \$40.0 million in dividends and bought back shares totalling \$100.8 million.

Group net debt and key ratios on 31 December 2021 were as follows:

REPORTED	31 DECEMBER 2021 \$M	30 JUNE 2021 \$M
Bank loans and financing arrangements ³	329.8	258.1
Cash ⁴	(108.7)	(72.7)
Net debt	221.1	185.4
Bank gearing ratio (covenant <3.5x) ⁵	0.4x	0.7x
Bank interest ratio (covenant >3.0x)	49x	10x

The Group's balance sheet remains strong and conservatively geared, positioned to fund value-generating investments, reward shareholders, meet the on-going capital needs of the business and maintain a liquidity buffer.

³ Bank loans shown net of unamortised borrowing costs

⁴ Cash includes cash in discontinued operations

⁵ Bank gearing ratio is calculated based on underlying EBITDA before the impact of AASB 15 and 16 and is adjusted for share-based payments. Net debt is adjusted for \$20.0 million in parent company guarantees

Review of operations

For the half-year ended 31 December 2021

GROUP REPORTED RESULTS

This review of operations focuses on the underlying results of Healius which adjust for items not considered to be part of core trading performance.

REVENUE

The reconciliation between reported and underlying revenue for 1H 2022 is as follows:

	31 DECEMBER 2021 \$M	31 DECEMBER 2020 \$M
Underlying revenue	1,339.0	936.4
Reclassification of grant income from revenue to other income	-	(8.4)
Transactions with discontinued operations ⁷	(1.0)	(0.4)
Reported revenue	1,338.0	927.6

EBIT

The reconciliation between reported and underlying EBIT for 1H 2022 is as follows:

	31 DECEMBER 2021 \$M	31 DECEMBER 2020 \$M
Underlying EBIT	376.1	136.0
Corporate transactions	(6.0)	-
Digital transformation	(5.8)	(4.9)
Transactions with discontinued operations ⁶	(2.6)	8.9
Reported EBIT	361.7	140.0

NPAT

The reconciliation between reported and underlying NPAT for 1H 2022 is as follows:

	31 DECEMBER 2021 \$M	31 DECEMBER 2020 \$M
Underlying NPAT	245.6	75.3
After-tax adjustments to underlying EBIT (set out above)	(10.1)	2.8
After-tax adjustments to finance costs (close out of interest rate swaps)	-	(5.4)
Tax differential for non-deductible items (underlying tax calculated at 30%) ⁷	(2.5)	(0.2)
Discontinued operations	0.2	(9.7)
Reported NPAT	233.2	62.8

⁶ Transactions with discontinued operations represent rental income received in Corporate from Healius Day Hospitals and corporate recharges for costs incurred on behalf of discontinued operations. In 1H 2021 transactions with discontinued operations also included rental costs incurred by Pathology and Imaging from Healius Primary Care

⁷ Refer note 4 to the Consolidated Financial Statements

Review of operations

For the half-year ended 31 December 2021

STRATEGY

PORTFOLIO MANAGEMENT

In recent years, Healius has pursued a strategy to realign its portfolio in order to deliver higher returns and growth from a strengthened balance sheet. This has resulted in the following deliverables:

- Divestment of Healius Primary Care (HPC) in November 2020
- Acquisition of Axis Radiology in July 2021
- Announcement of the development of Murdoch day hospital and cancer centre in October 2021
- Acquisition of Agilix Biolabs, a leading bioanalytical laboratory in January 2022
- Adora IVF brought to market in May 2021
- Development of a pipeline of inorganic opportunities for each business for greater scale

CAPITAL MANAGEMENT

A capital management review was undertaken in 2020 and resulted in the following achievements:

- On-market share buy-back of ~\$200 million in calendar year 2021
- Stated aim of growing dividends
- Revised medium-term gearing target of 1.7x – 2.2x
- Reduction in debt facilities and closure of ineffective interest rate swaps

SUSTAINABLE IMPROVEMENT PROGRAM

Achievements to-date

The Sustainable Improvement Program (SIP) was introduced at the end of FY 2019 to systematically reduce costs and improve efficiencies across the Group. A target of \$70 million, representing 4-5% of the cost base at the time including HPC, was set for Phase I and was delivered in 1H 2021.

Subsequently, a program was initiated to reduce the overhead cost overhang arising from the sale of HPC in 1H 2021 and the target of \$15 million was achieved ahead of schedule in 2H 2021.

SIP Phase II

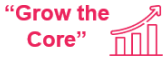


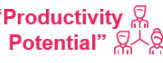
With the initial targets met, the strategic focus pivoted to the delivery of margin growth with a target of 300 bps EBIT margin expansion in Pathology and Imaging by FY 2023 from the FY 2019 base, excluding COVID-19 and AASB16 impacts.

The focus includes data-led operations, customer-centricity, product innovation, and network optimisation as well as building longer-term capabilities in spend and capital management. Higher-value structural improvements are being undertaken together with growth in non-Medicare revenue.

Review of operations

For the half-year ended 31 December 2021

SIP Phase II: Overview


















	Network Commercial/ revenue	Customer-segment based growth strategy to increase revenue growth in core Australian markets for diagnostic services; optimising mix & product, price and distribution ACC and Imaging site network and capacity optimisation
	LIS Digitisation & Automation	Holistic modernisation of central pathology laboratories in a department-by-department approach Optimising and standardising the information and physical workflows across our four central laboratories
	Digitisation & Automation	Enhancing customer and employee experience through the development of digital products Digitising and automating manual or paper-based workflows for doctors, consumers and employees
	Workforce Sourcing	External spend and internal labour productivity across the Group Disciplined spend management through price negotiation with vendors, volume and demand management by the businesses, and procurement policies & controls

Review of operations

For the half-year ended 31 December 2021

In 1H 2022 the program has progressed from scoping, design and piloting to the staged roll-out of key initiatives which underpin the SIP objectives. Progress to-date is set out below, with eventual outcomes and timing dependent on the on-going COVID-19 pandemic and its impact on operations.

SIP Phase II: Current implementation status

	Major initiatives	Division	Current implementation status				
			Scoping	Design	Pilot	Roll-out	Implemented
Grow the core 	ACC network optimisation (Phase II)		2nd phase of ACC opportunities identified		Implement new network opportunities		
	B2C & B2B products		e-Commerce portal and consumer products commercialised			Extend B2B offering	
	Imaging branding and same-site growth		Lumus Imaging brand launched nationally; physical transition at 55 sites			~85 sites	
Labs of the future 	Standardised lean operations		Pilots completed in DOR and QML		Rollout lab management / op systems		
	Digital pathology		Solution for Vets built		Pilot human application in LAV and KOSSARD		
	Instrument management system		Vendor and solution strategy locked		Migrate instruments in first Lab		
Digital journeys 	E-referrals	 	Designed for roll-out in LAV; Imaging pilot in QLD			Launch in other BUS	
	Collector portal		Pilot and rollout completed in one region			Complete rollout nationally	
	Courier route optimisation		Solution determined		Rolling out optimisation tool		
Productivity potential 	Rostering & dynamic labour demand	 	Time & Attendance module rolled out		Rostering module piloted and training initiated		
	Retenders and sourcing	 	Reprice for consumables, FM, fleet, 3PL, software			Vendor consolidation & ESG	
	Booking optimisation (Phase I)		Implementation of new workflows in ultrasound			Full rollout and tracking	



Pathology



Imaging

■ Completed ■ In progress



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Auditor's Independence Declaration to the Directors of Healius Limited

As lead auditor for the review of the half-year financial report of Healius Limited for the half-year ended 31 December 2021, I declare to the best of my knowledge and belief, there have been:

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

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

Ernst & Young

Doug Bain
Partner
Sydney

23 February 2022



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Independent auditor's review report to the members of Healius Limited

Report on the half-year financial report

Conclusion

We have reviewed the accompanying half-year financial report of Healius Limited (the Company) and its subsidiaries (collectively the Group), which comprises the condensed consolidated statement of financial position as at 31 December 2021, the condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of the Group does not comply with the *Corporations Act 2001*, including:

- a. Giving a true and fair view of the consolidated financial position of the Group as at 31 December 2021 and of its consolidated financial performance for the half-year ended on that date; and
- b. Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* (ASRE 2410). Our responsibilities are further described in the *Auditor's responsibilities for the review of the half-year financial report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Directors' responsibilities for the half-year financial report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's responsibilities for the review of the half-year financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's consolidated financial position as at 31 December 2021 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.



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A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

A handwritten signature in black ink that reads 'Ernst & Young'.

Ernst & Young

A handwritten signature in black ink that reads 'Douglas Bain'.

Douglas Bain
Partner
Sydney

23 February 2022

Directors' declaration

For the half-year ended 31 December 2021

The Directors declare that:

- (a) in the Directors' opinion, the attached financial statements and notes are in accordance with the *Corporations Act 2001*, including section 304 (compliance with Accounting Standards) and section 305 (true and fair view); and
- (b) in the Directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Directors made pursuant to section 303(5) of the *Corporations Act 2001*.

On behalf of the Directors



Malcolm Parmenter
Managing Director & Chief Executive Officer

Sydney, 23 February 2022

Condensed consolidated statement of profit or loss

For the half-year ended 31 December 2021

		CONSOLIDATED	
		31 December 2021	31 December 2020
		\$M	\$M
	Note		
Revenue		1,338.0	927.6
Other income and gains		-	8.4
Employee benefits expense		(491.1)	(412.5)
Property expenses		(29.2)	(28.3)
Consumables		(173.3)	(131.9)
Repairs and maintenance		(14.8)	(14.7)
IT expenses		(23.1)	(22.1)
Insurance		(3.7)	(3.9)
Transaction and digital transformation costs	2	(11.8)	(4.9)
Instrument & equipment hire		(23.2)	(3.0)
Other expenses		(71.4)	(59.1)
Depreciation - fixed assets	5	(21.8)	(18.8)
Depreciation - right of use asset	8	(106.0)	(90.0)
Amortisation of intangibles	6	(6.9)	(6.8)
Earnings before interest and tax		361.7	140.0
Net finance costs	3	(25.3)	(36.2)
Profit before tax		336.4	103.8
Income tax expense	4	(103.4)	(31.3)
Profit for the period from continuing operations		233.0	72.5
Profit/(loss) for the period from discontinued operations	16	0.2	(9.7)
Profit for the period attributable to the shareholders of Healius Limited		233.2	62.8

	2021	2020
Earnings per share	¢ per share	¢ per share
Basic earnings per share from continuing and discontinued operations	39.5	10.1
Diluted earnings per share from continuing and discontinued operations	39.0	10.1
Basic earnings per share from continuing operations	39.5	11.6
Diluted earnings per share from continuing operations	39.0	11.6

Notes to the financial statements are included on pages 22 to 31

Condensed consolidated statement of comprehensive income

For the half-year ended 31 December 2021

	CONSOLIDATED	
	31 December 2021 \$M	31 December 2020 \$M
Profit for the period	233.2	62.8
Other comprehensive income		
<i>Items that may be reclassified subsequently to profit or loss</i>		
Exchange differences arising on translation of foreign operations	-	(0.3)
Fair value gain/(loss) on cash flow hedges	0.2	(1.9)
Reclassification adjustments relating to cash flow hedges for amounts recognised in profit or loss	2.7	5.0
Reclassification adjustments relating to ineffective cash flow hedges	-	11.3
Income tax relating to items that may be reclassified subsequently to profit and loss	(0.9)	(4.3)
Other comprehensive income for the period, net of income tax	2.0	9.8
Total comprehensive income for the period	235.2	72.6

Notes to the financial statements are included on pages 22 to 31

Condensed consolidated statement of financial position

As at 31 December 2021

As at	Note	CONSOLIDATED	
		31 December 2021 \$M	30 June 2021 \$M
Current assets			
Cash	15(a)	107.5	70.1
Receivables		304.5	199.8
Consumables		45.1	35.9
Assets held for sale		22.7	25.1
Total current assets		479.8	330.9
Non-current assets			
Goodwill		2,057.4	2,042.3
Right of use asset	8	1,051.3	1,087.2
Property, plant and equipment	5	174.0	157.7
Other intangible assets	6	73.3	76.3
Other assets		7.0	5.6
Deferred tax asset		77.4	82.2
Total non-current assets		3,440.4	3,451.3
Total assets		3,920.2	3,782.2
Current liabilities			
Payables		209.2	211.5
Deferred consideration	9	6.9	38.9
Tax liabilities		87.2	46.8
Provisions		168.6	155.3
Lease liabilities	7	205.0	224.4
Liabilities held for sale		12.9	13.4
Total current liabilities		689.8	690.3
Non-current liabilities			
Provisions		25.1	23.3
Interest bearing liabilities	10	329.8	258.1
Lease liability	7	938.2	953.2
Total non-current liabilities		1,293.1	1,234.6
Total liabilities		1,982.9	1,924.9
Net assets		1,937.3	1,857.3
Equity			
Issued capital	12	2,461.3	2,575.6
Treasury shares	13	-	(3.6)
Reserves		13.8	16.9
Accumulated losses		(537.8)	(731.6)
Total equity		1,937.3	1,857.3

Notes to the financial statements are included on pages 22 to 31

Condensed consolidated statement of changes in equity

For the half-year ended 31 December 2021

CONSOLIDATED \$M	NOTE	Issued capital	Treasury shares	Cash flow hedge reserve	Share-based payments reserve	Other reserves	Accumulated losses	Total
Balance at 1 July 2021		2,575.6	(3.6)	(4.5)	22.1	(0.7)	(731.6)	1,857.3
Profit for the period		-	-	-	-	-	233.2	233.2
Fair value gain on cash flow hedges		-	-	0.2	-	-	-	0.2
Reclassification adjustments relating to cash flow hedges recognised in profit or loss		-	-	2.7	-	-	-	2.7
Income tax relating to components of other comprehensive income		-	-	(0.9)	-	-	-	(0.9)
Total comprehensive income for the period		-	-	2.0	-	-	233.2	235.2
Buy-back of shares	12	(97.2)	-	-	-	-	-	(97.2)
Shares purchased for Long Term Incentive Plan	12	(22.2)	-	-	-	-	-	(22.2)
Shares issued via Non-executive Director (NED) Share Plan	12	0.1	-	-	-	-	-	0.1
Payment of dividends		-	-	-	-	-	(40.0)	(40.0)
Share based payments		-	-	-	4.1	-	-	4.1
Transfers		5.0	3.6	-	(9.2)	-	0.6	-
Balance at 31 December 2021		2,461.3	-	(2.5)	17.0	(0.7)	(537.8)	1,937.3

Notes to the financial statements are included on pages 22 to 31

Condensed consolidated statement of changes in equity

For the half-year ended 31 December 2020

CONSOLIDATED \$M	NOTE	Issued capital	Treasury shares	Cash flow hedge reserve	Share-based payments reserve	Other reserves	Accumulated losses	Total
Balance at 1 July 2020		2,672.3	-	(16.6)	13.5	(0.3)	(737.6)	1,931.3
Profit for the period		-	-	-	-	-	62.8	62.8
Exchange differences arising on translation of foreign operations		-	-	-	-	(0.3)	-	(0.3)
Fair value loss on cash flow hedges		-	-	(1.9)	-	-	-	(1.9)
Reclassification adjustments relating to cash flow hedges recognised in profit or loss		-	-	5.0	-	-	-	5.0
Reclassification adjustments relating to ineffective cash flow hedges		-	-	11.3	-	-	-	11.3
Income tax relating to components of other comprehensive income		-	-	(4.3)	-	-	-	(4.3)
Total comprehensive income for the period		-	-	10.1	-	(0.3)	62.8	72.6
Buy-back of shares		-	(0.9)	-	-	-	-	(0.9)
Share issued via Short Term Incentive Plan	12	0.7	-	-	(0.7)	-	-	-
Share based payments		-	-	-	3.7	-	-	3.7
Transfers		-	-	-	(2.4)	-	2.4	-
Balance at 31 December 2020		2,673.0	(0.9)	(6.5)	14.1	(0.6)	(672.4)	2,006.7

Notes to the financial statements are included on pages 22 to 31

Condensed consolidated statement of cashflow

For the half-year ended 31 December 2021

	Note	CONSOLIDATED	
		31 December 2021 \$M	31 December 2020 \$M
Cash flows from operating activities			
Receipts from customers		1,308.7	1,121.2
Payments to suppliers and employees		(900.4)	(836.2)
Gross cash flows from operating activities		408.3	285.0
Net income tax paid		(58.7)	(33.8)
Net cash provided by operating activities	15 (b)	349.6	251.2
Cash flows from investing activities			
Proceeds from sale of business - net of cash disposed		-	459.3
Proceeds from sale of property, plant and equipment and intangibles		0.7	0.9
Payments for property, plant and equipment		(37.2)	(21.7)
Payment for Imaging healthcare practitioners		-	(0.4)
Payments for other intangibles		(5.6)	(6.9)
Payment for Imaging subsidiary acquired (net of cash acquired)		(12.6)	-
Montserrat Day Hospitals deferred consideration and settlement		(36.0)	-
Payment for Healius Primary Care (HPC) healthcare professionals, practices and subsidiaries		-	(10.0)
Net cash (used in)/provided by investing activities		(90.7)	421.2
Cash flows from financing activities			
Finance costs paid on interest bearing liabilities		(6.7)	(25.4)
Interest paid on lease liabilities		(17.3)	(20.6)
Interest received		-	0.3
Payments for buyback of shares		(100.8)	(0.5)
Shares purchased for Long Term Incentive Plan		(22.2)	-
Net proceeds from/(repayment of borrowings)		70.0	(593.0)
Dividends paid	14	(40.0)	(16.2)
Payment of lease liabilities		(105.9)	(97.9)
Net cash used in financing activities		(222.9)	(753.3)
Net increase/(decrease) in cash held		36.0	(80.9)
Cash at the beginning of the period			
		72.7	144.5
Effect of exchange rate movements on cash held in foreign currencies		-	0.1
Cash at the end of the period	15 (a)	108.7	63.7

Notes to the financial statements are included on pages 22 to 31

Notes to the consolidated financial statements

For the half-year ended 31 December 2021

1. SIGNIFICANT ACCOUNTING POLICIES

Healius Limited (“Healius”) is a for-profit entity domiciled in Australia. These financial statements represent the condensed consolidated financial statements of Healius for the half-year ended 31 December 2021 which comprises Healius and its subsidiaries (together referred to as “the consolidated entity” or “the Group”).

Statement of compliance

This half-year financial report is a general purpose financial report prepared in accordance with the *Corporations Act 2001* and AASB 134 *Interim Financial Reporting*. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting*. This financial report does not include all of the notes normally included within the annual financial report and should be read in conjunction with the 30 June 2021 annual financial report of Healius Limited.

Basis of preparation

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

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the Group’s annual report for the financial year ended 30 June 2021. These accounting policies are consistent with Australian Accounting Standards and with 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 2022 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) Instrument 2016/191, dated 24 March 2016, and in accordance with that Corporations Instrument amounts in the financial report are rounded off to the nearest hundred thousand dollars, unless otherwise indicated.

Notes to the consolidated financial statements

For the half-year ended 31 December 2021

2. SEGMENT INFORMATION

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

Operating segment	Activity
Pathology	Provider of pathology services.
Imaging	Provider of imaging and scanning services from standalone imaging sites, hospitals and medical centres.
Day Hospitals	Operator of day hospitals.

The other category comprises corporate functions. The Group operates predominantly in Australia.

Intersegment

The Day Hospitals division charges the Pathology division a fee for use of its 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 non-underlying items relating to:

- acquisition/disposal costs; and
- significant non-recurring items

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

Notes to the consolidated financial statements

For the half-year ended 31 December 2021

2. SEGMENT INFORMATION (CONTINUED)

Underlying results

	Pathology	Imaging	Day Hospitals	Other	Total
31 December 2021	\$M	\$M	\$M	\$M	\$M
Segment Revenue	1,112.3	199.6	24.6	3.4	1,339.9
Intersegment sales					(0.9)
Total Revenue					1,339.0
EBITDA ¹	471.1	42.5	6.8	(9.6)	510.8
Depreciation	(10.4)	(7.9)	(1.7)	(1.8)	(21.8)
Amortisation of intangibles	(3.4)	(1.5)	-	(2.0)	(6.9)
Depreciation - right of use	(81.5)	(21.2)	(2.1)	(1.2)	(106.0)
EBIT ²	375.8	11.9	3.0	(14.6)	376.1

	Pathology	Imaging	Day Hospitals ³	Other	Total
31 December 2020	\$M	\$M	\$M	\$M	\$M
Segment Revenue	711.4	200.4	24.7	2.3	938.8
Intersegment sales					(2.4)
Total Revenue					936.4
EBITDA ¹	209.2	38.8	8.4	(4.8)	251.6
Depreciation	(10.5)	(5.4)	(1.2)	(1.7)	(18.8)
Amortisation of intangibles	(3.6)	(1.3)	(0.2)	(1.7)	(6.8)
Depreciation - right of use	(68.2)	(17.9)	(1.9)	(2.0)	(90.0)
EBIT ²	126.9	14.2	5.1	(10.2)	136.0

1. EBITDA is a non-statutory profit measure representing earnings before interest, tax, depreciation and amortisation.
2. EBIT is a non-statutory profit measure representing earnings before interest and tax.
3. Day Hospitals segment has been restated because Adora has been classified as a discontinued operation. Refer to Note 16

Notes to the consolidated financial statements

For the half-year ended 31 December 2021

2. SEGMENT INFORMATION (CONTINUED)

Reconciliation of underlying segment revenue to statutory revenue

	31 December 2021 \$M	31 December 2020 \$M
Segment revenue from continuing operations	1,339.0	936.4
Reclassification of grant income from revenue to other income	-	(8.4)
Transactions with discontinued operations	(1.0)	(0.4)
Reported revenue	1,338.0	927.6

Reconciliation of underlying result to reported profit before tax

	31 December 2021 \$M	31 December 2020 \$M
Segment result from continuing operations before tax	376.1	136.0
Transaction and digital transformation costs	(11.8)	(4.9)
Transactions with discontinued operations	(2.6)	8.9
Reported EBIT	361.7	140.0
Net finance cost	(25.3)	(36.2)
Reported profit before tax	336.4	103.8

Notes to the consolidated financial statements

For the half-year ended 31 December 2021

	31 December 2021 \$M	31 December 2020 \$M
3. NET FINANCE COSTS		
Interest expense	6.2	11.4
Interest on lease liabilities	17.3	15.7
Unwinding of discount on provisions	-	0.6
Ineffective cash flow hedges closed out	-	7.6
Amortisation of borrowing costs	1.8	0.9
Total net finance costs	25.3	36.2

	31 December 2021 \$M	31 December 2020 \$M
4. INCOME TAX EXPENSE		
The prima facie income tax expense on the pre-tax accounting profit reconciles to the income tax expense in the financial statements as follows:		
Profit before tax	336.4	103.8
Income tax calculated at 30% (2020: 30%)	100.9	31.1
Tax effect of amounts which are not deductible in calculating taxable income:		
Share related expense	1.2	1.1
Acquisition costs	1.0	0.1
Other items	0.2	0.5
	2.4	1.7
Under/(Over) provision in prior years	0.1	(1.5)
Income tax expense	103.4	31.3

5. PROPERTY, PLANT AND EQUIPMENT

31 December 2021 \$M	Plant and Equipment	Leasehold Improvements	Assets Under Construction	Total
Net book value				
Opening balance	79.7	72.3	5.7	157.7
Additions	23.5	0.4	12.8	36.7
Business combinations	1.5	-	-	1.5
Capitalisation of assets under construction	4.8	7.7	(12.5)	-
Transfers and disposals	(0.3)	(0.3)	0.5	(0.1)
Depreciation expense	(15.7)	(6.1)	-	(21.8)
Closing balance	93.5	74.0	6.5	174.0
Cost	343.7	176.4	6.5	526.6
Accumulated depreciation	(250.2)	(102.4)	-	(352.6)
Closing balance	93.5	74.0	6.5	174.0

Notes to the consolidated financial statements

For the half-year ended 31 December 2021

6. OTHER INTANGIBLE ASSETS

31 December 2021 \$M	IT Software	Licences	Intangibles Under Construction	Total
Net book value				
Opening balance	64.5	9.0	2.8	76.3
Additions	2.9	-	2.7	5.6
Capitalisation of intangible assets under construction	3.3	-	(3.3)	-
Transfers and disposals	-	-	(1.7)	(1.7)
Amortisation expense	(6.5)	(0.4)	-	(6.9)
Closing balance	64.2	8.6	0.5	73.3
Cost				
Cost	150.4	40.3	0.5	191.2
Accumulated amortisation	(86.2)	(31.7)	-	(117.9)
Closing balance	64.2	8.6	0.5	73.3

31 December
2021
\$M

7. LEASE LIABILITIES

Opening balance	1,177.6
New leases and remeasurement of leases during the period	71.0
Interest	17.3
Payments including interest	(122.7)
Closing balance	1,143.2

Presented as:

Current lease liabilities	205.0
Non-current lease liabilities	938.2
Total lease liabilities	1,143.2

31 December
2021
\$M

8. RIGHT OF USE ASSET

Opening balance	1,087.2
New leases and remeasurement of leases during the period	70.1
Depreciation	(106.0)
Closing balance	1,051.3

Notes to the consolidated financial statements

For the half-year ended 31 December 2021

	31 December 2021 \$M	30 June 2021 \$M
9. DEFERRED CONSIDERATION		
Montserrat Day Hospitals	-	36.0
Other deferred consideration	6.9	2.9
Total current deferred consideration	6.9	38.9

	31 December 2021 \$M	30 June 2021 \$M
10. INTEREST-BEARING LIABILITIES		
Non-current		
Gross bank loans	330.0	260.0
Refinancing valuation adjustment	0.4	0.5
Unamortised borrowing costs	(0.6)	(2.4)
Closing balance	329.8	258.1

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

	31 December 2021 \$M	30 June 2021 \$M
Financing facilities		
Non-current		
<i>Unsecured Syndicated Debt Facilities</i>		
Amount used	330.0	260.0
Amount unused	270.0	340.0
Closing balance	600.0	600.0

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

	31 December 2021 \$	30 June 2021 \$
11. NET TANGIBLE LIABILITY BACKING		
Net tangible liability backing per share	(0.46)	(0.56)

Notes to the consolidated financial statements

For the half-year ended 31 December 2021

	No. of shares 31 December 2021 000's	No. of shares 30 June 2021 000's	31 December 2021 \$M	30 June 2021 \$M
12. ISSUED CAPITAL				
Opening balance	599,446	622,743	2,575.6	2,672.3
Shares issued via Short Term Incentive Plan	-	265	-	0.7
Shares issued via Non-executive Director (NED) Share Plan	27	14	0.1	-
Shares issued via Long Term Incentive Plan	4,391	-	8.6	-
Own shares acquired for 2019 LTIP ⁸	(4,391)	-	(22.2)	-
Own shares acquired during buy back	(20,643)	(23,576)	(100.8)	(97.4)
Closing balance	578,830	599,446	2,461.3	2,575.6

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

	No. of shares 31 December 2021 000's	No. of shares 30 June 2021 000's	31 December 2021 \$M	30 June 2021 \$M
13. TREASURY SHARES				
Opening balance	772	-	3.6	-
Shares cancelled	(772)	-	(3.6)	-
Own shares acquired under buy-back	-	772	-	3.6
Closing balance	-	772	-	3.6

On 9 December 2020 Healius announced an on-market share buy-back of up to \$200 million to be conducted between 29 December 2020 and 28 December 2021. The treasury shares purchased under the buy-back and not cancelled prior to 30 June 2021 are disclosed in the comparatives above. These shares were cancelled in July 2021.

	31 December 2021 Cents per share	31 December 2020 Cents per share	31 December 2021 \$M	31 December 2020 \$M
14. DIVIDENDS ON EQUITY INSTRUMENTS				
Recognised amounts				
Final dividend – previous financial year	6.75	-	40.0	-
Total dividends paid	6.75	-	40.0	-
Unrecognised amounts				
Interim dividend – current financial period	10.0	6.5		

The Directors have determined an interim dividend of 10 cps (2021: 6.5 cps) 100% franked (2021: 100% franked) is payable to the holders of fully paid ordinary shares, the record date being 25 March 2022 and payable on 15 April 2022. A final dividend of 6.75 cps was paid with regards to the year ended 30 June 2021.

⁸ Represents a purchase of shares off market to satisfy obligations under the 2019 Long Term Incentive Plan. No new shares issued.

Notes to the consolidated financial statements

For the half-year ended 31 December 2021

	31 December 2021 \$M	31 December 2020 \$M
15. NOTES TO THE CASH FLOW STATEMENT		
(a) Reconciliation of cash		
For the purposes of the cash flow statement, cash includes cash on hand and in banks, net of outstanding bank overdrafts.		
Cash at the end of the period as shown in the cash flow statement is reconciled to the related items in the statement of financial position as follows:		
Cash as disclosed in the statement of financial position	107.5	63.7
Cash classified as asset held for sale	1.2	-
Total cash	108.7	63.7
(b) Reconciliation of profit from ordinary activities after related income tax to net cash flows from operating activities		
Profit attributable to equity holders	233.2	62.8
Net finance cost	25.3	47.3
Depreciation of plant and equipment	21.8	18.8
Depreciation of right of use asset	106.0	90.0
Amortisation of HCP upfronts in revenue	1.7	11.1
Amortisation of intangibles	6.9	6.8
Loss on sale of Healius Primary Care	-	8.3
Share based payments expense	4.1	3.7
Other non-cash items	0.5	1.2
Increase/(decrease) in liabilities:		
Trade payables and accruals	8.2	(34.5)
Provisions	15.4	(5.3)
Income tax	39.2	60.2
Decrease/(increase) in assets:		
Receivables and prepayments	(109.3)	9.2
Consumables	(9.2)	(4.8)
Deferred taxes	5.8	(23.6)
Net cash provided by operating activities	349.6	251.2

Notes to the consolidated financial statements

For the half-year ended 31 December 2021

16. DISCONTINUED OPERATIONS

(a) Healius Primary Care (HPC)

The Group sold HPC on 23 November 2020. The profit and loss impact of the disposal on the results to 31 December 2021 includes the income and costs incurred in relation to the Transition Services Agreement that the Group has with HPC.

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

In May 2021, Healius announced its intention to divest Adora IVF and Healius Day Surgeries Businesses (Adora) and issued an Information Memorandum to interested parties. In August 2021, a sale was announced, however this was subsequently terminated in December 2021 by the acquirer. Management is currently in discussion with other interested parties, and therefore continues to account for the Adora business as a discontinued operation.

17. SUBSEQUENT EVENTS

On 17 December 2021 the Group announced the acquisition of Agilex Biolabs Pty Ltd (“Agilex”) for an enterprise value of \$301.3 million. The all-cash consideration has been funded by the Group’s existing lenders through a combination of existing borrowing facilities and a new loan of \$250 million. Agilex is one of Australia’s leading bioanalytical laboratories.

Completion of this acquisition occurred on the 31 January 2022. The accounting for this transaction will be reflected in the June 2022 financial statements.

Other than the event described above, 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.