ASX Announcement

Australian Clinical Labs Limited
ABN 94 645 711 128
Registered Office:
1868-1892 Dandenong Road
Clayton VIC 3168
Australia

clinicallabs.com.au

Wednesday, 28 February 2024

ACL 1H24 FINANCIAL RESULTS

The following announcements to the market are attached:

Appendix 4D

1H24 financial statements and statutory reports

✓ 1H24 financial results investor presentation

– ENDS –

This announcement was authorised for release to ASX by the Board of ACL. For further information regarding this announcement, please contact:

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About Australian Clinical Labs

ACL is a leading Australian private provider of pathology services. Our NATA accredited laboratories perform a diverse range of pathology tests each year for a range of clients including doctors, specialists, patients, hospitals and corporate clients. ACL is one of the largest private hospital pathology businesses nationally. ACL is focused on its mission of combining talented people, and medical and scientific leadership, with innovative thinking and technologies to empower decision making that saves and improves patients' lives.

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ACL FY24 First Half Results – Delivered despite a challenging macro environment

Disciplined cost base management in subdued revenue environment. Revised guidance of $60-$65M underlying EBIT based on expected volatility in GP attendances and referrals.

Australian Clinical Labs Limited (ASX: ACL) (**ACL** or the **Company**) today announced its FY24 results for the 6 months to 31 December 2023 (**1H FY24**).

AUD in millions	1H FY24
Non-COVID-19 revenue	314.0
COVID-19 revenue	11.8
Total Patient Revenue	**325.8**
Clinic/Other Revenue	11.4
Total Revenue	**337.3**
Underlying EBITDA	**87.1**
Underlying EBIT	**23.4**
EBIT margin	7%
Underlying NPAT	**10.3**
HLS costs after income tax[2]	(2.8)
Non-underlying items after income tax[3]	(2.4)
Reported NPAT	**5.1**

Highlights

- EBITDA and EBIT performance in line with company expectations on the profit phasing for the full year based on exiting the pandemic
- 1H FY24 characterised by continued challenging macro environment with reduced referrer availability, increase in GP private billing and hospital challenges. Government initiatives introduced in November 2023 expected to start having a positive impact on 2H
- Adjusting for the earnings impact of decline in COVID revenue, 1H FY24 underlying EBIT grew by 16.4% on pcp driven by a combination of BAU revenue growth, full period impact of Medlab synergies, as well as efficiency initiatives
- Non-COVID MBS Revenue grew at 5.4% on 1H FY23[1]. ACL followed a disciplined strategy of collection centre network optimisation to protect margins in an ongoing environment of subdued industry revenue
- 2H FY24 has started strongly, with ACL's BAU revenue in January 2024 up 8.6% on January 2023, although this growth rate has materially moderated into February vs pcp. Unaudited EBIT for January was $4.9m, up 204% on January 23 in what is a seasonally weak month for pathology volumes.

[1] Growth excludes Sun Doctors, Queensland and non-medicare commercial work and is adjusted for working days
[2] Relates to post tax costs of Healius Takeover
[3] Relates to post-tax one-off costs from a write down relating to an asset in third party storage where storage unit burnt down, as well as final payment under medlab sale agreement and other non-recurring redundancy, insurance and legal costs

- ACL continues to drive improved operational efficiencies to protect margins in a subdued revenue environment. Compared to pre COVID, ACL has realized labor cost savings through advancements in lab productivity, courier route efficiencies and optimization of back office functions with labour as a % of revenue reducing from 50% to 45%.

Chief Executive Officer and Executive Director, Melinda McGrath, said:

"ACL continues to be sharply focused on service improvements and operational efficiencies to preserve margins through a period of subdued industry revenue.

We expect a stronger financial performance from the business in 2H with margins to return to low-double digits driven by seasonally higher volumes.

The pathology industry continues to face macro headwinds, with volumes materially below historical trends driven by a significant downturn in GP attendances. Despite this we are tracking where we expected to be half on half. We do expect continued volatility in GP attendances to affect volumes in 2H, hence the change in guidance. ACL is working closely with Australian Pathology in support of its national campaign for the reintroduction of indexation which the industry has not had for 24 years and is necessary to ensure the sector remains able to meet the needs of the community.

ACL has a well-defined revenue growth strategy focused on disciplined and profitable network expansion, ongoing investment in digitisation, and commercialisation of innovative new tests all of which will capitalise on the ongoing market recovery.

I would like to take the opportunity to thank all Clinical Labs staff for their passionate contribution to the mission of ACL, as we work with our partners to drive improved outcomes for our patients."

FY24 Revised Guidance

- ACL expects underlying EBIT in FY24 to be $60M-$65M based on the following:
  - H2 underlying EBIT margin expected to return to low double-digits based on seasonally higher H2 volumes on a fixed cost base
  - H1 underlying EBIT of $23.4M in line with management expectations and in line with the achievement of previous guidance of $65-$70M based on anticipated H1 vs H2 seasonality. However, based on volatility in GP attendances in H1, and MBS outlays through mid-February, management is taking a more conservative approach to anticipated growth in H2
  - Guidance assumes MBS outlays growth on pcp for February to June of between 4-6%

Acquisitions & Growth Strategy update

- ACL continues to actively explore value accretive acquisition opportunities as part of its growth strategy. ACL will continue to take a disciplined approach to acquisitions, leveraging the business's strong acquisition experience
- In December, ACL withdrew its offer to acquire Healius. Following the ACCC's rejection of the merger, ACL now has the ability to challenge the decision in the Federal Court if the Board so chooses
- ACL would only pursue a merger with Healius in the future if the Board formed the view it offered shareholders compelling risk-adjusted returns
- Beyond acquisitions, ACL's focus in H2 is on continuing its strategy of disciplined footprint expansion, ongoing operational efficiency initiatives and investments in its Lab of the Future program

Interim dividend for 1H FY24

ACL has declared an interim fully franked dividend of 3cps with a record date of 2 April and payment date of 26 April.

Investor and Analyst Results Briefing

ACL Chief Executive Officer and Executive Director, Melinda McGrath, and Chief Financial Officer, James Davison, will host a webcast for investors and analysts today at 11am (Melbourne time).

Participants can register for the webcast by accessing this link:

https://clinicallabs-au.zoom.us/webinar/register/WN_myRwvtQXTpy-ZdtyH-XDhg

An archive of the briefing will be available afterwards at: https://investors.clinicallabs.com.au/investor-information/reports-presentations/reports-presentations/

– ENDS –

This announcement was authorised for release to ASX by the Board of Directors of ACL. For further information regarding this announcement, please contact:

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About Australian Clinical Labs

ACL is a leading Australian private provider of pathology services. Our 76 NATA accredited laboratories perform a diverse range of pathology tests each year for a range of clients including doctors, specialists, patients, hospitals and corporate clients. ACL is one of the largest private hospital pathology businesses nationally. ACL is focused on its mission of combining talented people, and medical and scientific leadership, with innovative thinking and technologies to empower decision making that saves and improves patients' lives.

Forward looking-statements

This announcement may contain forward-looking statements which are statements that may be identified by words such as "may", "will", "would", "should", "could", "believes", "estimates", "expects", "intends", "plans", "anticipates", "predicts", "outlook", "forecasts", "guidance" and other similar words that involve risks and uncertainties. The downgrade to the FY24 forecast is an example of forward-looking statements. These statements are based on an assessment of present economic and operating conditions and on a number of best estimate assumptions regarding future events and actions that, at the date of this announcement, are expected to take place. No person who has made any forward-looking statements in this announcement (including the Company) has any intention to update or revise forward-looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this announcement, other than to the extent required by law. Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of the Company, the directors and management of the Company. The Company cannot and do not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this announcement will actually occur and investors are cautioned not to place undue reliance on these forward-looking statements.

AUSTRALIAN Clinicalabs

FY24 First Half Results Presentation

Melinda McGrath CEO and Executive Director
James Davison CFO

February 2024

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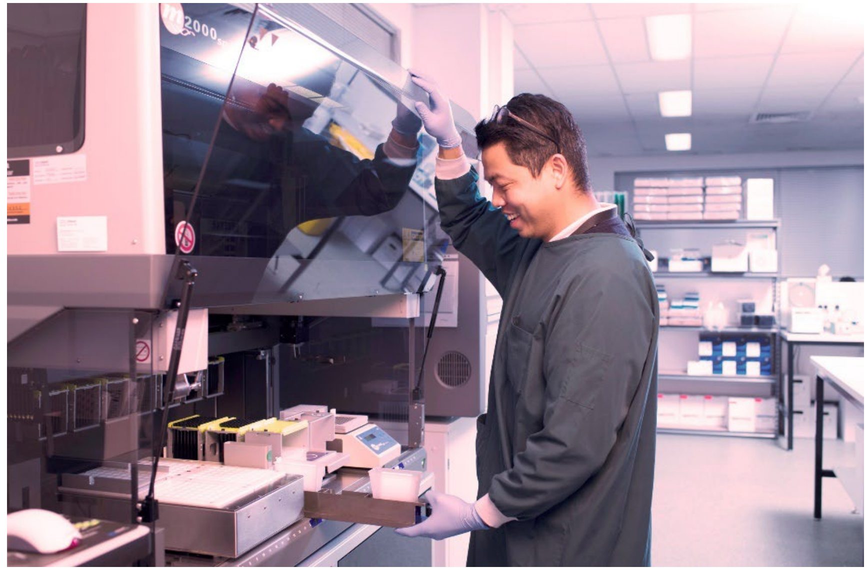
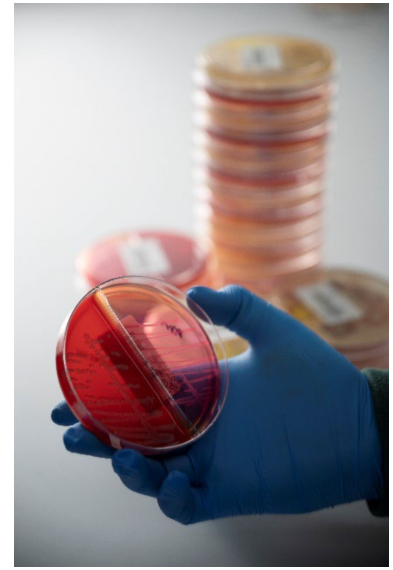




Overview

Melinda McGrath, CEO and Executive Director

AUSTRALIAN Clinicalabs

1H FY24 Results – Financial Highlights

In 1H FY24, ACL recorded underlying EBITDA of $87.1M and underlying EBIT of $23.4M which was in line with company expectations on the profit phasing of the year based on exiting the pandemic

- In 1H FY24, ACL achieved:
  - Total Revenue of $337.3M
  - Underlying EBITDA[1] of $87.1M
  - Underlying EBIT[1] of $23.4M
  - Underlying NPAT[1] of $10.3M
  - Free cash flow before interest, tax and financing of $17.7M
- H1 was characterised by a continued challenging macro environment with reduced referrer availability, increase in GP private billing and hospital challenges. Government initiatives introduced in November 2023 are expected to have a positive impact on H2
- Adjusting for the decline in COVID revenue, 1H FY24 underlying EBIT grew by 16.4% on pcp driven by a combination of BAU revenue growth, full period impact of Medlab synergies and efficiency initiatives. COVID revenue declined $36.5M on the pcp, which had an EBIT impact of approximately $14.6M[2], resulting in the overall EBIT decline of $11.3M on 1H FY23
- ACL followed a disciplined strategy of collection centre network optimisation to protect margins in an ongoing environment of subdued industry revenue. During the half, ACL did not renew ACCs with unattractive rent dynamics. As a result, non-COVID MBS Revenue growth for 1H FY24 was 5.4% on 1H FY23 compared to reported MBS market growth of approximately 6%[3]
- 2H FY24 has started strongly, with ACL's revenue in January 2024 up 8.6% on January 2023. Unaudited underlying EBIT for January was $4.9m, up 204% on January 23 in what is a seasonally weak month for pathology volumes, although this growth rate has materially moderated into February
- ACL Board has declared an interim fully franked dividend of 3 cents per share, which represents 59% of 1H FY24 underlying NPAT. Record Date of 2 April 2024 and Payment Date of 26 April 2024. Board target payout ratio retained at 50-70% of full year NPAT

(1) Underlying figures are calculated ex HLS takeover costs as well as certain non-recurring revenue and expenses
(2) Based on 40% contribution margin on COVID revenues
(3) ACL growth ex Sun Doctors and Queensland and non-Medicare commercial work and adjusted for working days. Market data based on working day adjusted Medicare statistics excluding COVID testing outlays and estimated associated PEI and BBI outlays

FY24 Revised Guidance

ACL expects FY24 underlying EBIT of $60m-$65M. H2 expected to be stronger than H1 due to higher volumes typically experienced in H2 and run rate impact of cost efficiencies implemented in H1 FY24 exiting the pandemic

- ACL expects underlying EBIT in FY24 to be $60M-$65M[1] based on the following:
  - H2 underlying EBIT margin to return to low double-digits based on seasonally higher H2 volumes on a fixed cost base
  - H2 underlying EBIT of $37M to $42M
  - H1 underlying EBIT of $23.4M was in line with management expectations and was in line with the achievement of previous guidance of $65M-$70M based on anticipated H1 vs H2 seasonality
  - Based on volatility in GP attendances in H1, and MBS outlays through mid February, management is taking a more conservative approach to anticipated growth in H2. Revised guidance of $60M-$65M assumes revenue growth on pcp for February - June of between 4% and 6% versus previous assumption of 6% to 8.5% in H2
- Guidance assumes H2 seasonality split of EBIT at 61-64% of FY24 EBIT in line with FY23 performance on an ex-COVID basis, noting that H1 FY23 saw ~$13M EBIT of COVID earnings more than H2 FY23

(1) Based on underlying EBIT excluding non-recurring and HLS expenses

Acquisitions Update

ACL continues to actively explore value accretive acquisition opportunities for the business as part of its growth strategy. ACL will continue to take a disciplined approach to acquisitions, leveraging the business's strong acquisition experience

Healius Acquisition

- In December, ACL withdrew its offer to acquire Healius due to:
  - Concerns over Healius' financial and trading performance and breach of conditions of ACL's offer
  - ACCC rejection of the deal
- Following the ACCCs rejection of the merger, ACL now has the ability to challenge the decision in the Federal Court if the Board so chooses
- ACL remains of the view that a merger between the businesses would not lead to a substantial lessening of competition
- ACL would only pursue a merger in the future if the Board formed the view it offered shareholders compelling risk-adjusted returns

Other Australian Acquisitions

- ACL has had discussions with related businesses that would grow its Australian pathology business and a number of these discussions are ongoing

International Pathology Acquisition

- ACL believes that its experience, as well as its highly efficient unified pathology platform, presents significant value creation opportunities in higher priced pathology markets with untapped operational improvement opportunities (such as the United States)
- The ACL Board is very focused on considering risk and return of any international acquisitions
- In the past 6 months ACL has considered and rejected an international acquisition as it has not met the Board's risk and return requirements and the Board's preference to build further scale domestically

1H FY24 Results – ESG highlights

Third year of execution of ACL's ESG strategy continues to deliver strong performance across all areas of our ESG Mission

Environmental

Carbon Emissions

1.25kg CO_2 per episode down from 1.4kg in FY22; **Cold chain logistics** has removed 11,377 kg of packaging

Couriers & Logistics

78 hybrid cars across group up from 47 in H1 FY23; **6%** reduction in km / per episode on pcp with SMART logistics

LED Conversion

1,450 LED Panels installed

Electronic Ordering

16% digital referrals up from 11% in FY22

Social

Injury reduction

2.05 LTIFR
Significant improvement from 3.2 in Dec 22

Customer Service

4.67/5.0
Positive experience

Women in leadership

Phase 2 of Women in leadership training program implemented with personalised development plans

Corporate Governance

Board/management composition

Board 43% female representation - Up from 33%; Management 57.1% female

Reconciliation Action Plan

Reflect RAP drafted and submitted to Reconciliation Australia for review

Internal audit function

Internal audit function for non-clinical risk now in its second year with program of works underway

1H FY24 Results – Operational & Strategic Highlights

We continue our disciplined focus on material labour cost savings through productivity improvements as well as ongoing investment in innovation including digitisation and emerging tests

- Key operational highlights in 1H FY24 include:
  - Since pre-COVID, labour as a share of revenue is down 5 p.p. from 50% in 1H FY20 to 45% in 1H FY24, with overall reduction in FTEs[1] since 1H FY20 of 13% pre-acquisition synergies and 17% post-acquisition synergies. Labour costs in 1H FY24 were in line with 1H FY23 despite significant wage inflation in the market. Key drivers of these savings include:
    - Advancements in lab productivity (automation and shift optimisation). ACL achieved record lab productivity in 1H FY24, with panels per work hour up 9% on 1H FY23;
    - Improvements in courier route efficiencies from route-planning optimisation;
    - Optimisation and centralisation of key back office functions such as call centre and data entry operations.
- Key strategic and growth initiatives progressed in 1H FY24 include:
  - Ongoing investment in digitisation initiatives to drive improved doctor and patient experience including electronic ordering
  - Major public hospital contract renewed at improved rates, with further renewals expected in the coming months
  - Growth in high-value niche testing, with 25% market share[2] in genetic carrier screening listed on the MBS in November 2023
- After 23 years in the industry, and 5 acquisitions with ACL and its predecessor Healthscope Pathology, an IPO and other corporate activity, ACL CFO James Davison has decided to resign effective April 26. The Board wishes to thank James for his dedicated service over many years. Recruitment for his replacement is well advanced and an appointment is expected by the end of March. James is assisted by Lana Hudson, deputy CFO, and Brad McCormick, Group Financial Controller, who are well placed to manage any intervening period before the actual commencement of a new CFO

(1) FTEs normalised for the Sun Doctors and Medlab acquisitions and excludes ACC collections and non-operational FTE
(2) Market share calculated ex-Queensland

Financial Results Overview
James Davison, CFO

AUSTRALIAN Clinical labs

1H FY24 Profit and Loss

ACL recorded underlying EBITDA of $87.1M and underlying EBIT of $23.4M. Business expected to return to >10% EBIT margin in H2 FY24

AUD in millions	Actual 1H FY24	Actual 1H FY23	Actual 2H FY23	Actual CY23	Actual FY23
Non-COVID-19 revenue(1)	314.0	302.5	311.1	625.1	613.6
COVID-19 revenue(1)	11.8	48.4	15.7	27.6	64.1
Total Patient Revenue	**325.8**	**350.9**	**326.8**	**652.7**	**677.7**
Clinic/Other Revenue	11.4	9.4	9.9	21.4	19.3
Total Revenue	**337.3**	**360.3**	**336.8**	**674.0**	**697.1**
Underlying EBITDA	**87.1**	**95.6**	**92.9**	**180.0**	**188.5**
Underlying EBIT	**23.4**	**34.8**	**31.0**	**54.4**	**65.7**
Underlying EBIT margin	7%	10%	9%	8%	9%
Underlying NPAT	**10.3**	**20.0**	**16.1**	**26.4**	**36.1**
Underlying EBITDA AASB117	**25.6**	**38.4**	**33.5**	**59.1**	**72.0**
Underlying EBITDA AASB117 margin	8%	11%	10%	9%	10%

- In 1H FY24, ACL generated $337.3M of revenue, $87.1M of underlying EBITDA, $23.4M of underlying EBIT and $10.3M of underlying NPAT
- COVID revenues declined $36.5M (76%) on 1H FY23, which is estimated to have had a $14.6M EBIT impact on the business
- Non-COVID Revenue grew at 3.8%, reflecting the impact of closure of a number of marginal or loss-making sites

(1) Reallocation between COVID and Non-COVID revenue in 1HFY23 of $3.2M and 2HFY23 of $2.7M

1H FY24 Cash flow

ACL generated operating cash flow of $21.6M with cash conversion ratio of 100%

AUD in millions	Actual 1H FY24	Actual 1H FY23	2H FY23	Actual CY23	Actual FY23
EBITDA	**79.7**	**99.8**	**84.9**	**164.7**	**184.7**
Non-cash items	3.7	(4.2)	1.1	4.9	(3.1)
Property related payments AASB 16	(61.9)	(57.2)	(59.0)	(121.0)	(116.2)
Cash EBITDA	**21.5**	**38.4**	**27.0**	**48.6**	**65.4**
Change in net working capital	0.0	(9.2)	3.0	3.0	(6.2)
Operating cash flow pre capex	**21.6**	**29.2**	**30.0**	**51.6**	**59.2**
Capital expenditure	(3.8)	(3.6)	(3.3)	(7.1)	(6.9)
Free cash flow before interest, tax and financing	**17.7**	**25.5**	**26.7**	**44.4**	**52.2**
Financing and investing activities	(8.5)	(17.6)	(19.4)	(27.9)	(37.0)
Interest paid (excluding AASB-16 related Interest)	(2.2)	(1.2)	(2.6)	(4.8)	(3.7)
Income tax paid	(2.0)	(17.0)	(0.9)	(2.9)	(17.9)
Net cash flow	**5.0**	**(10.2)**	**3.8**	**8.8**	**(6.4)**
Cash EBITDA to Operating cash flow	100%	76%	111%	106%	90%
Net cash flow excuding financing and investing	**13.5**	**7.4**	**23.2**	**36.7**	**30.6**

- Flat working capital across 1H, $9.2M improvement on pcp driving 100% conversion in seasonally lower 1H.
- Capex of $3.8M (1% of revenue), with key buckets being laboratory equipment ($1.2M), collection centre investment ($1.1M) and motor vehicle expenses ($0.7M). ACL's annual Capex spend excluding major growth spend has remained consistent at an average of $7M-$10M pa in recent years, demonstrating a sustainable level of investment
- Cash outflow for financing and investing activities reflects net impact of dividend payments, debt drawdown and other investing related activities

1H FY24 Balance Sheet

Net Debt (ex-lease liabilities) of $53.8M remains conservative (0.8x of LTM Underlying AASB117 EBITDA)

AUD in millions	Actual 1H FY24	Actual FY23
Cash and cash equivalents	24.9	20.0
Trade and other receivables	74.1	73.7
Inventories	16.8	15.1
Current tax assets / Other current assets	9.9	7.2
Total current assets	**125.8**	**116.0**
Plant and equipment	45.8	50.3
Right of use assets	235.4	238.1
Goodwill and other intangibles	165.1	165.2
Deferred Tax Assets / Other Non-current Assets	11.7	9.3
Non-current assets	**458.0**	**463.0**
Total assets	**583.7**	**578.9**
Trade and other payables	(41.2)	(41.4)
Lease liabilities	(101.8)	(101.1)
Provisions	(45.7)	(45.3)
Deferred consideration	(0.1)	(0.1)
Current tax liabilities / Other current liabilities	(1.2)	(0.0)
Total current liabilities	**(190.0)**	**(187.9)**
Lease liabilities	(146.6)	(149.5)
Borrowings	(78.7)	(65.7)
Provisions	(3.4)	(3.1)
Total non-current liabilities	**(228.7)**	**(218.3)**
Total liabilities	**(418.7)**	**(406.2)**
Net Assets	**165.0**	**172.7**

Comments

- Cash balance of $24.9M as at 31 December 2023
- Receivables and inventory profile largely unchanged
- Net Debt position (excluding lease liability) of $53.8M.
- Interim fully franked dividend declared of 3 cents per share, which represents 59% of 1H FY24 underlying NPAT ($10.3m). Record Date of 2 April 2024 and Payment Date of 26 April 2024. ACL well within covenant profiles of:
  - Leverage Ratio <3.5x
  - Fixed Cover Charge Ratio >1.15x

Industry Outlook & Growth Strategy

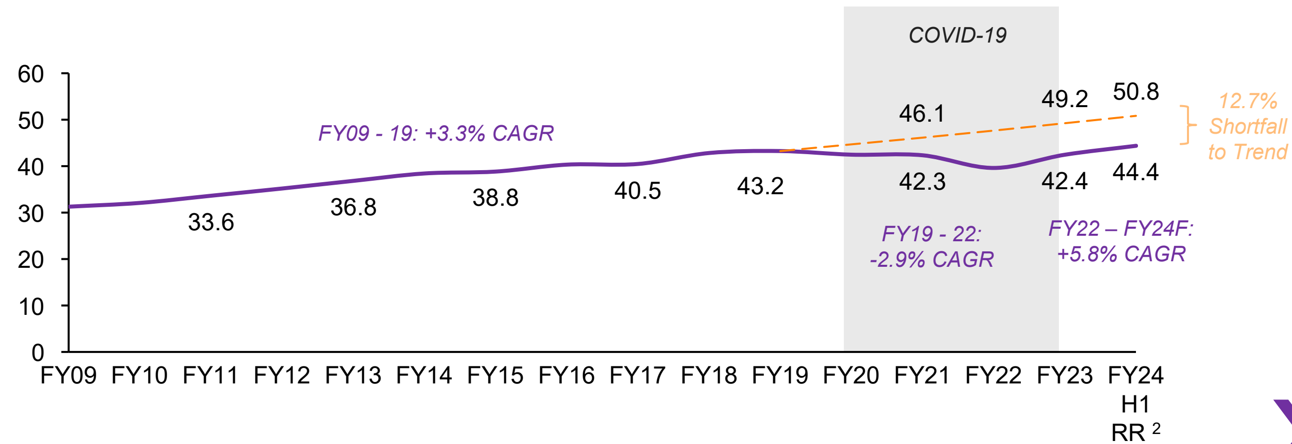
Melinda McGrath, CEO and Executive Director

AUSTRALIAN Clinicallabs

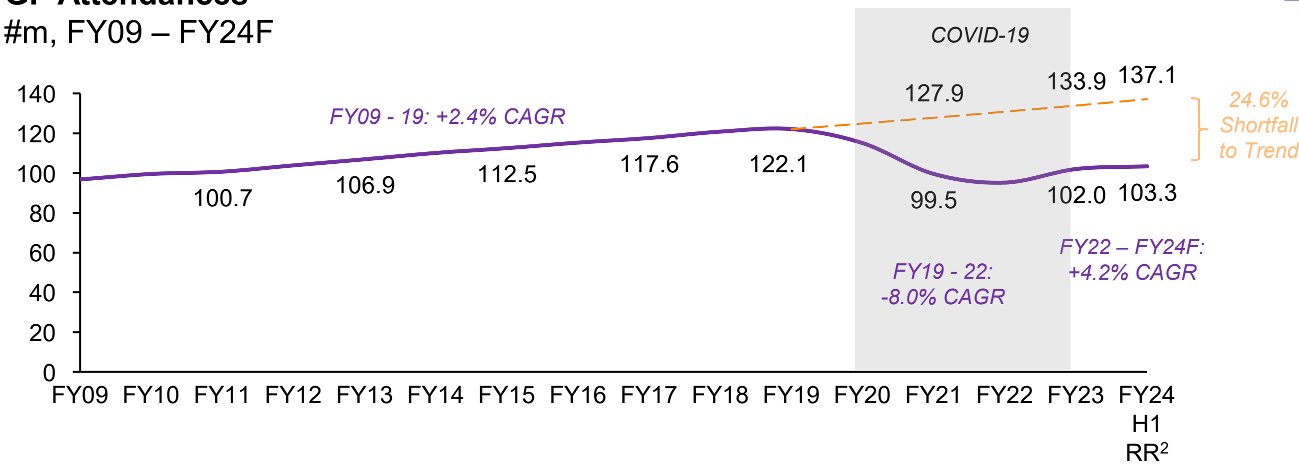
Market Growth

Non-covid pathology volumes continue to lag historical trends. ACL continues to expect volumes to return to trend over time. Initiatives put in place by Federal Government in November expected to begin impacting in H2

Pathology Episodes (ex COVID)
#m, FY09 – FY24F



GP Attendances
#m, FY09 – FY24F

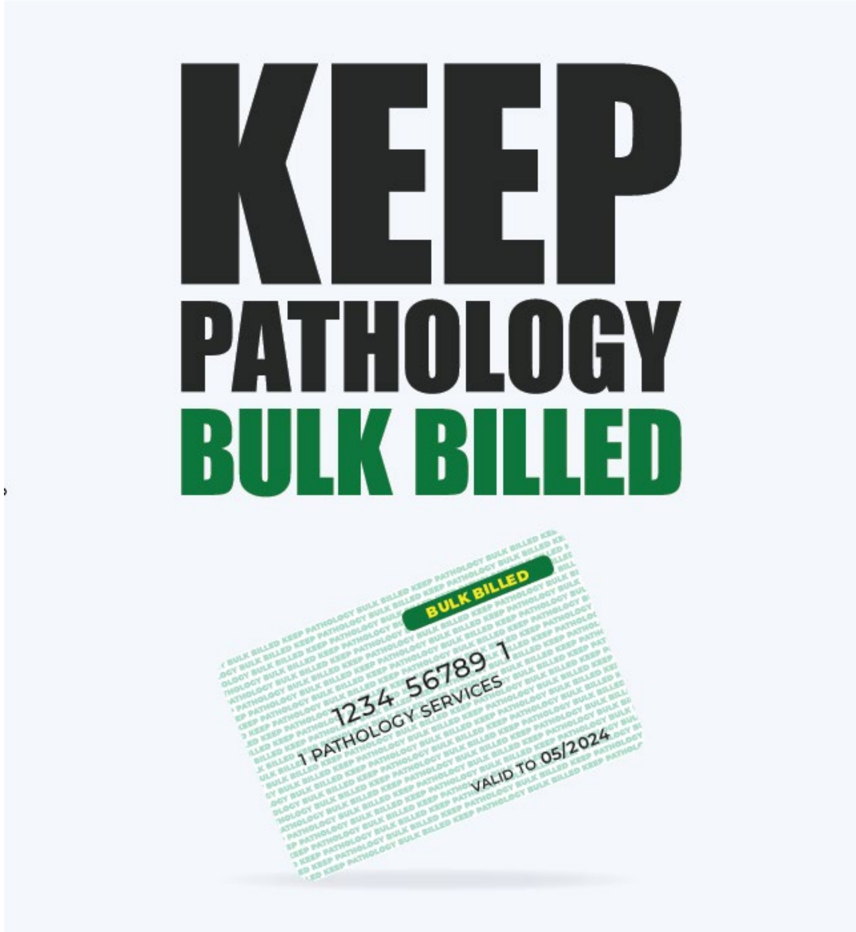


- The pathology market continues to materially lag historical trends
- Market volumes continue to be ~13% below historical trend, which is driving a >$40M revenue shortfall for ACL from trend
- The ongoing shortfall to trend is driven in a large part by the historic ongoing downturn in GP attendances, which continues to lag historical levels by ~25%.
- Based on growth rates over the last 12 months, ACL continues to expect volumes to return to trend over time, particularly as GP shortages ease
- Increase to the Bulk Billing Incentive from November 2023 should start to materialise in outlay data in H2

(1) Market data based on Medicare statistics adjusted for COVID testing outlays and estimated associated PEI and BBI outlays
(2) H1 FY24 data annualised

Australian Pathology Campaign: Keep Pathology Bulk Billed

Australian Pathology, the Pathology Peak Body, has launched a national campaign “Keep Pathology Bulk Billed”



- Pathology Australia has recently launched a national campaign “Keep Pathology Bulk Billed”, which calls on the Federal Government to increase rebates for pathology patient services
- There has been a 24-year freeze on Medicare price indexation for pathology services
- Pathology is critical to the nations’ healthcare system:
  - The pathology industry provides services to 1 million Australians a week and 14 million individuals per year
  - 70% of all medical treatment decisions rely on pathology
- ACL believes there is a compelling case for indexation to ensure pathology providers can continue to provide bulk-billed services to the community

For further information on the campaign, visit: ***keeppathologybulkbilled.com.au***

Growth Priorities

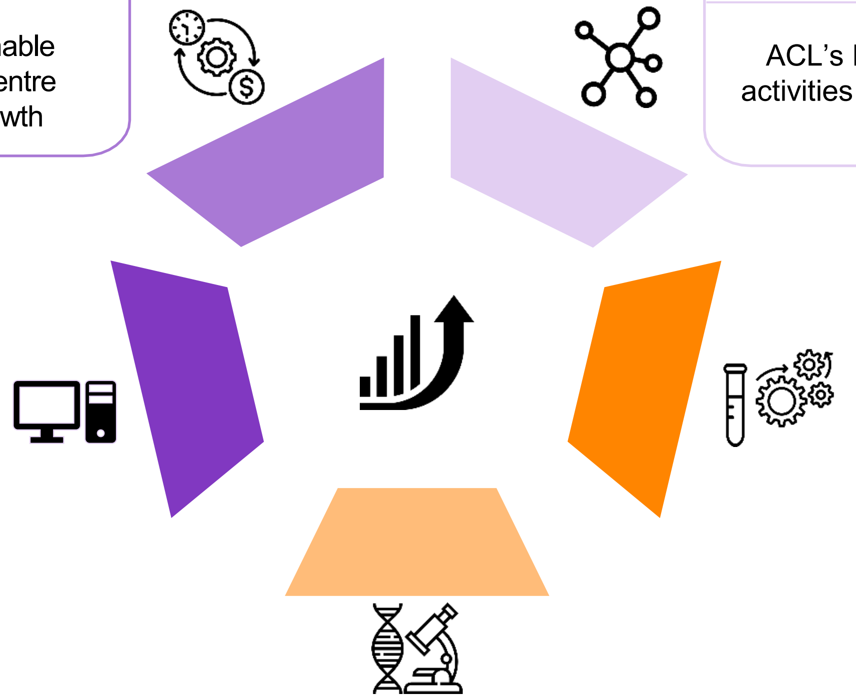
ACL's focus in H2 is on continuing its strategy of disciplined footprint expansion, ongoing operational efficiency initiatives and investment in its Lab of the Future program

Disciplined Network Expansion

ACL is focused on sustainable and profitable collection centre and hospital services growth

Operational Efficiency Initiatives

ACL's business improvement activities will continue to optimise its cost base



Market-Leading Digitisation

Continued investment in digitised referrer and patient processes, automation, eResults systems

Lab of the Future

ACL continues to scope a redesign of the business' lab operations to create a highly automated, borderless, national lab network

High-Value, Innovative Testing

ACL continues to work closely with Geneseq to launch its tissue and plasma genomic melanoma tests

Appendix

1H FY24 indebtedness

Conservative net leverage provides significant headroom and financial flexibility

AUD in millions	Actual 1H FY24	Actual FY23
Non-current borrowings		
Redrawable Term Facility	(78.7)	(65.7)
Total debt excluding lease liabilities	**(78.7)**	**(65.7)**
Cash and cash equivalents	24.9	20.0
Total net debt excluding lease liabilities	**(53.8)**	**(45.7)**
Lease liabilities	(248.3)	(250.6)
Net debt	**(302.1)**	**(296.3)**
Key metrics		
Statutory		
Net debt (excl lease liab.)/LTM Cash EBITDA (AASB-117)	1.1	0.7
Net debt/LTM EBITDA (post AASB 16)	1.8	1.6
Underlying		
Net debt (excl lease liab.)/LTM Cash EBITDA (AASB-117)	0.8	0.7
Net debt/LTM EBITDA (post AASB 16)	1.7	1.6
Covenants		
Net leverage ratio < 3.5x	0.9	0.6
Fixed charge cover ratio >1.15x	1.4	1.5

Key terms of banking facilities:

- Margin of 1.5% (when < 1.5x EBITDA)

Reconciliation between Reported & Underlying EBITDA, EBIT and NPAT

AUD in millions	Reported 1H FY24	Healius Costs	Asset Writedown	Medlab	Legal Fees Asic	Insurance	Restructuring (redundancy)	Other	Underlying 1H FY24
Non-COVID-19 revenue	314.0	-	-	-	-	-	-	-	314.0
COVID-19 revenue	11.8	-	-	-	-	-	-	-	11.8
Total Patient Revenue	**325.8**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**325.8**
Clinic/Other Revenue	11.4	-	-	-	-	-	-	-	11.4
Total Revenue	**337.3**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**337.3**
EBITDA	**79.7**	**4.0**	**1.2**	**1.0**	**0.2**	**0.4**	**0.6**	**0.0**	**87.1**
EBIT	**16.0**	**4.0**	**1.2**	**1.0**	**0.2**	**0.4**	**0.6**	**0.0**	**23.4**
EBIT margin	5%								7%
NPAT	**5.1**	**2.8**	**0.9**	**0.7**	**0.1**	**0.3**	**0.4**	**0.0**	**10.3**
EBITDA AASB117	**18.1**	**4.0**	**1.2**	**1.0**	**0.2**	**0.4**	**0.6**	**0.0**	**25.6**
EBITDA AASB117 margin	5%								8%

- Adjustments between reported and underlying reflect:
  - $4.0M of costs related to Healius takeover
  - $1.2M asset write down relating to an asset in 3rd party storage where storage unit burnt down. Insurance claim pending which could lead to partial or full recovery
  - $1M in further payment due under Medlab sale agreement
  - $1.2M in one-off non recuring redundancy costs, insurance and legal costs

Reconciliation AASB 16 to AASB 117

AUD in millions	Actual 1H FY24	Actual 1H FY23	2H FY23	Actual CY23	Actual FY23
Statutory EBITDA (AASB 16)	**79.7**	**99.8**	**84.9**	**164.6**	**184.7**
Less: Operating lease rentals (AASB 117)	(61.5)	(57.2)	(59.3)	(120.9)	(116.5)
Statutory EBITDA (AASB 117)	**18.1**	**42.6**	**25.6**	**43.7**	**68.2**
Statutory EBIT (AASB 16)	**16.0**	**38.9**	**23.0**	**39.0**	**62.0**
Add: Depn of Right of Use Asset (AASB 16)	56.6	53.2	55.1	111.7	108.3
Less: Operating lease rentals (AASB 117)	(61.5)	(57.2)	(59.3)	(120.9)	(116.5)
Statutory EBIT (AASB 117)	**11.1**	**35.0**	**18.7**	**29.8**	**53.7**
Statutory NPAT (AASB 16)	**5.1**	**25.4**	**10.4**	**15.5**	**35.9**
Add: Depn of Right of Use Asset (AASB 16)	56.6	53.2	55.1	111.7	108.3
Add: Int. exp. on Lease liabilities (AASB 16)	5.8	5.0	5.2	10.9	10.1
Less: Operating lease rentals (AASB 117)	(61.5)	(57.2)	(59.3)	(120.9)	(116.5)
Pre tax impact Statutory NPAT (AASB 117)	**6.0**	**26.4**	**11.5**	**17.3**	**37.9**
Income tax impact	(0.3)	(0.3)	(0.3)	(0.5)	(0.6)
Statutory NPAT (AASB 117)	**5.7**	**26.1**	**11.2**	**16.8**	**37.3**
EBITDA margin AASB 16	*24%*	*28%*	*25%*	*24%*	*26%*
EBITDA margin AASB 117	*5%*	*12%*	*8%*	*6%*	*10%*
EBIT margin AASB 16	*5%*	*11%*	*7%*	*6%*	*9%*
EBIT margin AASB 117	*3%*	*10%*	*6%*	*4%*	*8%*

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