

24 August 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 YEAR ENDED 30 JUNE 2022

Attached in accordance with Listing Rule 4.3A is the Appendix 4E for Sonic Healthcare Limited for the year ended 30 June 2022.

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

Yours faithfully
Sonic Healthcare Limited



Paul Alexander
Company Secretary

Sonic Healthcare Limited
ABN 24 004 196 909

PRELIMINARY FINAL REPORT FOR THE YEAR ENDED 30 JUNE 2022
Lodged with the ASX under Listing Rule 4.3A

RESULTS FOR ANNOUNCEMENT TO THE MARKET
For the year ended 30 June 2022

Financial Results	2022		% Change
\$'000	Statutory		
Revenue from ordinary activities	9,340,154		6.7%
Profit after tax from ordinary activities attributable to members	1,460,566		11.1%
Dividends	FY2022	FY2021	% Change
Cents per share			
Final dividend	60¢	55¢	9.1%
Final dividend franked amount per security	60¢	35.75¢	67.8%
Interim dividend	40¢	36¢	11.1%
Interim dividend franked amount per security	40¢	10.80¢	270.4%

The final dividend is scheduled to be paid on 21 September 2022 to shareholders registered as at close of business on 7 September 2022 (the record date). The Company's Dividend Reinvestment Plan ('DRP') has been suspended for this dividend.

Explanation of results

\$'000	2022	2022	2021	% Change	
				Constant	2022
	Constant	Statutory	Statutory	Constant	Statutory
	Currency¹	Statutory	Statutory	versus	versus
				2021	2021
Revenue	9,326,071	9,340,154	8,754,123	6.5%	6.7%
EBITDA²	2,833,014	2,830,447	2,559,790	10.7%	10.6%
Depreciation	(607,261)	(607,427)	(573,392)	5.9%	5.9%
EBITA	2,225,753	2,223,020	1,986,398	12.0%	11.9%
Amortisation of intangibles	(68,005)	(67,990)	(68,202)	(0.3)%	(0.3)%
Net interest expense	(76,786)	(77,825)	(89,603)	(14.3)%	(13.1)%
Income tax expense	(563,912)	(561,739)	(480,935)	17.3%	16.8%
Net (profit) attributable to minority interests	(54,176)	(54,900)	(32,618)	66.1%	68.3%
Net profit attributable to Sonic shareholders	1,462,874	1,460,566	1,315,040	11.2%	11.1%
Cash generated from operations		2,225,821	2,042,836		9.0%
Earnings per share					
Basic earnings per share (cents per share)	305.9	305.5	275.5	11.0%	10.9%
Diluted earnings per share (cents per share)	302.9	302.5	273.1	10.9%	10.8%

¹ For an explanation of 'Constant Currency' refer to 2(a) in the Commentary on Results.

² EBITDA = Earnings before interest, tax, depreciation and amortisation.

An explanation of the figures reported above is provided in the following pages of this report.

COMMENTARY ON RESULTS For the year ended 30 June 2022

1. Headlines

- Revenue growth of 7% to A\$9.3 billion.
- EBITDA growth of 11% to A\$2.8 billion.
- Net profit growth of 11% to A\$1.5 billion.
- Record earnings performance driven by COVID testing, base business growth and acquisitions.
- A\$628 million invested in synergistic acquisitions and joint ventures in the year, with further opportunities being pursued.
- Base business revenue (ex-COVID testing) up 2.1% versus FY2021 and 5.5% versus FY2019 (Constant Currency, organic growth).
- COVID revenue up 13% (Constant Currency) versus FY2021.
- Gearing at record low level, ~A\$1.6 billion of available liquidity, on-market share buy-back of up to A\$500 million well progressed as part of active capital management.
- Progressive dividend policy maintained, increase of 5 cents (9%) to 60 cents for the FY2022 Final Dividend. Total dividends for the year of \$1.00, up 10% on the prior year. FY2022 dividends franked to 100%.

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 year to 30 June 2022 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 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 comparative 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:

	2022 Statutory	2021 and Constant Currency
AUD/USD	0.7255	0.7473
AUD/EUR	0.6445	0.6263
AUD/GBP	0.5458	0.5546
AUD/CHF	0.6763	0.6800
AUD/NZD	1.0669	1.0744

COMMENTARY ON RESULTS
For the year ended 30 June 2022

2. Explanation of results (continued)

To manage currency translation risk Sonic uses 'natural' hedging, under which foreign currency assets (businesses) are matched to the extent possible 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

AUD M	2022 Statutory Revenue	% of 2022 Statutory Revenue	2022 Constant Currency Revenue	2021 Revenue	Growth 2022 Constant Currency v 2021
Laboratory – Australia and New Zealand	2,491	27%	2,491	2,006	24.2%
Laboratory – USA	2,169	23%	2,106	2,239	(5.9)%
Laboratory – Europe	3,539	38%	3,588	3,476	3.3%
Radiology – Australia	706	8%	706	620	13.9%
Other	433	4%	433	410	5.6%
Revenue	9,338	100%	9,324	8,751	6.5%
Interest income	2		2	3	
Total revenue	9,340		9,326	8,754	6.5%

Total revenue growth for the year was 7% (5% 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 2.1% (normalised for currency exchange rates, acquisitions and disposals of businesses, and non-recurring gains) versus FY2021 and 5.5% versus FY2019 (pre-pandemic). COVID-19 revenue grew 13% (Constant Currency) to A\$2.4 billion.

The Laboratory division achieved organic revenue growth of 5% in the 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 year. Base business grew in these markets. Non-organic impacts on Laboratory revenue included the acquisition of ProPath in the USA in mid-December 2021, and the sale of the sub-scale Irish business in H2 FY2021.

Radiology revenue growth was strong at 14%, augmented by the acquisitions of Canberra Imaging Group (completed September 2021) and Epworth Medical Imaging (EMI). Organic growth was 2%, which is lower than historic growth rates due to impacts of the pandemic, and cycling of extraordinarily strong organic growth (15%) in the prior year.

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 5% 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 year ended 30 June 2022

2. Explanation of results (continued)

(c) Earnings

Total EBITDA growth for the year was 11%. EBITDA growth of 11% (Constant Currency) in the Laboratory division was enhanced by COVID-19 testing. Laboratory division margins increased from 30.8% to 32.2%. Sonic's Radiology business reported 3% 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 both in dollar terms and as a percentage of revenue due to successful procurement and operational initiatives.

Net profit growth of 11% on 7% growth in revenue demonstrates the strong operating leverage in Sonic's businesses.

(d) Depreciation

Depreciation increased 6% on the comparative period, reflecting the 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 14% on the prior year (at Constant Currency rates), due to strong operating cashflow allowing debt reduction. All bank debt has been repaid, with all remaining debt being long term, fixed rate notes. Sonic currently has no exposure to floating interest rates.

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

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

COMMENTARY ON RESULTS
For the year ended 30 June 2022

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 30 June 2022 comprised:

	Facility Limit M	Drawn M	AUD \$M Available
Notes held by USA investors – USD	US\$550	US\$550	-
Notes held by USA investors – EUR	€515	€515	-
Bank debt facilities			
- USD limits	US\$100	-	145
- Euro limits	€280	-	424
- AUD (Multicurrency) limits	A\$48	-	48
- CHF limits	CHF125	-	190
Minor debt/leasing facilities	n/a	15*	-
Cash	n/a	A\$(780)*	780
Available liquidity at 30 June 2022			<u>1,587</u>
Net interest bearing debt (excluding lease liabilities under AASB 16)		<u>A\$812</u>	

* Various currencies

Sonic's credit metrics at 30 June 2022 were as follows:

	30.6.22	31.12.21	30.6.21
Debt cover (times)	0.3	0.3	0.4
Interest cover (times)	47.3	44.9	33.8
Gearing ratio	9.7%	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 are due to expire as follows (**note that the figures shown below are the facility limits, not drawn debt**):

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

COMMENTARY ON RESULTS
For the year ended 30 June 2022

2. Explanation of results (continued)

(g) Tax expense

The effective tax rate is 27%, up from 26% in the prior year, largely reflecting the strong profit growth in Australia, one of Sonic's highest tax rate jurisdictions.

(h) Cash flow

Cash generated from operations was 9% higher than in the prior year and gross operating cash flow equated to 95% of EBITDA. Conversion of EBITDA to cash was impacted by changes in working capital, predominantly comprising:

- increases in debtors, particularly in relation to high volumes of COVID-19 testing in Germany in Q3 FY2022, payment for which was not received under the German payment system until after year end.
- repayments of US Medicare funding received in Q4 FY2020 as part of a government initiative to support healthcare providers.

(i) FY2023

Sonic is not providing earnings guidance for FY2023 due to COVID-19 related unpredictability. The pandemic has the potential to cause fluctuations in both COVID-19 testing revenues and the base business. The strong underlying growth drivers for healthcare services remain unchanged. Base business fluctuations are also mitigated by geographical and business sector diversity.

Sonic continues to pursue additional acquisition opportunities.

FULL YEAR REPORT
For the year ended 30 June 2022

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This 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 accompanying notes, the 2021 Annual Report and any public announcements made by Sonic Healthcare Limited in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

CONSOLIDATED INCOME STATEMENT
For the year ended 30 June 2022

	Notes	2022 \$'000	2021 \$'000
Revenue from operations		9,340,154	8,754,123
Labour and related costs		(3,614,351)	(3,357,164)
Consumables used		(1,604,459)	(1,616,831)
Depreciation		(607,427)	(573,392)
Repairs and maintenance		(232,018)	(208,648)
Transportation		(206,134)	(181,710)
Utilities		(163,082)	(145,283)
Borrowing costs expense		(79,819)	(92,519)
Amortisation of intangibles		(67,990)	(68,202)
Lease expense		(64,623)	(66,006)
Other expenses from ordinary activities		(623,046)	(615,775)
Profit from ordinary activities before income tax expense		2,077,205	1,828,593
Income tax expense		(561,739)	(480,935)
Profit from ordinary activities after income tax expense		1,515,466	1,347,658
Net (profit) attributable to minority interests		(54,900)	(32,618)
Profit attributable to members of Sonic Healthcare Limited		1,460,566	1,315,040
Basic earnings per share (cents per share)	4	305.5	275.5
Diluted earnings per share (cents per share)	4	302.5	273.1

The above Consolidated Income Statement should be read in conjunction with the accompanying notes, the 2021 Annual Report and any public announcements made by Sonic Healthcare Limited in accordance with the continuous disclosure requirements of the Corporations Act 2001.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 30 June 2022

	2022 \$'000	2021 \$'000
Profit from ordinary activities after income tax expense	1,515,466	1,347,658
Other comprehensive income		
<i>Items that may be reclassified to profit or loss</i>		
Exchange differences on translation of foreign operations	90,886	(178,349)
<i>Items that will not be reclassified to profit or loss</i>		
Actuarial gains on retirement benefit obligations	23,688	25,219
Other comprehensive income for the period, net of tax	114,574	(153,130)
Total comprehensive income for the period	1,630,040	1,194,528
Total comprehensive income attributable to:		
Members of Sonic Healthcare Limited	1,580,036	1,160,470
Minority interests	50,004	34,058
	1,630,040	1,194,528

The above Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying notes, the 2021 Annual Report and any public announcements made by Sonic Healthcare Limited in accordance with the continuous disclosure requirements of the Corporations Act 2001.

CONSOLIDATED BALANCE SHEET
As at 30 June 2022

	Notes	2022 \$'000	2021 \$'000
Current assets			
Cash assets and cash equivalents		779,997	899,827
Receivables		1,217,462	1,088,717
Inventories		216,193	224,388
Other		92,258	71,641
Total current assets		<u>2,305,910</u>	<u>2,284,573</u>
Non-current assets			
Receivables		38,191	31,549
Other financial assets		145,222	108,110
Property, plant and equipment		1,321,121	1,258,382
Right-of-use assets		1,303,743	1,294,542
Intangible assets		7,361,486	6,712,251
Deferred tax assets		68,991	65,276
Other		7,349	6,308
Total non-current assets		<u>10,246,103</u>	<u>9,476,418</u>
Total assets		<u>12,552,013</u>	<u>11,760,991</u>
Current liabilities			
Payables		1,018,552	1,026,535
Interest bearing liabilities		-	228,944
Lease liabilities		341,858	322,487
Current tax liabilities		374,259	254,730
Provisions		328,236	302,788
Other		21,369	82,453
Total current liabilities		<u>2,084,274</u>	<u>2,217,937</u>
Non-current liabilities			
Interest bearing liabilities		1,576,934	1,592,381
Lease liabilities		1,093,945	1,090,999
Deferred tax liabilities		264,240	190,505
Provisions		99,245	130,654
Other		5,201	34,172
Total non-current liabilities		<u>3,039,565</u>	<u>3,038,711</u>
Total liabilities		<u>5,123,839</u>	<u>5,256,648</u>
Net assets		<u>7,428,174</u>	<u>6,504,343</u>
Equity			
Parent entity interest			
Contributed equity	5	3,860,948	4,081,981
Reserves	7	61,172	(19,158)
Retained earnings	8	3,351,020	2,322,163
Total parent entity interest		<u>7,273,140</u>	<u>6,384,986</u>
Minority interests		155,034	119,357
Total equity		<u>7,428,174</u>	<u>6,504,343</u>

The above Consolidated Balance Sheet should be read in conjunction with the accompanying notes, the 2021 Annual Report and any public announcements made by Sonic Healthcare Limited in accordance with the continuous disclosure requirements of the Corporations Act 2001.

CONSOLIDATED CASH FLOW STATEMENT
For the year ended 30 June 2022

	2022	2021
	\$'000	\$'000
Cash flows from operating activities		
Receipts from customers (inclusive of goods and services tax)	9,423,315	8,808,462
Payments to suppliers and employees (inclusive of goods and services tax)	(6,744,340)	(6,323,481)
Gross operating cash flow	2,678,975	2,484,981
Interest received	1,994	2,916
Borrowing costs	(76,960)	(102,842)
Income taxes paid	(378,188)	(342,219)
Net cash inflow from operating activities	2,225,821	2,042,836
Cash flows from investing activities		
Payment for purchase of controlled entities, net of cash acquired	(547,160)	(31,602)
Payments for property, plant and equipment	(286,953)	(273,581)
Proceeds from sale of non-current assets	14,990	24,401
Payments for investments	(81,209)	(20,921)
Payments for intangibles	(91,636)	(89,611)
Repayment of loans by other entities	14,893	16,305
Loans to other entities	(12,105)	(11,741)
Net cash (outflow) from investing activities	(989,180)	(386,750)
Cash flows from financing activities		
Proceeds from issues of shares and other equity securities (net of transaction costs and related taxes)	48,815	53,633
Payments for buyback and treasury shares	(302,548)	-
Proceeds from borrowings	137,836	122,441
Repayment of borrowings	(418,039)	(1,376,607)
Principal elements of lease payments	(344,489)	(327,893)
Dividends paid to Company's shareholders	(455,397)	(415,513)
Dividends paid to minority interests in controlled entities	(15,472)	(10,719)
Net cash (outflow) from financing activities	(1,349,294)	(1,954,658)
Net (decrease) in cash and cash equivalents	(112,653)	(298,572)
Cash and cash equivalents at the beginning of the financial year	899,827	1,230,149
Effects of exchange rate changes on cash and cash equivalents	(7,177)	(31,750)
Cash and cash equivalents at the end of the financial year	779,997	899,827

The above Consolidated Cash Flow Statement should be read in conjunction with the accompanying notes, the 2021 Annual Report and any public announcements made by Sonic Healthcare Limited in accordance with the continuous disclosure requirements of the Corporations Act 2001.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 30 June 2022

	Share capital \$'000	Reserves \$'000	Retained earnings \$'000	Total \$'000	Minority interests \$'000	Total \$'000
Balance at 1 July 2021	4,081,981	(19,158)	2,322,163	6,384,986	119,357	6,504,343
Profit for period	-	-	1,460,566	1,460,566	54,900	1,515,466
Other comprehensive income for the period	-	95,782	23,688	119,470	(4,896)	114,574
Total comprehensive income for the period	-	95,782	1,484,254	1,580,036	50,004	1,630,040
Transactions with owners in their capacity as owners:						
Dividends paid	-	-	(455,397)	(455,397)	-	(455,397)
Shares issued	67,592	(18,751)	-	48,841	-	48,841
Transfers to share capital	8,265	(8,265)	-	-	-	-
Share based payments	-	17,240	-	17,240	-	17,240
Acquisition of shares	(302,548)	-	-	(302,548)	-	(302,548)
Costs of share transactions net of tax	(18)	-	-	(18)	-	(18)
Allocation of treasury shares	5,676	(5,676)	-	-	-	-
Acquisition of minority interests	-	-	-	-	1,249	1,249
Contributions from minority interests	-	-	-	-	153	153
Dividends paid to minority interests in controlled entities	-	-	-	-	(15,729)	(15,729)
Balance at 30 June 2022	3,860,948	61,172	3,351,020	7,273,140	155,034	7,428,174
Balance at 1 July 2020	4,000,910	175,426	1,397,417	5,573,753	90,645	5,664,398
Profit for period	-	-	1,315,040	1,315,040	32,618	1,347,658
Other comprehensive income for the period	-	(179,789)	25,219	(154,570)	1,440	(153,130)
Total comprehensive income for the period	-	(179,789)	1,340,259	1,160,470	34,058	1,194,528
Transactions with owners in their capacity as owners:						
Dividends paid	-	-	(415,513)	(415,513)	-	(415,513)
Shares issued	75,053	(21,095)	-	53,958	-	53,958
Transfers to share capital	6,011	(6,011)	-	-	-	-
Share based payments	-	12,643	-	12,643	-	12,643
Acquisition of treasury shares	(325)	-	-	(325)	-	(325)
Allocation of treasury shares	332	(332)	-	-	-	-
Acquisition of minority interests	-	-	-	-	2,535	2,535
Contributions from minority interests	-	-	-	-	2,811	2,811
Dividends paid to minority interests in controlled entities	-	-	-	-	(10,692)	(10,692)
Balance at 30 June 2021	4,081,981	(19,158)	2,322,163	6,384,986	119,357	6,504,343

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes, the 2021 Annual Report and any public announcements made by Sonic Healthcare Limited in accordance with the continuous disclosure requirements of the Corporations Act 2001.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the year ended 30 June 2022

Note 1 Summary of significant accounting policies

This financial report has been prepared in accordance with International Financial Reporting Standards, other authoritative pronouncements and Interpretations of the Australian Accounting Standards Board and the Corporations Act 2001.

This 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 reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The on-going COVID-19 pandemic has not significantly increased the estimation uncertainty in the preparation of the consolidated financial statements. A thorough consideration of potential COVID-19 impacts on the carrying value of assets and liabilities, contracts and potential liabilities has been made with no material impact to the financial report.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

Note 2 Segment information

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 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. In addition acquisition costs and certain other non-recurring costs are expensed in this segment from time to time.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 30 June 2022

Note 2 Segment information (continued)

Year ended 30 June 2022	Laboratory \$'000	Radiology \$'000	Other \$'000	Eliminations \$'000	Consolidated \$'000
Segment revenue (Constant Currency)	8,185,076	706,287	437,712	(4,998)	9,324,077
Currency exchange movement	14,083	-	-	-	14,083
Segment revenue	8,199,159	706,287	437,712	(4,998)	9,338,160
Interest income					1,994
Total revenue					9,340,154
Segment NPBT (Constant Currency)	2,109,112	77,344	(59,730)	-	2,126,726
Currency exchange movement	(2,871)	-	-	-	(2,871)
Segment NPBT	2,106,241	77,344	(59,730)	-	2,123,855
Unallocated net interest expense					(46,650)
Profit before tax					2,077,205
Income tax expense					(561,739)
Profit after income tax expense					1,515,466
Allocated interest expense	27,748	4,505	916	-	33,169
Depreciation and amortisation expense	505,178	76,567	93,672	-	675,417
EBITDA	2,638,392	158,414	33,641	-	2,830,447
Year ended 30 June 2021	Laboratory \$'000	Radiology \$'000	Other \$'000	Eliminations \$'000	Consolidated \$'000
Segment revenue	7,721,135	620,092	412,974	(2,994)	8,751,207
Interest income					2,916
Total revenue					8,754,123
Segment NPBT	1,879,286	85,610	(76,707)	-	1,888,189
Unallocated net interest expense					(59,596)
Profit before tax					1,828,593
Income tax expense					(480,935)
Profit after income tax expense					1,347,658
Allocated interest expense	24,694	3,495	4,734	-	32,923
Depreciation and amortisation expense	471,625	65,513	104,456	-	641,594
EBITDA	2,374,594	154,313	30,883	-	2,559,790

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 30 June 2022

Note 3	Dividends	2022	2021
		\$'000	\$'000
	Total dividends paid on ordinary shares during the year	<hr/>	<hr/>
	Final dividend for the year ended 30 June 2021 of 55 cents (2020: 51 cents) per share paid on 22 September 2021 (2020: 22 September 2020), franked to 65% (2020: 30%)	263,441	243,488
	Interim dividend for the year ended 30 June 2022 of 40 cents (2021: 36 cents) per share paid on 23 March 2022 (2021: 24 March 2021), franked to 100% (2021: 30%)	<hr/> 191,956	<hr/> 172,025
		<hr/> 455,397	<hr/> 415,513

Dividends not recognised at the end of the year

On 23 August 2022 the directors declared a final dividend of 60 cents per share (2021: 55 cents) franked to 100% (2021: 65%), payable on 21 September 2022 with a record date of 7 September 2022. Based on the number of shares expected to be on issue at the record date, the aggregate amount of the proposed final dividend to be paid out of retained earnings at the end of the year, but not recognised as a liability is:

<hr/> 283,577	<hr/> 263,441
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Dividend Reinvestment Plan

The Company's Dividend Reinvestment Plan is suspended for the FY2022 final dividend.

Note 4	Earnings per share	2022	2021
		Cents	Cents
	Basic earnings per share	305.5	275.5
	Diluted earnings per share	302.5	273.1

Note 4	Earnings per share	2022	2021
		Shares	Shares
	Weighted average number of ordinary shares used as the denominator	<hr/>	<hr/>
	Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	478,143,904	477,374,485
	Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share	<hr/> 482,880,012	<hr/> 481,461,273

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 30 June 2022

Note 5 Contributed equity

	2022 Shares	2021 Shares	2022 \$'000	2021 \$'000
Share capital				
Fully paid ordinary shares	471,798,972	477,923,301	3,866,850	4,082,121
Other equity securities				
Treasury shares	(162,347)	(4,754)	(5,902)	(140)
	<u>471,636,625</u>	<u>477,918,547</u>	<u>3,860,948</u>	<u>4,081,981</u>

Movements in ordinary share capital:

Date	Details	Number of shares	Issue price	\$'000
1/7/21	Opening balance	477,923,301		4,082,121
Various	Own shares acquired during buyback	(8,294,495)		(291,110)
Various	Shares issued following exercise of employee options/rights	2,170,166	Various	67,592
Various	Transfers from equity remuneration reserve			8,265
Various	Costs of share transactions net of tax			(18)
30/6/22	Closing balance	<u>471,798,972</u>		<u>3,866,850</u>

Movements in other equity securities:

1/7/21	Opening balance	(4,754)		(140)
Various	On-market purchase of treasury shares by SHEST*	(200,000)		(8,271)
29/6/22	Own shares acquired during buyback but not cancelled	(95,765)		(3,167)
Various	Allocation of treasury shares	1,085,838		45,304
Various	Subscription for unissued shares by SHEST	(947,666)		(39,628)
30/6/22	Closing balance	<u>(162,347)</u>		<u>(5,902)</u>

*Sonic Healthcare Employee Share Trust

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 30 June 2022

Note 6 Unlisted share options / performance rights

Exercise Price	Expiry Date	Balance at 1.7.21	Granted	Exercised	Forfeited	Expired	Balance at 30.6.22
\$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	-	(615,000)	(15,000)	(30,000)	-
\$21.64	22/11/2022	478,846	-	-	-	-	478,846
\$21.69	21/11/2023	667,787	-	-	-	-	667,787
\$21.83	14/10/2023	2,000,000	-	(640,000)	(80,000)	-	1,280,000
\$24.30	21/12/2023	980,000	-	(255,000)	-	-	725,000
\$28.58	05/12/2023	4,336,199	-	-	(50,000)	-	4,286,199
\$27.28	22/05/2024	5,170,000	-	-	(50,000)	-	5,120,000
\$29.26	19/11/2024	588,894	-	-	-	-	588,894
\$34.21	18/11/2025	527,191	-	-	-	-	527,191
\$39.75	19/11/2025	-	4,656,633	-	-	-	4,656,633
\$38.90	18/11/2026	-	343,367	-	-	-	343,367
Performance Rights	01/10/2022	-	47,907	(47,907)	-	-	-
Performance Rights	01/10/2022	-	2,782	(2,705)	(77)	-	-
Performance Rights	21/11/2023	87,560	-	(87,560)	-	-	-
Performance Rights	19/11/2024	64,907	-	-	-	-	64,907
Performance Rights	18/11/2025	69,624	-	-	-	-	69,624
Performance Rights	18/11/2026	-	54,427	-	-	-	54,427
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	-	-	-	52,911
		16,291,174	5,158,027	(2,308,338)	(195,077)	(30,000)	18,915,786

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 30 June 2022

Note 7	Reserves	2022	2021
		\$'000	\$'000
	Foreign currency translation reserve	166,967	70,871
	Equity remuneration reserve	(113,512)	(98,060)
	Share option reserve	16,427	16,427
	Revaluation reserve	3,272	3,272
	Transactions with minority interests	(11,982)	(11,668)
		61,172	(19,158)
	Movements		
	<i>Foreign currency translation reserve</i>		
	Balance 1 July	70,871	251,294
	Net exchange movement on translation of foreign subsidiaries	96,096	(180,423)
	Balance	166,967	70,871
	<i>Equity remuneration reserve</i>		
	Balance 1 July	(98,060)	(83,265)
	Share based payments	17,240	12,643
	Employee share scheme issue	(24,427)	(21,427)
	Transfer to share capital (options exercised)	(8,265)	(6,011)
	Balance	(113,512)	(98,060)
	<i>Share option reserve</i>		
	Balance 1 July	16,427	16,427
	Movement	-	-
	Balance	16,427	16,427
	<i>Revaluation reserve</i>		
	Balance 1 July	3,272	3,272
	Movement	-	-
	Balance	3,272	3,272
	<i>Transactions with minority interests</i>		
	Balance 1 July	(11,668)	(12,302)
	Net exchange movement	(314)	634
	Balance	(11,982)	(11,668)
	Note 8		
	Retained earnings		
		2022	2021
		\$'000	\$'000
	Retained earnings at the beginning of the financial year	2,322,163	1,397,417
	Net profit attributable to members of Sonic Healthcare Limited	1,460,566	1,315,040
	Dividends paid in the year	(455,397)	(415,513)
	Actuarial gains on retirement benefit obligations (net of tax)	23,688	25,219
	Retained earnings at the end of the financial year	3,351,020	2,322,163

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 30 June 2022

Note 9	Net asset backing	2022	2021
	Net tangible asset* backing per ordinary security	\$0.14	\$(0.44)
	Net asset backing per ordinary security	\$15.74	\$13.61

*Net tangible assets include right-of-use assets

Note 10 **Events occurring after reporting date**

Since the end of the financial year, no matter or circumstance not otherwise dealt with in these financial statements has arisen that has significantly or may significantly affect the operations of the consolidated entity, the results of those operations or the state of affairs of the consolidated entity in subsequent financial years.

Forward-looking statements

This Preliminary Final Report (Appendix 4E) 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.

COMPLIANCE STATEMENT FOR THE YEAR ENDED 30 JUNE 2022

This report has been prepared in accordance with AASB Standards, other AASB authoritative pronouncements and Interpretations or other standards acceptable to ASX.

Identify other standards used

NIL

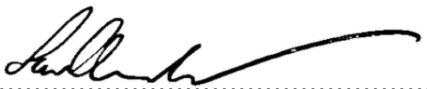
This report, and the accounts upon which the report is based use the same accounting policies.

This report does give a true and fair view of the matters disclosed.

This report is based on accounts which are in the process of being audited.

The entity has a formally constituted audit committee.

Signed:


.....
(Company Secretary)

Date: 24 August 2022

Print name:

PAUL ALEXANDER