

21 February 2022

The Manager – Listings  
Australian Securities Exchange Limited  
Exchange Centre  
20 Bridge Street  
SYDNEY NSW 2000

*Via electronic lodgement*

Dear Sir / Madam,

**RESULTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2021**

Attached in accordance with Listing Rule 4.2A is the consolidated financial report, directors' report and auditors' review report for Sonic Healthcare Limited for the half-year ended 31 December 2021.

The release of this announcement was authorised by the Board of Sonic Healthcare Limited.

Yours faithfully  
**Sonic Healthcare Limited**



**Paul Alexander**  
Company Secretary  
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**Sonic Healthcare Limited**  
**ABN 24 004 196 909**

**ASX APPENDIX 4D AND HALF YEAR REPORT – 31 DECEMBER 2021**  
Lodged with the ASX under Listing Rule 4.2A

This information should be read in conjunction with the 2021 Annual Report.

**RESULTS FOR ANNOUNCEMENT TO THE MARKET**  
**For the six months ended 31 December 2021**

<b>Financial Results</b> <b>\$'000</b>	<b>Six months ended 31.12.21</b>		<b>% Change</b>
	<b>Statutory</b>		
Revenue from ordinary activities	<b>4,756,529</b>		<b>7.3%</b>
Profit after tax from ordinary activities attributable to members	<b>827,665</b>		<b>22.1%</b>
<b>Dividends</b>			
Cents per share	<b>FY2022</b>	<b>FY2021</b>	<b>% Change</b>
Interim dividend	40¢	36¢	<b>11.1%</b>
Interim dividend franked amount per security	40¢	10.80¢	<b>270.4%</b>

The record date for determining entitlements to the interim dividend will be 9 March 2022. The interim dividend will be paid on 23 March 2022. The Company's Dividend Reinvestment Plan remains suspended for this dividend.

**Explanation of results**

<b>\$'000</b>	<b>Six months ended 31.12.21</b>	<b>Six months ended 31.12.21</b>	<b>Six months ended 31.12.20</b>	<b>% Change</b>	
				<b>31.12.21 Constant Currency versus 31.12.20</b>	<b>31.12.21 Statutory versus 31.12.20</b>
<b>Revenue</b>	<b>4,795,114</b>	<b>4,756,529</b>	<b>4,432,233</b>	<b>8.2%</b>	<b>7.3%</b>
Earnings before interest, tax, depreciation and intangibles amortisation ( <b>EBITDA</b> )	1,552,309	<b>1,539,636</b>	1,306,854	18.8%	17.8%
Depreciation	(298,554)	<b>(296,928)</b>	(278,547)	7.2%	6.6%
Earnings before interest, tax and intangibles amortisation ( <b>EBITA</b> )	1,253,755	<b>1,242,708</b>	1,028,307	21.9%	20.8%
Amortisation of intangibles	(35,066)	<b>(34,680)</b>	(34,543)	1.5%	0.4%
Net interest expense	(39,781)	<b>(39,534)</b>	(49,756)	(20.0)%	(20.5)%
Income tax attributable to operating profit	(322,225)	<b>(319,018)</b>	(254,596)	26.6%	25.3%
Net (profit) attributable to minority interests	(21,335)	<b>(21,811)</b>	(11,777)	81.2%	85.2%
<b>Net profit attributable to Sonic shareholders</b>	<b>835,348</b>	<b>827,665</b>	<b>677,635</b>	<b>23.3%</b>	<b>22.1%</b>
<b>Cash generated from operations</b>		<b>1,040,641</b>	<b>810,478</b>		<b>28.4%</b>
<b>Earnings per share</b>					
Basic earnings per share (cents per share)	174.4	<b>172.8</b>	142.1	22.7%	21.6%
Diluted earnings per share (cents per share)	172.4	<b>170.8</b>	140.9	22.4%	21.2%

\* For an explanation of 'Constant Currency' refer to 2(a) in the Commentary on Results.

Commentary on the figures above is provided in the following pages of this report.

**COMMENTARY ON RESULTS**  
**For the half year ended 31 December 2021**

**1. Headlines**

- Revenue growth of 7% to A\$4.8 billion.
- EBITDA growth of 18% to A\$1.5 billion.
- Net profit growth of 22% to A\$828 million.
- Record financial performance driven by pandemic testing and base business growth.
- A\$585 million invested in synergistic acquisitions/joint ventures in the period with active pipeline of further opportunities.
- Base business revenue (ex-COVID testing) up 4.3% versus H1 FY2021 and 2.5% versus H1 FY2020 (constant currency, organic growth).
- Gearing at record low level, ~A\$1.4 billion of available liquidity, on-market share buy-back announced as part of active capital management.
- Progressive dividend policy maintained, increase of 4 cents (11%) to 40 cents (100% franked) for the FY2022 Interim Dividend.

**2. Explanation of results**

**(a) Constant currency**

As a result of Sonic's expanding operations outside of Australia, Sonic is increasingly exposed to currency exchange rate translation risk i.e. the risk that Sonic's offshore earnings and assets fluctuate when reported in AUD.

The average currency exchange rates for the six months to 31 December 2021 for the Australian dollar ('A\$', 'AUD' or '\$') versus the currencies of Sonic's offshore earnings varied from those in the comparative period, impacting Sonic's AUD reported earnings ('Statutory' earnings). The underlying earnings in foreign currency are not affected.

As in prior periods, in addition to the statutory disclosures, Sonic's results for the half year have also been presented on a 'Constant Currency' basis (i.e. using the same exchange rates to convert the current period foreign earnings into AUD as applied in the comparative period, being the average rates for that period). This facilitates comparability of the Group's performance, by providing a view on the underlying business performance without distortion caused by exchange rate volatility, so that an assessment can be made of the growth in earnings in local currencies.

In preparing the Constant Currency reporting, the foreign currency elements of each line item in the Income Statement (including net interest expense and tax expense) are restated using the relevant prior period average exchange rate. There is only this one adjustment to each line item so no reconciliation is required.

The average exchange rates used were as follows:

	<b>31.12.21 Statutory</b>	<b>31.12.20 and Constant Currency</b>
AUD/USD	0.7317	0.7232
AUD/EUR	0.6303	0.6123
AUD/GBP	0.5367	0.5536
AUD/CHF	0.6731	0.6592
AUD/NZD	1.0485	1.0729

**COMMENTARY ON RESULTS**  
**For the half year ended 31 December 2021**

**2. Explanation of results (continued)**

**(a) Constant currency (continued)**

To manage currency translation risk Sonic uses 'natural' hedging, under which foreign currency assets (businesses) are matched to the extent practicable with same currency debt. Therefore:

- as the AUD value of offshore assets changes with currency movements, so does the AUD value of the debt; and
- as the AUD value of foreign currency EBIT changes with currency movements, so does the AUD value of the foreign currency interest expense.

As Sonic's foreign currency earnings grow, debt is repaid, and interest rates change, the natural hedges have only a partial effect, so AUD reported earnings do fluctuate. Sonic believes it is inappropriate to hedge translation risk (a non-cash risk) with real cash hedging instruments.

**(b) Revenue**

**Revenue breakdown**  
A\$M

	Six months ended 31.12.21 Statutory Revenue	% of 31.12.21 Revenue	Six months ended 31.12.21 Constant Currency Revenue	Six months ended 31.12.20 Revenue	Growth 31.12.21 Constant Currency v 31.12.20
Laboratory – Australia and New Zealand	1,366	29%	1,366	988	38.3%
Laboratory – US	1,071	23%	1,084	1,187	(8.7)%
Laboratory – Europe	1,743	37%	1,768	1,751	1.0%
Radiology – Australia	353	7%	353	304	16.1%
Other	224	4%	224	202	10.9%
Revenue	4,757	100%	4,795	4,432	8.2%

Total revenue growth for the half year was 7% (7% organic growth on a Constant Currency basis), enhanced by COVID-19 testing revenue in Sonic's Laboratory division. Base business revenue (excluding COVID testing) grew organically by 4.3% (on a Constant Currency basis) versus the comparative period and 2.5% versus H1 FY2020 (pre-pandemic).

The Laboratory division achieved organic revenue growth of 8% in the half year (Constant Currency), with particularly strong growth in the Australian market. Revenue decline in the USA and low growth in Europe related to less COVID-19 testing in the current period. Base business grew in these markets (other than in Belgium). Non-organic impacts on Laboratory revenue included the acquisition of ProPath in the USA in mid-December 2021, and the disposal of the sub-scale Irish business in H2 FY2021.

Radiology revenue growth was strong at 16%, augmented by the acquisitions of Canberra Imaging Group and Epworth Medical Imaging (EMI). Organic growth was 3%, which is lower than historic growth rates due to impacts of the pandemic.

Revenue for Sonic Clinical Services ('SCS'), mainly comprising Sonic's medical centre and occupational health businesses (the major component of the Other segment, which also includes other minor operations), grew 7% from the comparative period, mainly in the occupational health business and from vaccination revenue. Medical centre revenue growth was subdued as a result of impacts of the pandemic.

**COMMENTARY ON RESULTS**  
**For the half year ended 31 December 2021**

**2. Explanation of results (continued)**

**(c) Earnings**

EBITDA grew 18%, or 19% on a Constant Currency basis. EBITDA growth of 20% (Constant Currency) in the Laboratory division was enhanced by COVID-19 testing. Laboratory division margins increased from 30.8% to 34.3%. Sonic's Radiology business reported 7% EBITDA growth, including contributions from acquisitions. Radiology margins were lower due to pandemic impacts and the relatively low margin of the acquired EMI business.

Consumables cost decreased as a percentage of revenue due to successful procurement and operational initiatives. Other expense lines either decreased or were maintained as a percentage of revenue.

Net profit growth of 22% on 7% growth in revenue demonstrates the operating leverage in Sonic's businesses.

**(d) Depreciation**

Depreciation increased 7% on the comparative period, in line with the revenue growth of the Company.

**(e) Intangibles amortisation**

Intangibles amortisation relates to internally developed and purchased software.

**(f) Interest expense and debt facilities**

Net interest expense decreased 20% on the comparative period largely due to lower average net debt levels across the periods resulting from strong operating cash flow.

The majority of Sonic's debt is drawn in foreign currencies as 'natural' balance sheet hedging of Sonic's offshore operations (see 2(a) Constant currency above).

Interest rate risk management arrangements are in place in accordance with Sonic's Treasury Policy.

**COMMENTARY ON RESULTS**  
**For the half year ended 31 December 2021**

**2. Explanation of results (continued)**

**(f) Interest expense and debt facilities (continued)**

Sonic's net interest bearing debt (excluding lease liabilities under AASB 16 *Leases*) at 31 December 2021 comprised:

	<b>Facility Limit M</b>	<b>Drawn M</b>	<b>AUD \$M Available</b>
Notes held by USA investors – USD	US\$550	US\$550	-
Notes held by USA investors – EUR	€515	€515	-
Bank debt facilities			
- USD (Multicurrency) limits	US\$100	US\$100	-
- Euro (Multicurrency) limits	€280	-	438
- AUD (Multicurrency) limit	A\$48	-	48
- CHF (Multicurrency) limit	CHF125	CHF59	100
Cash	n/a	A\$(735)*	735
Available liquidity at 31 December 2021			1,321
Net interest bearing debt (excluding lease liabilities under AASB 16)		A\$1,054	

\* Various currencies

Sonic's credit metrics at 31 December 2021 were as follows:

	<b>31.12.21</b>	<b>30.6.21</b>
Debt cover (times)	0.3	0.4
Interest cover (times)	44.9	33.8
Gearing ratio	12.9%	12.5%

Definitions:

- Debt cover = Net debt / EBITDA (bank covenant limit <3.5)
- Interest cover = EBITA / Net interest expense (bank covenant limit >3.25)
- Gearing ratio = Net debt / [Net debt + equity] (USPP covenant limit <55%)
- Calculations as per Sonic's debt facility definitions, which exclude the impacts of AASB 16 *Leases*

Sonic's senior debt facility limits at 21 February 2022 expire as follows (**note that the figures shown are the facility limits, not drawn debt**):

<b>Calendar Year</b>	<b>AUD M</b>	<b>USD M</b>	<b>Euro M</b>	<b>CHF M</b>
2023	48	100	120	125
2024	-	-	345	-
2026	-	-	245	-
2030	-	300	-	-
2032	-	150	85	-
2035	-	100	-	-
	48	650	795	125

Sonic's excellent relationships with its banks, its investment grade credit metrics, and its strong and reliable cash flows significantly reduce refinancing risk.

**COMMENTARY ON RESULTS**  
**For the half year ended 31 December 2021**

**2. Explanation of results (continued)**

**(g) Tax expense**

The effective tax rate is 27%, in line with the comparative period.

**(h) Cash flow**

Cash generated from operations was 28% higher than in the comparative period, with gross operating cash flow growing in line with EBITDA growth. Lower interest payments also contributed to growth in cash generated from operations. Gross operating cash flow equated to 85% of EBITDA (83% in the comparative period). Conversion of EBITDA to cash was impacted by increases in debtors and inventory related to the rapid growth in COVID-19 testing towards the end of the period (as also occurred in the prior year). No issues are expected in collecting the cash from the debtors post 31 December 2021.

**STATUTORY  
HALF YEAR REPORT**

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This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the Annual Report and Financial Statements for the year ended 30 June 2021 and any public announcements made by Sonic Healthcare Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

## DIRECTORS' REPORT

Your Directors present their report on the Group consisting of Sonic Healthcare Limited and the entities it controlled at the end of, or during, the half year ended 31 December 2021.

### 1. Names of Directors

The Directors of the Company in office during the half year and up to the date of this report are:

Prof. M.R. Compton – Chairman  
Dr C.S. Goldschmidt – Managing Director  
Mr C.D. Wilks – Finance Director  
Prof. S. Crowe  
Dr P.J. Dubois  
Mr N. Mitchell  
Mr L.J. Panaccio  
Ms K.D. Spargo  
Dr E.J. Wilson

### 2. Review of operations

Revenue for the period increased 7% to A\$4.8 billion through strong organic growth mainly relating to COVID-19 testing.

Net profit and diluted earnings per share grew by 22% (to A\$828 million) and 21% (to A\$1.708) respectively. EBITDA grew 18% (to A\$1.5 billion).

Summary:

- Record financial performance driven by pandemic testing and base business growth.
- A\$585 million invested in synergistic acquisitions/joint ventures in the period with active pipeline of further opportunities.
- Base business revenue (ex-COVID testing) up 4.3% versus H1 FY2021 and 2.5% versus H1 FY2020 (constant currency, organic growth).
- Gearing at record low level, ~A\$1.4 billion of available liquidity, on-market share buy-back announced as part of active capital management.
- Progressive dividend policy maintained, increase of 4 cents (11%) to 40 cents (100% franked) for the FY2022 Interim Dividend.

Further information on the operations and financial results and position of the Company is included in the Commentary on Results section attached to this report, the presentation released to the ASX on the same day as this Appendix 4D, and in the 2021 Annual Report. This information includes results presented on a 'Constant Currency' basis – current period results presented using the comparative period average currency exchange rates to translate offshore earnings. The Constant Currency information is not required to be audited or reviewed in accordance with Australian Auditing Standards.

## DIRECTORS' REPORT

### 3. Subsequent events

Since the end of the financial period, the Directors are not aware of any matter or circumstance not otherwise dealt with in these financial statements that has significantly or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in subsequent financial years, other than:

- Sonic announced on 21 February 2022 its intention to undertake an on-market share buy-back of its shares up to a value of A\$500 million, as part of its active approach to capital management.

### 4. Auditor's Independence Declaration

A copy of the Auditor's Independence Declaration as required under section 307C of the Corporations Act 2001 is attached to this Half Year Report.

### 5. Rounding of amounts to nearest thousand dollars

The Company is a kind referred to in the ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, relating to the 'rounding off' of amounts in the Directors' Report and financial report. Amounts in the Directors' Report and financial report have been rounded off to the nearest thousand dollars in accordance with that Instrument.

This report is made in accordance with a resolution of the Directors.



M.R. Compton  
Chairman



Dr C.S. Goldschmidt  
Director

Sydney  
21 February 2022



## Auditor's Independence Declaration

As lead auditor for the review of Sonic Healthcare Limited for the half-year ended 31 December 2021, I declare that 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; and
- (b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Sonic Healthcare Limited and the entities it controlled during the period.

A handwritten signature in blue ink, appearing to read 'B Entwistle'.

Brett Entwistle  
Partner  
PricewaterhouseCoopers

Sydney  
21 February 2022

**CONSOLIDATED INCOME STATEMENT**  
For the half year ended 31 December 2021

	Notes	Six months ended 31.12.21 \$'000	Six months ended 31.12.20 \$'000
<b>Revenue from operations</b>		<b>4,756,529</b>	4,432,233
Labour and related costs		(1,777,494)	(1,689,236)
Consumables		(810,967)	(830,695)
Depreciation		(296,928)	(278,547)
Repairs and maintenance		(113,957)	(103,328)
Transportation		(100,494)	(92,965)
Utilities		(78,557)	(73,342)
Borrowing costs expense		(40,275)	(51,352)
Amortisation of intangibles		(34,680)	(34,543)
Other expenses from ordinary activities		(334,683)	(334,217)
<b>Profit from ordinary activities before income tax expense</b>		<b>1,168,494</b>	944,008
Income tax expense		(319,018)	(254,596)
<b>Profit from ordinary activities after income tax expense</b>		<b>849,476</b>	689,412
Net (profit) attributable to minority interests		(21,811)	(11,777)
<b>Profit attributable to members of Sonic Healthcare Limited</b>		<b>827,665</b>	677,635
<b>Basic earnings per share (cents per share)</b>	4	<b>172.8</b>	142.1
<b>Diluted earnings per share (cents per share)</b>	4	<b>170.8</b>	140.9

*The above statement should be read in conjunction with the accompanying notes.*

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**For the half year ended 31 December 2021**

	<b>Six months ended 31.12.21 \$'000</b>	<b>Six months ended 31.12.20 \$'000</b>
<b>Profit from ordinary activities after income tax expense</b>	<b>849,476</b>	689,412
<b>Other comprehensive income</b>		
<i>Items that may be reclassified to profit or loss</i>		
Exchange differences on translation of foreign operations	<b>64,061</b>	(240,614)
<i>Items that will not be reclassified to profit or loss</i>		
Actuarial gains retirement benefit obligations	<b>3,692</b>	2,916
<b>Other comprehensive income/(loss) for the period, net of tax</b>	<b>67,753</b>	(237,698)
<b>Total comprehensive income for the period</b>	<b>917,229</b>	451,714
Total comprehensive income attributable to:		
Members of Sonic Healthcare Limited	<b>893,960</b>	442,784
Minority interests	<b>23,269</b>	8,930
	<b>917,229</b>	451,714

*The above statement should be read in conjunction with the accompanying notes.*

**CONSOLIDATED BALANCE SHEET**  
As at 31 December 2021

	Notes	31.12.21 \$'000	30.6.21 \$'000
<b>Current assets</b>			
Cash assets and cash equivalents		735,329	899,827
Receivables		1,284,740	1,088,717
Inventories		257,723	224,388
Other		86,044	71,641
<b>Total current assets</b>		<b>2,363,836</b>	<b>2,284,573</b>
<b>Non current assets</b>			
Receivables		36,876	31,549
Other financial assets		191,613	108,110
Property, plant and equipment		1,282,839	1,258,382
Right-of-use assets		1,297,578	1,294,542
Intangible assets		7,212,344	6,712,251
Deferred tax assets		72,889	65,276
Other		6,215	6,308
<b>Total non current assets</b>		<b>10,100,354</b>	<b>9,476,418</b>
<b>Total assets</b>		<b>12,464,190</b>	<b>11,760,991</b>
<b>Current liabilities</b>			
Payables		1,020,974	1,026,535
Interest bearing liabilities		-	228,944
Lease liabilities		337,569	322,487
Current tax liabilities		303,544	254,730
Provisions		308,428	302,788
Other		26,904	82,453
<b>Total current liabilities</b>		<b>1,997,419</b>	<b>2,217,937</b>
<b>Non current liabilities</b>			
Interest bearing liabilities		1,789,457	1,592,381
Lease liabilities		1,091,203	1,090,999
Deferred tax liabilities		241,502	190,505
Provisions		133,881	130,654
Other		18,080	34,172
<b>Total non current liabilities</b>		<b>3,274,123</b>	<b>3,038,711</b>
<b>Total liabilities</b>		<b>5,271,542</b>	<b>5,256,648</b>
<b>Net assets</b>		<b>7,192,648</b>	<b>6,504,343</b>
<b>Equity</b>			
Parent entity interest			
Contributed equity	6	4,135,599	4,081,981
Reserves	8	28,180	(19,158)
Retained earnings		2,890,079	2,322,163
<b>Total parent entity interest</b>		<b>7,053,858</b>	<b>6,384,986</b>
Minority interests		138,790	119,357
<b>Total equity</b>		<b>7,192,648</b>	<b>6,504,343</b>

*The above statement should be read in conjunction with the accompanying notes.*

**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**For the half year ended 31 December 2021**

	Six months ended 31.12.21 \$'000	Six months ended 31.12.20 \$'000
<b>Cash flows from operating activities</b>		
Receipts from customers (inclusive of goods and services tax)	4,704,534	4,372,003
Payments to suppliers and employees (inclusive of goods and services tax)	<b>(3,398,635)</b>	<b>(3,286,878)</b>
<b>Gross operating cash flow</b>	<b>1,305,899</b>	1,085,125
Interest received	742	1,596
Borrowing costs	<b>(38,506)</b>	<b>(54,472)</b>
Income taxes paid	<b>(227,494)</b>	<b>(221,771)</b>
<b>Net cash inflow from operating activities</b>	<b>1,040,641</b>	810,478
<b>Cash flows from investing activities</b>		
Payment for purchase of controlled entities, net of cash acquired	<b>(507,123)</b>	<b>(4,296)</b>
Payments for property, plant and equipment	<b>(131,404)</b>	<b>(143,777)</b>
Proceeds from sale of non current assets	3,961	1,305
Payments for investments	<b>(77,779)</b>	<b>(20,549)</b>
Payments for intangibles	<b>(43,179)</b>	<b>(43,424)</b>
Repayment of loans by other entities	6,814	10,159
Loans to other entities	<b>(7,107)</b>	<b>(7,749)</b>
<b>Net cash (outflow) from investing activities</b>	<b>(755,817)</b>	<b>(208,331)</b>
<b>Cash flows from financing activities</b>		
Proceeds from issues of shares and other equity securities (net of transaction costs and related taxes)	31,860	51,413
Proceeds from borrowings	136,668	-
Repayment of borrowings	<b>(192,477)</b>	<b>(574,980)</b>
Principal elements of lease payments	<b>(170,812)</b>	<b>(159,350)</b>
Dividends paid to Company's shareholders	<b>(263,441)</b>	<b>(243,488)</b>
Dividends paid to minority interests in controlled entities	<b>(3,926)</b>	<b>(4,650)</b>
<b>Net cash (outflow) from financing activities</b>	<b>(462,128)</b>	<b>(931,055)</b>
<b>Net (decrease) in cash and cash equivalents</b>	<b>(177,304)</b>	<b>(328,908)</b>
Cash and cash equivalents at the beginning of the financial period	899,827	1,230,149
Effects of exchange rate changes on cash and cash equivalents	12,806	<b>(44,400)</b>
<b>Cash and cash equivalents at the end of the financial period</b>	<b>735,329</b>	856,841

*The above statement should be read in conjunction with the accompanying notes.*

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**For the half year ended 31 December 2021**

	Share capital \$'000	Reserves \$'000	Retained earnings \$'000	Total \$'000	Minority interests \$'000	Total \$'000
<b>Balance at 1 July 2021</b>	4,081,981	(19,158)	2,322,163	6,384,986	119,357	<b>6,504,343</b>
Profit for the period	-	-	827,665	827,665	21,811	<b>849,476</b>
Other comprehensive income for the period	-	62,603	3,692	66,295	1,458	<b>67,753</b>
Total comprehensive income for the period	-	62,603	831,357	893,960	23,269	<b>917,229</b>
<b>Transactions with owners in their capacity as owners:</b>						
Dividends paid	-	-	(263,441)	(263,441)	-	<b>(263,441)</b>
Shares issued	58,006	(17,875)	-	40,131	-	<b>40,131</b>
Transfers to share capital	3,883	(3,883)	-	-	-	-
Acquisition of treasury shares	(8,271)	-	-	(8,271)	-	<b>(8,271)</b>
Share based payments	-	6,493	-	6,493	-	<b>6,493</b>
Contributions from minority interests	-	-	-	-	95	<b>95</b>
Dividends paid to minority interests in controlled entities	-	-	-	-	(3,931)	<b>(3,931)</b>
<b>Balance at 31 December 2021</b>	<b>4,135,599</b>	<b>28,180</b>	<b>2,890,079</b>	<b>7,053,858</b>	<b>138,790</b>	<b>7,192,648</b>
<b>Balance at 1 July 2020</b>	4,000,910	175,426	1,397,417	5,573,753	90,645	5,664,398
Profit for the period	-	-	677,635	677,635	11,777	689,412
Other comprehensive income for the period	-	(237,767)	2,916	(234,851)	(2,847)	(237,698)
Total comprehensive income for the period	-	(237,767)	680,551	442,784	8,930	451,714
<b>Transactions with owners in their capacity as owners:</b>						
Dividends paid	-	-	(243,488)	(243,488)	-	(243,488)
Shares issued	71,793	(20,380)	-	51,413	-	51,413
Transfers to share capital	5,341	(5,341)	-	-	-	-
Acquisition of treasury shares	(325)	-	-	(325)	-	(325)
Share based payments	-	5,201	-	5,201	-	5,201
Reduction in minority interests	-	-	-	-	(414)	(414)
Dividends paid to minority interests in controlled entities	-	-	-	-	(4,612)	(4,612)
<b>Balance at 31 December 2020</b>	<b>4,077,719</b>	<b>(82,861)</b>	<b>1,834,480</b>	<b>5,829,338</b>	<b>94,549</b>	<b>5,923,887</b>

*The above statement should be read in conjunction with the accompanying notes.*

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the half year ended 31 December 2021

### Note 1 Summary of significant accounting policies

This general purpose financial report for the interim half year reporting period ended 31 December 2021 has been prepared in accordance with AASB 134 Interim Financial Reporting and the Corporations Act 2001.

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the Annual Report for the year ended 30 June 2021 and any public announcements made by Sonic Healthcare Limited during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

### Note 2 Segment information

#### Business segments

The Group's Chief Executive Officer and the Board of Directors (the chief operating decision makers) review the Group's performance both by the nature of services provided and geographic region. Discrete financial information about each operating segment is reported to the Chief Executive Officer and the Board of Directors on at least a monthly basis and is used to assess performance and determine the allocation of resources. The internal reports use a 'Constant Currency' basis for reporting revenue and Net Profit Before Tax ('NPBT') with foreign currency elements restated using the relevant prior period average exchange rates. The segment revenue and NPBT have therefore been presented using Constant Currency. NPBT is calculated after lease interest, but excluding interest on debt. In prior years internal reports used EBITA as a measure of performance however this was changed to NPBT for FY2022. Comparatives have been restated accordingly.

The Group has the following reportable segments:

- (i) **Laboratory**  
Pathology/clinical laboratory services provided in Australia, New Zealand, the United Kingdom, the United States of America, Germany, Switzerland and Belgium. The geographic regions have been aggregated into one reportable segment as they provide similar services and have similar expected growth rates, cost structures, risks, and return profiles.
- (ii) **Radiology**  
Diagnostic imaging services provided in Australia.
- (iii) **Other**  
Includes corporate office functions, medical centre operations (IPN), occupational health services (Sonic HealthPlus), and other minor operations.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
For the half year ended 31 December 2021

**Note 2 Segment information (continued)**

<b>Half Year ended 31 December 2021</b>	<b>Laboratory \$'000</b>	<b>Radiology \$'000</b>	<b>Other \$'000</b>	<b>Eliminations \$'000</b>	<b>Consolidated \$'000</b>
<b>Segment revenue (Constant Currency)</b>	4,219,476	353,344	223,922	(2,370)	4,794,372
Currency exchange movement	(38,585)	-	-	-	(38,585)
<b>Segment revenue</b>	<b>4,180,891</b>	<b>353,344</b>	<b>223,922</b>	<b>(2,370)</b>	<b>4,755,787</b>
Interest income					742
<b>Total revenue</b>					<b>4,756,529</b>
<b>Segment NPBT (Constant Currency)</b>	1,183,175	44,812	(24,931)	-	1,203,056
Currency exchange movement	(10,662)	-	-	-	(10,662)
<b>Segment NPBT</b>	<b>1,172,513</b>	<b>44,812</b>	<b>(24,931)</b>	<b>-</b>	<b>1,192,394</b>
Unallocated interest expense					(23,900)
<b>Profit before tax</b>					<b>1,168,494</b>
Income tax expense					(319,018)
<b>Profit after income tax expense</b>					<b>849,476</b>
Allocated interest expense	13,923	2,072	380	-	<b>16,375</b>
Depreciation and amortisation expense	247,450	36,992	47,166	-	<b>331,608</b>
<b>Half Year ended 31 December 2020</b>	<b>Laboratory \$'000</b>	<b>Radiology \$'000</b>	<b>Other \$'000</b>	<b>Eliminations \$'000</b>	<b>Consolidated \$'000</b>
<b>Segment revenue</b>	3,926,438	303,617	202,285	(1,703)	4,430,637
Interest income					1,596
<b>Total revenue</b>					<b>4,432,233</b>
<b>Segment NPBT</b>	963,734	46,099	(31,493)	-	978,340
Unallocated interest expense					(34,332)
<b>Profit before tax</b>					<b>944,008</b>
Income tax expense					(254,596)
<b>Profit after income tax expense</b>					<b>689,412</b>
Allocated interest expense	13,002	1,591	2,427	-	<b>17,020</b>
Depreciation and amortisation expense	232,405	30,953	49,732	-	<b>313,090</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**For the half year ended 31 December 2021**

**Note 2 Segment information (continued)**

**Disaggregated revenue** (excluding interest and rental income)

	<b>Six months ended 31.12.21 \$'000</b>	<b>Six months ended 31.12.20 \$'000</b>
<i>Laboratory</i>		
Australia	<b>1,347,597</b>	972,827
Germany	<b>963,001</b>	1,012,600
USA	<b>1,071,190</b>	1,187,206
Switzerland	<b>311,264</b>	300,739
UK & Ireland (Irish business sold in H2 FY2021)	<b>372,389</b>	333,500
Belgium	<b>96,228</b>	103,280
New Zealand	<b>17,168</b>	14,925
<i>Non-Laboratory</i>		
Radiology	<b>352,965</b>	303,509
Other (Medical centres, occupational health services, etc.)	<b>221,779</b>	199,668
	<b>4,753,581</b>	4,428,254

**Note 3 Dividends**

	<b>Six months ended 31.12.21 \$'000</b>	<b>Six months ended 31.12.20 \$'000</b>
<b>Dividends paid during the half year</b>	<b>263,441</b>	243,488
<b>Dividends not recognised at the end of the half year</b>		
Since the end of the half year the Directors have declared an interim dividend of 40 cents (2021: 36 cents) franked to 100% (2021: 30%).		
The dividend is payable on 23 March 2022 with a record date of 9 March 2022.		
Based on the number of shares on issue at 21 February 2022 the aggregate amount of the proposed interim dividend to be paid out of retained earnings at the end of the half year, but not recognised as a liability is:	<b>191,892</b>	172,025

**Dividend Reinvestment Plan**

The Company's Dividend Reinvestment Plan remains suspended for the FY2022 interim dividend.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
For the half year ended 31 December 2021

	Six months ended 31.12.21 \$'000	Six months ended 31.12.20 \$'000
<b>Note 4</b>		
<b>Earnings per share</b>		
Basic earnings per share	172.8	142.1
Diluted earnings per share	170.8	140.9
	<b>Six months ended 31.12.21 Shares</b>	<b>Six months ended 31.12.20 Shares</b>
<b>Weighted average number of ordinary shares used as the denominator</b>		
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	<b>478,973,760</b>	476,896,996
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share	<b>484,528,444</b>	480,935,923
<b>Note 5</b>		
<b>Goodwill</b>		
	<b>31.12.21 \$'000</b>	<b>30.6.21 \$'000</b>
Cost	<b>6,821,722</b>	6,331,159
Accumulated impairment	<b>(100,471)</b>	(99,312)
Net book amount	<b>6,721,251</b>	6,231,847
Opening cost	<b>6,331,159</b>	6,586,063
Acquisition/(disposal) of businesses (net)	<b>415,726</b>	37,129
Foreign exchange rate movements	<b>74,837</b>	(292,033)
Closing cost	<b>6,821,722</b>	6,331,159
Opening accumulated impairment	<b>(99,312)</b>	(99,729)
Foreign exchange movements	<b>(1,159)</b>	417
Closing accumulated impairment	<b>(100,471)</b>	(99,312)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
For the half year ended 31 December 2021

<b>Note 6</b>	<b>Contributed equity</b>	<b>31.12.21</b>	<b>30.6.21</b>	<b>31.12.21</b>	<b>30.6.21</b>
		<b>Shares</b>	<b>Shares</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Share capital</b>					
	Fully paid ordinary shares	<b>479,721,967</b>	477,923,301	4,144,010	4,082,121
<b>Other equity securities</b>					
	Treasury shares	<b>(204,754)</b>	(4,754)	(8,411)	(140)
		<b>479,517,213</b>	477,918,547	4,135,599	4,081,981

**Movements in ordinary share capital:**

<b>Date</b>	<b>Details</b>	<b>Number of</b>	<b>Issue</b>	<b>\$'000</b>
		<b>shares</b>	<b>price</b>	
01/07/21	Opening balance	477,923,301		4,082,121
Various	Shares issued following exercise of employee options/rights	1,798,666	Various	58,006
Various	Transfers from equity remuneration reserve	-		3,883
31/12/21	Closing balance	<u>479,721,967</u>		<u>4,144,010</u>

**Movements in other equity securities:**

<b>Date</b>	<b>Details</b>	<b>Number of</b>	<b>\$'000</b>
		<b>shares</b>	
01/07/21	Opening balance	(4,754)	(140)
Various	On market purchase of Sonic shares by SHEST*	(200,000)	(8,271)
Various	Allocation of treasury shares	862,666	36,791
Various	Subscription for unissued shares by SHEST	(862,666)	(36,791)
31/12/21	Closing balance	<u>(204,754)</u>	<u>(8,411)</u>

\* Sonic Healthcare Employee Share Trust

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**For the half year ended 31 December 2021**

**Note 7 Unlisted share options and performance rights**

<b>Exercise Price</b>	<b>Expiry Date</b>	<b>Balance at 1.7.21</b>	<b>Granted</b>	<b>Exercised</b>	<b>Forfeited</b>	<b>Expired</b>	<b>Balance at 31.12.21</b>
\$21.62	17/09/2021	305,000	-	(305,000)	-	-	-
\$22.02	17/09/2021	117,500	-	(117,500)	-	-	-
\$21.62	17/11/2021	237,666	-	(237,666)	-	-	-
\$23.34	05/05/2022	660,000	-	(323,500)	(15,000)	-	<b>321,500</b>
\$21.64	22/11/2022	478,846	-	-	-	-	<b>478,846</b>
\$21.69	21/11/2023	667,787	-	-	-	-	<b>667,787</b>
\$21.83	14/10/2023	2,000,000	-	(625,000)	(80,000)	-	<b>1,295,000</b>
\$24.30	21/12/2023	980,000	-	(190,000)	-	-	<b>790,000</b>
\$28.58	05/12/2023	4,336,199	-	-	(50,000)	-	<b>4,286,199</b>
\$27.28	22/05/2024	5,170,000	-	-	(50,000)	-	<b>5,120,000</b>
\$29.26	19/11/2024	588,894	-	-	-	-	<b>588,894</b>
\$34.21	18/11/2025	527,191	-	-	-	-	<b>527,191</b>
\$39.75	19/11/2025	-	4,656,633	-	-	-	<b>4,656,633</b>
\$38.90	18/11/2026	-	343,367	-	-	-	<b>343,367</b>
Performance Rights	01/10/2022	-	47,907	-	-	-	<b>47,907</b>
Performance Rights	01/10/2022	-	2,782	-	-	-	<b>2,782</b>
Performance Rights	21/11/2023	87,560	-	-	-	-	<b>87,560</b>
Performance Rights	19/11/2024	64,907	-	-	-	-	<b>64,907</b>
Performance Rights	18/11/2025	69,624	-	-	-	-	<b>69,624</b>
Performance Rights	18/11/2026	-	54,427	-	-	-	<b>54,427</b>
Performance Rights	One third on 01/09/2022	-	-	-	-	-	-
Performance Rights	One third on 01/09/2023	-	-	-	-	-	-
Performance Rights	One third on 01/09/2024	-	52,911	-	-	-	<b>52,911</b>
		<b>16,291,174</b>	<b>5,158,027</b>	<b>(1,798,666)</b>	<b>(195,000)</b>	-	<b>19,455,535</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**For the half year ended 31 December 2021**

<b>Note 8</b>	<b>Reserves</b>	<b>31.12.21</b>	<b>31.12.20</b>
		<b>\$'000</b>	<b>\$'000</b>
	Foreign currency translation reserve	133,842	13,063
	Equity remuneration reserve	(113,325)	(103,785)
	Share option reserve	16,427	16,427
	Revaluation reserve	3,272	3,272
	Transactions with minority interests	(12,036)	(11,838)
		<u>28,180</u>	<u>(82,861)</u>
	<b>Movements</b>		
	<i>Foreign currency translation reserve</i>		
	Balance 1 July	70,871	251,294
	Net exchange movement on translation of foreign subsidiaries	62,971	(238,231)
	Balance	<u>133,842</u>	<u>13,063</u>
	<i>Equity remuneration reserve</i>		
	Balance 1 July	(98,060)	(83,265)
	Share based payments expense	6,493	5,201
	Employee share scheme issue	(17,875)	(20,380)
	Transfer to share capital (options exercised)	(3,883)	(5,341)
	Balance	<u>(113,325)</u>	<u>(103,785)</u>
	<i>Share option reserve</i>		
	Balance 1 July	16,427	16,427
	Movement in period	-	-
	Balance	<u>16,427</u>	<u>16,427</u>
	<i>Revaluation reserve</i>		
	Balance 1 July	3,272	3,272
	Movement in period	-	-
	Balance	<u>3,272</u>	<u>3,272</u>
	<i>Transactions with minority interests</i>		
	Balance 1 July	(11,668)	(12,302)
	Net exchange movement	(368)	464
	Balance	<u>(12,036)</u>	<u>(11,838)</u>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**For the half year ended 31 December 2021**

**Note 9 Business combinations**

Acquisitions of subsidiaries/business assets in the period included:

- US anatomical pathology business, ProPath, on 16 December 2021.
- Australian radiology business, Canberra Imaging Group, on 1 September 2021.
- A number of smaller healthcare businesses.

The initial accounting for these business combinations has only been determined provisionally at the date of this report, as the Group is still in the process of reviewing acquisition balance sheets and identifying assets and liabilities not previously recorded so as to determine the fair values of the identifiable assets, liabilities and contingent liabilities acquired. The contribution these acquisitions made to the Group's profit during the period was immaterial individually and in aggregate.

The aggregate cost of the acquisitions, the provisional values of the identifiable assets and liabilities, and the goodwill arising on acquisition are detailed below:

	<b>Total \$'000</b>
Consideration - cash paid	<b>458,681</b>
Less: Cash of entities acquired	<b>(13,157)</b>
Total consideration	<b>445,524</b>
Fair value of identifiable net assets of businesses acquired:	
Debtors & other receivables	<b>20,287</b>
Prepayments	<b>1,673</b>
Inventory	<b>2,569</b>
Property, plant & equipment	<b>19,585</b>
Identifiable intangibles	<b>102</b>
Deferred tax assets	<b>2,292</b>
Trade creditors	<b>(1,319)</b>
Sundry creditors & accruals	<b>(9,497)</b>
Lease liabilities	<b>(18)</b>
Provisions	<b>(5,876)</b>
	<b>29,798</b>
Goodwill	<b>415,726</b>

The goodwill arising from the business combinations is attributable to their reputation in the local market, the benefit of marginal profit and synergies expected to be achieved from integrating the business with existing operations, expected revenue growth, future market development, the assembled workforce and knowledge of local markets. These benefits are not able to be individually identified or recognised separately from goodwill. \$250,348,000 of the purchased goodwill recognised is expected to be deductible for income tax purposes, over a 15 year period.

Acquisition related costs of \$2,019,000 are included in other expenses in the Income Statement.

The fair value of acquired debtors and other receivables is \$20,287,000. The gross contractual amount due is \$20,362,000, of which \$75,000 is expected to be uncollectible.

**Reconciliation of cash paid to Statement of Cash Flows**

	<b>\$'000</b>
Cash consideration for acquisitions in the financial period	<b>458,681</b>
Less: cash of entities acquired	<b>(13,157)</b>
Acquisition costs	<b>2,019</b>
Earn out payments for Pathologie Trier and other past acquisitions	<b>59,580</b>
Payment for purchase of controlled entities, net of cash acquired	<b>507,123</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**For the half year ended 31 December 2021**

<b>Note 10</b>	<b>Net asset backing</b>	<b>31.12.21</b>	<b>30.6.21</b>
	Net tangible asset* backing per ordinary security	<b>\$(0.04)</b>	\$(0.44)
	Net asset backing per ordinary security	<b>\$14.99</b>	\$13.61

\*Net tangible assets include right-of-use assets

**Note 11**            **Events occurring after the balance sheet date**

Since the end of the financial period no matter or circumstance not otherwise dealt with in these financial statements that has significantly or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in subsequent financial years has arisen, other than:

- Sonic announced on 21 February 2022 its intention to undertake an on-market share buy-back of its shares up to a value of A\$500 million, as part of its active approach to capital management.

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**Forward-looking statements**

*This Half Year Report and ASX Appendix 4D may include forward-looking statements about our financial results, guidance and business prospects that may involve risks and uncertainties, many of which are outside the control of Sonic Healthcare. Readers are cautioned not to place undue reliance on forward-looking statements, which speak only as of the date that they are made and which reflect management's current estimates, projections, expectations or beliefs and which involve risks and uncertainties that could cause actual results and outcomes to be materially different. Risks and uncertainties that may affect the future results of the Company include, but are not limited to, adverse decisions by Governments and healthcare regulators, changes in the competitive environment and billing policies, lawsuits, loss of contracts, unexpected growth in costs and expenses and the progress of the COVID-19 pandemic. The statements being made in this report do not constitute an offer to sell, or solicitation of an offer to buy, any securities of Sonic Healthcare. No representation, warranty or assurance (express or implied) is given or made in relation to any forward-looking statement by any person (including Sonic Healthcare). In particular, no representation, warranty or assurance (express or implied) is given in relation to any underlying assumption or that any forward-looking statement will be achieved. Actual future events may vary materially from the forward-looking statements and the assumptions on which the forward-looking statements are based. Given these uncertainties, readers are cautioned to not place undue reliance on such forward-looking statements.*

## DIRECTORS' DECLARATION

In the Directors' opinion:

- (a) the financial statements and notes set out on pages 12 to 25 are in accordance with the *Corporations Act 2001*, including:
  - (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
  - (ii) giving a true and fair view of the consolidated entity's financial position as at 31 December 2021 and of its performance for the half year ended on that date; and
- (b) there are reasonable grounds to believe that Sonic Healthcare Limited 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.



M.R. Compton  
Chairman



Dr C.S. Goldschmidt  
Director

Sydney  
21 February 2022



## Independent auditor's review report to the members of Sonic Healthcare Limited

### Report on the half-year financial report

#### Conclusion

We have reviewed the half-year financial report of Sonic Healthcare Limited (the Company) and the entities it controlled during the half-year (together the Group), which comprises the consolidated balance sheet as at 31 December 2021, the consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows and consolidated income statement for the half-year ended on that date, significant accounting policies and explanatory notes 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 accompanying half-year financial report of Sonic Healthcare Limited does not comply with the *Corporations Act 2001* including:

1. giving a true and fair view of the Group's financial position as at 31 December 2021 and of its performance for the half-year ended on that date
2. 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 & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to the audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

#### Responsibilities of the directors 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

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and fair view of the Group's financial position as at 31 December 2021 and of 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.

PricewaterhouseCoopers

PricewaterhouseCoopers

A handwritten signature in blue ink, appearing to read 'B Entwistle', is written over the printed name.

Brett Entwistle  
Partner

Sydney  
21 February 2022