

2023 ANNUAL GENERAL MEETING – CHAIRMAN’S ADDRESS

Ladies and gentlemen,

It would be reasonable to say that the 2023 financial year was one of transition for Sonic Healthcare and indeed the world, as we all started to move past the three years of the COVID-19 pandemic. We have previously described to shareholders the extraordinary effect in many ways COVID-19 had on Sonic and the extraordinary measures, agility and sheer hard work given by Sonic people everywhere to do their bit in the control of this “once in a century” pandemic. With the pandemic over we continue our path back to the “new normal”, delivering excellent care and service and taking the steps needed inside the company to align our structures and costs with the post-pandemic world.

Sonic’s revenue for the year in review was A\$8.2 billion, and net profit was A\$685 million. These figures were expectedly lower than in the prior year, due to an 80% reduction in COVID-related revenues. Fortunately, our base-business revenue (excluding COVID) continued to remain strong. When we compare FY 2023 results with FY 2019 (the last “normal” year before the pandemic), Sonic’s net profit is 25% higher.

We continued our progressive dividend policy, rewarding shareholders with a 4% increase in dividends over the previous year, to A\$1.04 per share. The FY 2023 dividends were fully franked, reflecting the strong performance of our Australian operations through the pandemic. Our now 30-year dividend history began with the payment of our inaugural dividend of 2 cents per share in 1994, and since that time, our annual dividend per share has never decreased, an amazing track record.

Strong operating cash flows have also meant that the Company’s balance sheet has significantly strengthened over the last few years. Net interest-bearing debt at 30 June 2023 was A\$886 million, versus the pre-pandemic level at 31 December 2019 of A\$2,352 million. This reduction in debt was achieved even though we continued to invest in the growth of the company through capital expenditure on equipment, technology, infrastructure and business acquisitions, as well as increasing dividends and conducting our first ever on-market share buyback, which reached a total outlay of A\$425 million.

The low level of debt sets the Company for future growth, and we have announced synergistic European acquisitions settling in the first half of FY 2024 for a total value of around A\$890 million, still leaving significant capacity available for further growth opportunities.

As part of planning for Sonic’s future, the Sonic Board continues to focus on the development, renewal and diversity of the Sonic Board. You met and elected Professor Christine Bennett AO and Dr Katharine Giles at last year’s AGM after they joined the Board in September 2022 as independent, non-executive Directors, and Dr Philip Dubois and Dr Jane Wilson retired at that meeting. More recent developments include the appointments of Professor Suzanne Crowe as Chair of the Risk Management Committee effective 17 November 2022, and as a member of the Remuneration and Nomination Committee effective 1 October 2023; and Professor Christine Bennett as a member of the Risk Management Committee effective 1 October 2023. I congratulate Suzanne and Christine on these appointments.

Sonic’s Board currently comprises seven independent directors plus two executive directors (being the Chief Executive Officer and the Chief Financial Officer), including a pathologist and three other medical practitioners, in keeping with the company’s Medical Leadership culture. The Board’s current gender diversity objective is also being satisfied, with 44% of directors (and 57% of non-executive directors) being female.

Another key element in planning for Sonic’s future is to ensure that we operate in a sustainable manner. Sonic’s 2023 Sustainability Report is now available on Sonic’s website. The Sustainability Report is an extraordinary document, describing the company’s activities and how they contribute to society, and reporting outcomes and progress against our sustainability targets. The report details the company’s material sustainability topics and net zero strategy as determined by the Sonic Sustainability Steering Committee. I strongly endorse this excellent report as recommended reading for all Sonic stakeholders.

Sonic's sustainability strategy and the progress we are making have been recognised during the year with improved ratings from external agencies, with our MSCI rating moving from A (Average) to A+ (Leader), and our ISS ESG rating from C (Prime) to C+ (Prime). The company continues to be included in the FTSE4Good Index Series and the FTSE4Good Australia 30 Index.

The Sonic Healthcare Foundation, which was established and funded by Sonic Healthcare, funds charitable programs which promote the prevention and control of disease. These programs include establishing and supporting medical diagnostic services for hospitals and medical centres in some of the poorest regions of our world, specifically at the moment in Central Africa. The Foundation also provides free medical checks for young indigenous Australians in partnership with organisations such as the Clontarf Foundation.

Sonic's approach to human rights and our management of modern slavery risks is documented in our 2023 Modern Slavery Statement, also available on Sonic's website, and is overseen by the Sonic Board, supported by its committees. In FY 2023, Sonic expanded the company's existing Human Rights and Modern Slavery Working Group to include representatives from every country of operations, and the group was renamed the Global Human Rights Committee. This committee has three major functions:

- To provide a global forum to discuss potential human rights risks in our supply chains and operations, and possible remediating actions.
- To oversee compliance with our relevant policies, processes and systems across our operations and supply chains.
- To meet global reporting requirements on human rights and modern slavery matters.

Sonic's culture and approach to identifying and managing these risks help to minimise the chance of human rights violations or instances of modern slavery in our operations or supply chains.

Sonic Healthcare is a truly amazing Australian healthcare and corporate success story, developing from one small laboratory in Sydney to market leading or top 3 positions in seven countries and number three globally. This incredible development would never have occurred without the dedication and expertise of our people, ably led by Sonic's Global Office team and our operational leaders around the world. I take this opportunity to thank my fellow Directors, Sonic's leadership team, and our more than 40,000 staff for their tremendous contributions.

And thank you to you, Sonic's shareholders, for your continued support of and interest in the Company.

Professor Mark Compton AM

16 November 2023

This announcement has been authorised by Sonic's Company Secretary, whose contact details for further information are as follows:

Paul Alexander

Company Secretary

Sonic Healthcare

Telephone: +61 2 9855 5404

Email: paul.alexander@sonichealthcare.com.au