

# Pro Medicus Limited

ABN 25 006 194 752

## INTERIM FINANCIAL REPORT

FOR THE HALF-YEAR ENDED

31 DECEMBER 2023



## DIRECTORS' REPORT

Your Directors of Pro Medicus Limited (the "Company") and its subsidiaries (the "Group") submit their report for the half-year ended 31 December 2023.

### DIRECTORS

The names and details of the Company's directors in office during the half-year and until the date of this report:

- Peter Terence Kempen AM  
FCA, FAICD (Chairman)
- Dr Sam Aaron Hupert  
M.B.B.S. (Deputy Chairman and Chief Executive Officer)
- Anthony Barry Hall  
B.Sc. (Hons), M.Sc. (Executive Director and Technology Director)
- Anthony James Glenning  
B.Sc, B.Eng, M.EE (Non-Executive Director)
- Dr Leigh Bernard Farrell  
PhD, B.Sc. (Hons), FAICD, (Non-Executive Director)
- Deena Robyn Shiff  
B.Sc. (Econ) Hons, B.A. Law (Hons), FAICD, (Non-Executive Director)
- Alice Williams  
B.Com, FCPA, FAICD, CFA, AIF ASFA, (Non-Executive Director)

### REVIEW AND RESULTS OF OPERATIONS

The Company reported a first half after tax profit of \$36.25m, an increase of \$9.06m (up 33.3%) compared to the same period last year. Revenue from contracts with customers for the 6-month period increased from \$56.89m to \$74.11m, an increase of 30.3%.

Underlying profit before tax was \$48.93m compared with \$37.22m for the previous corresponding period, an increase of 31.5%. Underlying profit before tax comprises reported statutory profit before tax of \$50.16m, adds the net currency loss of \$1.44m and subtracts the fair value gain on the movement of other financial assets and interest income of \$2.67m. The underlying profit for the previous corresponding half year of \$37.22m, comprised reported profit before tax of \$38.10m, less the net currency gain of \$0.25m and the fair value gain on the movement of other financial assets and interest income of \$0.63m.

Underlying profit before tax is a non-IFRS measure and has been included in the analysis of financial performance as the Directors consider it provides a meaningful comparison of results from period to period.

The currencies of the countries in which the Company has its activities have been volatile during the half year. On a constant currency basis<sup>1</sup>, the revenue would have been \$72.45m (up 27.4%) and the underlying profit before tax would have been \$48.02m (up 29.0%) for the half year ended 31 December 2023.

During the period the Company continued to grow its North American presence (revenue up 36.8%) with 4 major implementations for University California Davis, Gundersen, University of Washington and US Radiology Specialists being completed. The North American business continued to expand, winning key contracts with Memorial Sloan Kettering, Baylor Scott & White, South Shore Health and Oregon Health & Science University (combined A\$200.0m – 7-to-10-year deals).

The Company is looking to further build on its presence in North America, Germany and Australia and is actively pursuing a growing number of opportunities within the academic/teaching hospital, integrated delivery network (IDN) and corporate/private imaging centre markets.

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1. Constant currency removes the impact of exchange rate movements to facilitate comparability of operational performance for the Company. This is done in two parts: a) by converting the current year net profit / (loss) of entities in the group that have reporting currencies other than AU Dollars, at the rates that were applicable to the prior comparable period (Translation Currency Effect); b) by restating material transactions booked by the group that are impacted by exchange rate movements at the rate that would have applied to the transaction if it had occurred in the prior comparable period (Transaction Currency Effect).

The Company's European revenue decreased 7.1%. This was due to a one-off sale of \$1.05m with the German University hospital, Charite in the prior period. Excluding this one-off sale, the underlying European business would have been at par period on period.

The Company's Australian business increased revenue by 2.1% compared to the same period last year, with the extension of the contract with I-MED being the main contributors to the increased revenue.

The Company maintained its significant investment in research and development ("R&D"), both in Australia as well as overseas.

The Company continues its R&D and client support activities via a combination of remote and in-office activities with sales meetings, demonstrations to prospective clients performed by a combination of onsite meetings and remote video conferencing.

Exam volumes, particularly in the US, continued to grow throughout the period with an increase in exam volumes from existing customers and new customers that now have been fully deployed throughout the first half of this financial year.

The Company's cash reserves increased by \$8.60m despite an increase of \$5.23m in dividend payout and higher tax paid during the period. Cash reserves and other financial assets, excluding forward contracts) were \$131.53m at the end of December 2023, an increase of 8.3% in the half. The company remains debt free.

The Board is of the view that there are sufficient cash reserves to fund the anticipated growth of the business from internal sources. As a result, the Company has announced a fully franked interim dividend of 18.0c per share payable on 22 March 2024.

## ROUNDING

Unless otherwise stated, the amounts contained in this report have been rounded to the nearest \$1,000 (where rounding is applicable) under the option available to the company under ASIC Corporations (Rounding in Financial/Directors Reports) Instrument 2016/191. The Company is an entity to which the Legislative Instrument applies.

## AUDITORS' INDEPENDENCE DECLARATION

In accordance with section 307C of the Corporations Act 2001, we have obtained a declaration of independence from our auditors Ernst & Young, a copy of which is attached.

Signed in accordance with a resolution of the directors.



P T Kempen AM  
Chairman  
Melbourne  
15 February 2024

## AUDITOR'S INDEPENDENCE DECLARATION



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### Auditor's independence declaration to the directors of Pro Medicus Limited

As lead auditor for the review of the half-year financial report of Pro Medicus Limited for the half-year ended 31 December 2023, 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 Pro Medicus Limited and the entities it controlled during the half-year.

A stylized, handwritten signature of 'Ernst &amp; Young' in black ink.

Ernst & Young

A handwritten signature in black ink, appearing to read 'Andrea Steacy'.

Andrea Steacy  
Partner  
15 February 2024

# **INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME** **FOR THE HALF-YEAR ENDED 31 DECEMBER 2023**

		<b>Consolidated</b>	
		<b>31 Dec 2023</b>	<b>31 Dec 2022</b>
	<b>Notes</b>	<b>\$'000</b>	<b>\$'000</b>
Revenue from contracts with customers	3	<b>74,110</b>	56,887
Interest income		<b>2,151</b>	506
<b>Revenue</b>		<b>76,261</b>	57,393
Cost of sales		<b>(171)</b>	(285)
<b>Gross profit</b>		<b>76,090</b>	57,108
Net foreign currency (loss)/gains	4a	<b>(1,440)</b>	250
Fair value movements on other financial assets		<b>519</b>	127
Accounting and secretarial expenses		<b>(717)</b>	(644)
Advertising and public relations expenses		<b>(2,206)</b>	(1,599)
Depreciation and amortisation	4b	<b>(4,406)</b>	(3,890)
Insurance costs		<b>(588)</b>	(502)
Legal costs		<b>(609)</b>	(327)
Other expenses		<b>(886)</b>	(716)
Employee benefits expenses	4c	<b>(14,913)</b>	(11,052)
Travel and accommodation expenses		<b>(682)</b>	(655)
<b>Profit before income tax</b>		<b>50,162</b>	38,100
Income tax expense	9	<b>(13,912)</b>	(10,911)
<b>Profit for the period</b>		<b>36,250</b>	27,189
<b>Other comprehensive Income</b>			
<b>Items that may be reclassified subsequent to profit and loss</b>			
Foreign currency translation		<b>77</b>	33
<b>Other comprehensive income for the period</b>		<b>77</b>	33
<b>Total comprehensive income for the period, net of tax</b>		<b>36,327</b>	27,222
<b>Earnings per share (cents per share)</b>			
Basic		<b>34.71¢</b>	26.05¢
Diluted		<b>34.61¢</b>	25.96¢

This Consolidated Statement of Comprehensive Income should be read in conjunction with the notes to the financial statements.

**INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION**
**AS AT 31 DECEMBER 2023**

		<b>Consolidated</b>	
	<b>Notes</b>	<b>31 Dec 2023</b>	<b>30 Jun 2023</b>
		<b>\$'000</b>	<b>\$'000</b>
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents		99,759	91,248
Trade and other receivables	7	39,931	39,882
Accrued revenue		189	193
Contract costs		649	590
Other financial assets	12	32,765	30,247
Income tax receivable		1,713	-
Inventories		68	55
Prepayments		964	1,575
<b>Total current assets</b>		<b>176,038</b>	<b>163,790</b>
<b>Non-current assets</b>			
Deferred tax asset	9	12,857	12,206
Plant and equipment		462	472
Contract costs		2,399	2,361
Right-of-use assets		1,412	1,715
Intangible assets	8	20,741	21,349
Prepayments		235	242
<b>Total non-current assets</b>		<b>38,106</b>	<b>38,345</b>
<b>TOTAL ASSETS</b>		<b>214,144</b>	<b>202,135</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade and other payables	10	8,019	6,801
Income tax payable		-	6,539
Deferred revenue	11	10,781	12,602
Other current financial liabilities		-	504
Lease liabilities		557	654
Provisions		4,141	3,751
<b>Total current liabilities</b>		<b>23,498</b>	<b>30,851</b>
<b>Non-current liabilities</b>			
Deferred tax liabilities	9	7,388	7,813
Deferred revenue	11	22,953	23,421
Lease liabilities		988	1,197
Provisions		102	77
<b>Total non-current liabilities</b>		<b>31,431</b>	<b>32,508</b>
<b>TOTAL LIABILITIES</b>		<b>54,929</b>	<b>63,359</b>
<b>NET ASSETS</b>		<b>159,215</b>	<b>138,776</b>
<b>Shareholders' equity</b>			
Contributed equity		1,959	1,959
Share buyback reserve		(5,774)	(5,774)
Share based payment reserve		18,025	16,156
Foreign currency translation reserve		(604)	(681)
Retained earnings		145,609	127,116
<b>Total shareholders' equity</b>		<b>159,215</b>	<b>138,776</b>

This Consolidated Statement of Financial Position should be read in conjunction with the notes to the financial statements.

## INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE HALF YEAR ENDED 31 DECEMBER 2023

	Issued Capital \$'000	Share Buyback Reserve \$'000	Share Based Payment Reserve \$'000	Foreign Currency Translation Reserve \$'000	Retained Earnings \$'000	Total Equity \$'000
<b>Balance at 1 July 2023</b>	<b>1,959</b>	<b>(5,774)</b>	<b>16,156</b>	<b>(681)</b>	<b>127,116</b>	<b>138,776</b>
Profit for the period	-	-	-	-	36,250	36,250
Other comprehensive Income	-	-	-	77	-	77
<b>Total comprehensive Income</b>	<b>1,959</b>	<b>(5,774)</b>	<b>16,156</b>	<b>(604)</b>	<b>163,366</b>	<b>175,103</b>
<b>Transactions with owners in their capacity as owners</b>						
Share based payment expense	-	-	784	-	-	784
Share buyback	-	-	-	-	-	-
Tax effect of share based payments	-	-	1,085	-	-	1,085
Dividends	-	-	-	-	(17,757)	(17,757)
<b>Balance at 31 December 2023</b>	<b>1,959</b>	<b>(5,774)</b>	<b>18,025</b>	<b>(604)</b>	<b>145,609</b>	<b>159,215</b>

	Issued Capital \$'000	Share Buyback Reserve \$'000	Share Based Payment Reserve \$'000	Foreign Currency Translation Reserve \$'000	Retained Earnings \$'000	Total Equity \$'000
<b>Balance at 1 July 2022</b>	<b>1,959</b>	<b>(5,224)</b>	<b>13,258</b>	<b>(837)</b>	<b>92,576</b>	<b>101,732</b>
Profit for the period	-	-	-	-	27,189	27,189
Other comprehensive Income	-	-	-	33	-	33
<b>Total comprehensive Income</b>	<b>1,959</b>	<b>(5,224)</b>	<b>13,258</b>	<b>(804)</b>	<b>119,765</b>	<b>128,954</b>
<b>Transactions with owners in their capacity as owners</b>						
Share based payment expense	-	-	352	-	-	352
Share buyback	-	(550)	-	-	-	(550)
Tax effect of share based payments	-	-	687	-	-	687
Dividends	-	-	-	-	(12,532)	(12,532)
<b>Balance at 31 December 2022</b>	<b>1,959</b>	<b>(5,774)</b>	<b>14,297</b>	<b>(804)</b>	<b>107,233</b>	<b>116,911</b>

This Consolidated Statement of Changes in Equity should be read in conjunction with the notes to the financial statements.

## INTERIM CONSOLIDATED STATEMENT OF CASH FLOW FOR THE HALF-YEAR ENDED 31 DECEMBER 2023

		Consolidated	
		31 Dec 2023	31 Dec 2022
	Notes	\$'000	\$'000
<b>Cash flows from operating activities</b>			
Receipts from customers		69,225	48,287
Payments made to suppliers and employees		(18,373)	(15,721)
Income tax paid		(21,825)	(12,413)
Interest paid		(39)	(31)
<b>Net cash flows from operating activities</b>		<b>28,988</b>	<b>20,122</b>
<b>Cash flows used in investing activities</b>			
Payments for capitalised development costs	8	(3,359)	(3,247)
Payments for property, plant and equipment		(140)	(173)
Investments in other financial assets		(16,422)	(12,944)
Sale of other financial assets		15,413	11,142
Interest received		2,155	506
<b>Net cash flows used in investing activities</b>		<b>(2,353)</b>	<b>(4,716)</b>
<b>Cash flows from financing activities</b>			
Payments of dividends on ordinary shares	5b	(17,757)	(12,532)
Payments for lease liabilities		(278)	(256)
Payment for share buyback		-	(845)
<b>Net cash flows used in financing activities</b>		<b>(18,035)</b>	<b>(13,633)</b>
Net increase in cash and cash equivalents held		8,600	1,773
Net foreign exchange differences		(89)	41
Cash and cash equivalents at the beginning of the period		91,248	63,656
<b>Cash and cash equivalents at the end of the period</b>		<b>99,759</b>	<b>65,470</b>

This Consolidated Statement of Cash Flows should be read in conjunction with the notes to the financial statements



## NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2023

### 1. CORPORATE INFORMATION

The interim consolidated financial statements of the Group for the half-year ended 31 December 2023 were authorised for issue in accordance with a resolution of directors on 15 February 2024.

The Company is a for profit company limited by shares incorporated and domiciled in Australia whose shares are publicly traded on the Australian Securities Exchange.

### 2. BASIS OF PREPARATION AND CHANGES TO THE GROUP'S ACCOUNTING POLICIES

#### (a) Basis of preparation

The interim consolidated financial statements for the half-year ended 31 December 2023 have been prepared in accordance with AASB 134 *Interim Financial Reporting*.

The interim consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group's annual financial statements for the year ended 30 June 2023, together with any public announcements made by the Company during the half-year ended 31 December 2023.

#### (b) New accounting standards and interpretations

The accounting policies adopted in the preparation of the interim consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 30 June 2023.

New and/or amended standards that were effective for the Group as of 1 July 2023 did not have a material impact on the financial statements of the Group as they are either not relevant to the Group's activities or require accounting which is consistent with the Group's current accounting policies.

There are no accounting standards or interpretation issued but not yet effective that are expected to have a material impact on the Group.

#### (c) Significant accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements and estimates on historical experience and on other various factors it believes to be reasonable under the circumstances, the result of which form the basis of the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions and conditions.

There were no significant changes in the judgements, estimates and assumptions applied by the Company as compared to those disclosed in the 30 June 2023 financial report.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2023

### 3. SEGMENT INFORMATION

The Group has identified its operating segments based on the internal reports that are reviewed and used by the executive management team (the chief operating decision makers) in assessing performance and in determining the allocation of resources.

The operating segments are identified by management based on country of origin. Discrete financial information is reported to the executive management team on at least a monthly basis.

#### Types of products and services

The Group produces integrated software applications for the health care industry. In addition the Group provides services in the form of installation and support.

#### Accounting policies and inter-segment transactions

The accounting policies used by the Group in reporting segments internally are the same as those used in preparing the financial statements in prior periods.

#### Inter-entity sales

Inter-entity sales are recognised based on an internally set transfer price. The price aims to reflect what the business operation could achieve if they sold their output and services to external parties at arm's length.

#### Operating segments

Half-year ended	Australia		Europe		North America		Total Operations	
	31 Dec	31 Dec	31 Dec	31 Dec	31 Dec	31 Dec	31 Dec	31 Dec
	2023	2022	2023	2022	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000

#### Revenue from contracts with customers

Sales to external customers - RIS	7,293	7,239	-	-	-	-	7,293	7,239
Sales to external customers - PACS	645	539	1,954	2,102	64,182	46,927	66,781	49,568
Inter-segment sales	50,175	34,931	4,889	3,755	-	-	55,064	38,686
<b>Total segment revenue</b>	<b>58,113</b>	<b>42,709</b>	<b>6,843</b>	<b>5,857</b>	<b>64,182</b>	<b>46,927</b>	<b>129,138</b>	<b>95,493</b>
Inter-segment elimination							(55,064)	(38,686)
Other income							36	80
<b>Total consolidated revenue from contract with customers</b>							<b>74,110</b>	<b>56,887</b>

#### Results

Segment Result	46,998	34,279	(141)	1,853	1,349	959	48,206	37,091
Interest Revenue							2,151	506
Other amounts unallocated to segments							(195)	503
<b>Non segment expenses</b>								
Income tax expense							(13,912)	(10,911)
<b>Profit for the period</b>							<b>36,250</b>	<b>27,189</b>

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE HALF YEAR ENDED 31 DECEMBER 2023

#### 3. SEGMENT INFORMATION (CONTINUED)

##### Product information

	Consolidated	
	31 Dec 2023	31 Dec 2022
	\$'000	\$'000
<b>Revenue from external customers</b>		
Radiology Information Systems (RIS)	7,293	7,239
Picture Archiving Communications Systems (Visage 7/PACS)	66,781	49,568
Other income	36	80
	<b>74,110</b>	<b>56,887</b>

#### 4. EXPENSES

	Consolidated	
	31 Dec 2023	31 Dec 2022
	\$'000	\$'000
<b>(a) Net foreign currency gains</b>		
Currency gains	5,332	6,148
Currency (loss)	(7,762)	(6,259)
Fair value gain/(loss) on financial instruments – forward exchange contracts	990	361
	<b>(1,440)</b>	<b>250</b>
<b>(b) Depreciation and amortisation</b>		
Property, plant and equipment assets	150	153
Right-of-use lease assets	289	267
Capitalised development costs	3,967	3,470
Total depreciation and amortisation expenses	<b>4,406</b>	<b>3,890</b>
<b>(c) Employee benefits expense</b>		
Gross wages and salaries	15,966	12,314
Capitalised wages and salaries (i)	(2,843)	(2,450)
Long service leave provision	61	26
Share-based payments expense (ii)	784	352
Defined contribution plan expense	945	810
Total salaries and employee benefits expenses	<b>14,913</b>	<b>11,052</b>

- i. The Group incurred total wages and salaries of \$15,966,000 (2022: \$12,314,000) of which \$2,843,000 (2022: \$2,450,000) were capitalised as development costs within intangible assets.
- ii. The Groups share-based payments includes a portion of expense relating to the FY21, FY22, FY23 and FY24 grant of performance rights. 66,076 performance rights were granted on 16 August 2023 under the Group's long term incentive plan. The performance rights vest in accordance with performance conditions related to earnings per share ("EPS") and total shareholder returns ("TSR") which are assessed over a three year period and conditional on a four year service commencing 1 July 2023. The fair value of the performance rights at grant date was \$2,039,374 (\$25.50 per TSR right, \$68.88 per EPS right). The amount of share-based payment expense for the half-year ended 31 December 2023 takes into consideration the probability of EPS performance conditions being achieved.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2023

### 5. DIVIDENDS PAID OR PROVIDED FOR ON ORDINARY SHARES

	Consolidated	
	31 Dec 2023	31 Dec 2022
	\$'000	\$'000
<i>Declared and paid during the period:</i>		
Final franked dividend for 2023: 17.0 cents (2022: 12.0 cents franked)	17,757	12,532
<i>Declared subsequent to the end of the year (not recognised as a liability as at 31 December):</i>		
Interim franked dividend for 2024: 18.0 cents (2023: 13.0 cents franked)	18,802	13,576

### 6. EVENTS AFTER THE BALANCE SHEET DATE

On 29 December 2023, the Group entered into a Joinder Agreement with Elucid Bioimaging Inc. for the purchase of an 3.2% interest for a total consideration of US\$5.0m. The stock purchase transaction was settled on 3 January 2024 and has therefore not been presented as an investment in the 31 December 2023 interim financial statements.

On 15 February 2024, the directors of Pro Medicus Limited declared a fully franked interim dividend of 18.0 cents per share amounting to \$18,802,000. These dividends have not been provided for in the 31 December 2023 interim financial statements.

### 7. TRADE AND OTHER RECEIVABLES

	Consolidated	
	31 Dec 2023	30 Jun 2023
	\$'000	\$'000
<b>Current</b>		
Trade receivables	39,977	39,650
Less: Allowance for expected credit losses	(178)	-
	39,799	39,650
 Other receivables	 132	 232
	39,931	39,882

## NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2023

### 8. INTANGIBLE ASSETS

	<b>Development Costs \$'000</b>
<b>Half-year ended 31 December 2023</b>	
At 1 July 2023, net of accumulated amortisation and impairment	21,349
Additions - internal development	3,359
Amortisation charge for the period	(3,967)
At 31 December 2023, net of accumulated amortisation and impairment	<u>20,741</u>
<b>At 31 December 2023</b>	
Cost	80,248
Accumulated amortisation and impairment	(59,507)
Net carrying amount	<u>20,741</u>
<b>Year ended 30 June 2023</b>	
At 1 July 2022, net of accumulated amortisation and impairment	22,293
Additions - internal development, six months to 31 December 2022	3,247
Amortisation charge - six months to 31 December 2022	(3,470)
At 31 December 2022, net of accumulated amortisation and impairment	22,070
Additions - internal development, six months to 30 June 2023	2,900
Amortisation charge - six months to 30 June 2023	(3,621)
At 30 June 2023, net of accumulated amortisation and impairment	<u>21,349</u>
<b>At 30 June 2023</b>	
Cost	76,888
Accumulated amortisation and impairment	(55,539)
Net carrying amount	<u>21,349</u>

In accordance with the Group's accounting policies and process, the Group evaluated each cash generating unit ('CGU') at 31 December 2023, to determine whether there were any indications of impairment. Where an indicator of impairment exists a formal estimate of the recoverable amount is performed.

The Group concluded there were no impairment indicators for the Group's CGU's as at 31 December 2023.

# **NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2023**

## **9. INCOME TAX**

The Group calculates the period income tax expense using the tax rate that would be applicable to expected total annual earnings (i.e. the estimated average annual effective income tax rate applied to the pre-tax income of the interim period).

The major components of income tax expense in the interim consolidated income statements are:

	<b>Consolidated</b>	
	<b>31 Dec 2023</b>	<b>31 Dec 2022</b>
	<b>\$'000</b>	<b>\$'000</b>
Current income tax expense	(15,175)	(12,480)
Prior year adjustment	868	28
Origination and reversal of deferred taxes	395	1,541
<b>Income tax expense</b>	<b>(13,912)</b>	<b>(10,911)</b>
Income tax recognised in other comprehensive income	-	-
<b>Total income tax expense</b>	<b>(13,912)</b>	<b>(10,911)</b>

	<b>Interim Consolidated Statement of Financial Position</b>		<b>Interim Consolidated Statement of Comprehensive Income</b>		<b>Recognised within Equity</b>	
	<b>31 Dec 2023</b>	<b>30 Jun 2023</b>	<b>31 Dec 2023</b>	<b>31 Dec 2022</b>	<b>31 Dec 2023</b>	<b>31 Dec 2022</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Deferred tax liabilities</b>						
Foreign currency exchange gain	19	(230)	249	(74)	-	-
Intangible assets	(6,222)	(6,405)	183	67	-	-
Prepayments	(4)	-	(4)	(3)	-	-
Contract costs	(756)	(702)	(54)	(209)	-	-
Right-of-use lease asset	(392)	(459)	67	76	-	-
Depreciation expenses	(33)	(17)	(16)	(12)	-	-
	<b>(7,388)</b>	<b>(7,813)</b>	<b>425</b>	<b>(155)</b>	<b>-</b>	<b>-</b>
<b>Deferred tax assets</b>						
Employment entitlements	1,385	1,432	(47)	131	-	-
Intellectual property expenses	187	196	(9)	(9)	-	-
Audit fee accrual	61	27	34	27	-	-
Patent cost	35	-	35	-	-	-
Deferred revenue	7,886	7,918	(32)	1,421	-	-
Lease liabilities	429	497	(68)	(73)	-	-
Unrealised fair value loss on other financial assets	104	260	(156)	284	-	-
Employee share trust - unvested share based payments	2,706	1,870	155	(88)	681	(1,523)
Allowance for expected credit losses	54	-	54	-	-	-
Other	10	6	4	3	-	-
	<b>12,857</b>	<b>12,206</b>	<b>(30)</b>	<b>1,696</b>	<b>681</b>	<b>(1,523)</b>
Deferred tax movement			<b>395</b>	<b>1,541</b>	<b>681</b>	<b>(1,523)</b>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2023

### 10. TRADE AND OTHER PAYABLES

	Consolidated	
	31 Dec 2023 \$'000	30 Jun 2023 \$'000
<b>Current</b>		
Trade payables	1,194	1,033
Other payables and accruals	6,825	5,768
	<b>8,019</b>	<b>6,801</b>

### 11. DEFERRED REVENUE

	Consolidated	
	31 Dec 2023 \$'000	30 Jun 2023 \$'000
<b>Current</b>		
Deferred revenue from contracts with customers	10,781	12,602
	<b>10,781</b>	<b>12,602</b>
<b>Non-current</b>		
Deferred revenue from contracts with customers	22,953	23,421
	<b>22,953</b>	<b>23,421</b>

### 12. OTHER FINANCIAL ASSETS

	Consolidated	
	31 Dec 2023 \$'000	30 Jun 2023 \$'000
<b>Investments</b>		
Hybrid/convertible debt instruments, listed	5,006	3,872
Other debt instruments, listed	1,116	1,097
Other debt instruments, unlisted	15,240	15,305
Managed fund units, unlisted	10,413	9,973
<b>Derivatives</b>		
Foreign exchange forward contracts (derivatives)	990	-
	<b>32,765</b>	<b>30,247</b>

With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value.

The subsequent measurement of the Groups financial assets depends on the financial asset's contractual cash flow characteristics (whether the cash flows represent solely payments of principal and interest "SPPI") and the Group's business model for managing them (the "Business Model" test). The subsequent measurement of the Group's investments and derivatives is discussed below.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2023

### 12. OTHER FINANCIAL ASSETS (CONTINUED)

#### Investments

The portfolio of investments is managed and performance is evaluated on a fair value basis. The Group is primarily focused on fair value information and uses that information to assess the assets' performance and to make decisions.

Consequently, all investments are measured at fair value through profit or loss.

#### Derivatives

Derivatives are mandatorily measured at fair value through profit and loss.

#### Fair value measurement

Listed debt instruments are classified as Level 1 in the fair value hierarchy as their prices are quoted in an active market. Unlisted debt instruments and managed fund investments are classified as Level 2. Investments in unlisted managed funds are recorded at the redemption value per unit as reported by the investment managers of the fund. Unlisted debt instruments fair values are determined with reference to recent market transactions and discounted cash flow techniques based on interest rate yield curves at the end of the period for instruments with similar terms and conditions.



## DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Pro Medicus Limited, I state that:  
In the opinion of the Directors:

- (a) The Financial Statements and notes of the consolidated entity are in accordance with the *Corporations Act 2001*, including:
  - (i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2023 and of its performance for the half-year ended on that date; and
  - (ii) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

On behalf board

A handwritten signature in black ink, appearing to read 'P T Kempen', with a large, stylized loop at the beginning.

P T Kempen AM  
Chairman  
Melbourne  
15 February 2024

## AUDITOR'S REPORT



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### Independent auditor's review report to the members of Pro Medicus Limited

#### Conclusion

We have reviewed the accompanying half-year financial report of Pro Medicus Limited (the Company) and its subsidiaries (collectively the Group), which comprises the statement of financial position as at 31 December 2023, the statement of comprehensive income, statement of changes in equity and statement of cash flow 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 2023 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 REPORT




### 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 financial position as at 31 December 2023 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*.

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.

The Ernst & Young logo is a stylized, handwritten-style signature of the words 'Ernst & Young' in a dark blue color.

Ernst & Young

A handwritten signature in dark blue ink, appearing to read 'Andrea Steacy'.

Andrea Steacy  
Partner  
Melbourne  
15 February 2024