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## **HEALIUS LIMITED (ASX:HLS)**

### **ANNUAL GENERAL MEETING 2023**

#### **CHAIR SPEECH**

Having covered the procedural matters, I would now like to take a moment to say a few words about the past year and some recent developments.

Unquestionably 2023 has been a challenging year for Healius.

I want to start by acknowledging the disappointment held by shareholders with both the financial position and the share price performance of your company.

I can assure shareholders that the Board shares this frustration and, along with the management team, is absolutely focused on taking action to strengthen the company, improve performance and maximise value for shareholders.

Nevertheless, in recognition of feedback from investors in the lead-up to this meeting, shareholders would be aware I recently informed the Board that I would be stepping down as Chair at the conclusion of this meeting.

Leadership stability will be crucial for Healius as it further progresses the work required to ensure that it is positioned to take advantage of the strong long term fundamentals for the Australian healthcare sector.

While we have made some important progress in the past 12 months, our plan requires stability to enable management to further progress our work and allow time for the benefits to emerge.

In stepping down as Chair and opting to not seek re-election as a non-executive director of Healius, my objective is to provide stability for the business.

At the conclusion of this meeting, non-executive director Kate McKenzie will assume the role of chair on an interim basis. Kate is one of Australia's most experienced corporate leaders, holding board and executive roles with both public and private sector organisations. Appointed to the Healius Board in February 2021, Kate is chair of the NBN and a non-executive director of Stockland and AMP.

Under Kate's stewardship, the Board will commence a formal process to identify and appoint a suitable candidate for the role of Chair. An executive search firm will be engaged to support the process.

It is crucial that we get this appointment right to build on the important work undertaken by the team over the past year.

Since our Full Year 23 Financial Results in August, the Board has had to make a number of difficult decisions in recent weeks to reset our balance sheet with appropriate gearing.

Our debt providers agreed to waive our net debt covenant for First Half 24 and temporarily increase covenant headroom for Full Year 24 on the proviso we reduce net debt by at least \$150 million. To achieve this, the Board undertook a pro-rata,

fully underwritten accelerated non-renounceable entitlement offer to raise \$187 million.

Following the completion of the Offer, Healius expects to have sufficient financial flexibility and liquidity to navigate near-term cost pressures in a post COVID recovery market, as well as undertake disciplined investment in its core businesses as industry volumes recover over time.

We understand and acknowledge that many shareholders were disappointed at our decision to launch a capital raising at this time.

Raising equity in the current market was not our first choice.

The Board and management considered alternative options, including asset sales, that could satisfy our lenders requirement to reduce net debt by at least \$150m prior to 30 June 2024. However, the timing and outcome of these processes was considered too uncertain.

The Board judged that a pro rata equity raising was the preferred option to provide Healius with more appropriate gearing with which to manage challenging market conditions.

Shareholders will also be aware that in March 2023, Australian Clinical Labs Limited made an unsolicited 'all scrip' reverse takeover offer for the Company. In May 2023, the Board unanimously recommended that Healius shareholders reject the Offer.

The recent ACCC preliminary findings voiced strong concerns about the potential merger, and the Board confirms that the Offer remains highly conditional and uncertain to proceed. The ACCC's final decision is not expected until later in the year.

Let me take you through the significant changes at the management and Board level. In March 2023, our previous CEO, Malcolm Parmenter, stepped down from his role and Maxine Jaquet was appointed as the new Healius CEO and Managing Director. Maxine made an immediate impact in her new role with several key appointments to the Healius Executive Leadership Team, including Paul Anderson as Group CFO, Dr Jan van Rooyen as the Group Executive to lead the Pathology operations and Dr Phil Lucas as Group Executive of Lumus Imaging. That means that in the past nine months, the four most senior roles in the company have been filled by new executives who have made considerable change throughout the business. The Board has great confidence in the newly formed Executive Leadership Team led by Maxine. The Board is determined to give them the support and stability they need to complete the transformation underway across the business.

We have also been pleased to welcome two new directors to the Board in 2023. Firstly, Charlie Taylor, appointed in March 2023 and in September 2023, Dr Michael Stanford was also appointed.

You may be aware of media reports where the chairman of ACL, raised questions by email around Dr Stanford's independence. Boards are required to opine on whether a non-executive director is considered independent. On receiving the email, the Board made inquiries of Dr Stanford and remain satisfied of his independence.

Both new Non-executive Directors are standing for election today.

Also standing for election today is Ravi Jeyaraj, who was nominated by Tanarra Capital.

That will mean three new directors on the Board in the space of a year. As Chair it had been my intention to continue that Board renewal process in an orderly way to provide stability and a strong focus on skills needed for the benefit of the business. The Board renewal process will now continue under a new Chair.

All nominations are unanimously supported by your Board and you will have the opportunity to hear from each of the nominated directors during the formal business of the meeting.

I would like to acknowledge the dedication of the entire Healius team that has faced several challenging years. Their unwavering effort and dedication to the business, especially through this recent period of significant transformation, is an inspiration.

I would also like to thank my fellow Board members and management team for their support and wish them well.

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

**Jenny Macdonald**

Healius Chair