Annual Report 2024

SONIC HEALTHCARE LIMITED

ABN 24 004 196 909

Corporate Directory

DIRECTORS
Prof. M.R. Compton AM | *Chairman*
Dr C.S. Goldschmidt | *Managing Director*
Mr C.D. Wilks | *Finance Director*
Prof. C. Bennett AO
Prof. S. Crowe AO
Dr K. Giles
Mr N. Mitchell
Mr L.J. Panaccio
Ms K.D. Spargo

COMPANY SECRETARY
Mr P.J. Alexander

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AUDITOR
PricewaterhouseCoopers

SOLICITORS
Allens
Gilbert+Tobin
Norton Rose Fulbright

BANKERS
Australia and New Zealand Banking Group
BNP Paribas
Commerzbank
Commonwealth Bank of Australia
Crédit Industriel et Commercial
DNB Bank
HSBC
JPMorgan Chase Bank
Mizuho Bank
MUFG Bank
Westpac Banking Corporation

STOCK EXCHANGE LISTINGS
Sonic Healthcare Limited shares are listed on the Australian Securities Exchange (SHL.AX). Sonic Healthcare Limited also has a Level 1 sponsored American Depositary Receipt (ADR) facility managed by BNY Mellon (the 'Depositary'). Sonic Healthcare Limited's ADRs are traded under the code SKHHY.

Verification of Unaudited Information in this Annual Report

Unaudited information in this Annual Report comprises all information included in the Annual Report other than the Financial Report, the Remuneration Report within the Directors' Report, the Directors' Declaration, the Consolidated Entity Disclosure Statement, the Independent Auditor's Report and the Auditor's Independence Declaration.

The integrity of the unaudited information has been verified as materially accurate and/or reasonable using the following processes:

- Financial information in the unaudited information has been tied to the current and/or previous audited Financial Reports, or has been gathered using the same reporting and consolidation process as used for the Financial Report (which includes several review layers), or has been sourced from third parties.
- The unaudited information has been reviewed and approved by the Managing Director and Finance Director individually, the Audit Committee, and the Board as a whole.
- The independent auditor has read the unaudited information and has considered whether the information is materially inconsistent with the Financial Report or their knowledge obtained in the audit, or otherwise appeared to be materially misstated. The auditor had nothing to report in this regard.

Forward-looking statements and opinions included in the unaudited information (which may be identified by the use of terminology including 'expects', 'believes', 'targets', 'likely', 'should', 'could', 'intends', 'aims', 'is estimated' or similar expressions) are not certainties, guarantees or predictions of future performance. Readers are cautioned not to place undue reliance on forward-looking statements or opinions.

Cover
Rawad Shararah,
Digitisation Coordinator,
Douglass Hanly Moir
Pathology, Sydney,
NSW, Australia

Inset
Cassandra McDonald, Pathology Collector, Douglass Hanly Moir Pathology, Sydney, NSW, Australia

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Chairman's Letter

Dear Fellow Shareholders,

On behalf of the Company's Board of Directors, I am pleased to present to you Sonic Healthcare's 2024 Annual Report.

Sonic Healthcare delivered revenue of A$9.0 billion and a net profit of A$511 million for the 2024 financial year. The FY2024 profit was lower than in the prior year due to an 87% decrease in COVID-related revenue. A significant reduction in COVID testing revenue was to be expected as the pandemic receded and vaccination rates increased. Base business (non-COVID related) revenue growth of 16% was strong, including 6% organic growth on a like-for-like basis, and augmented by targeted business acquisitions.

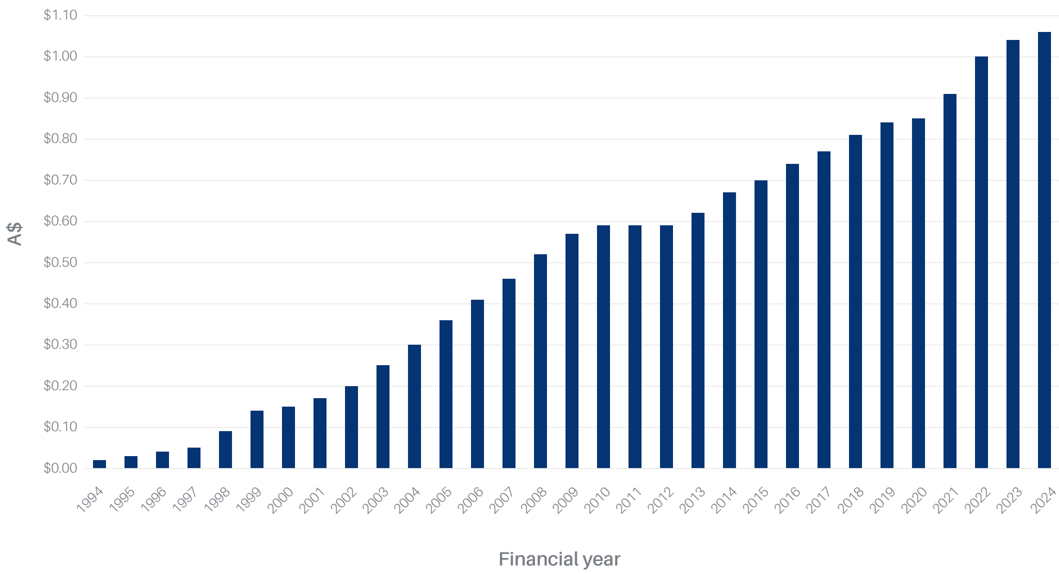
This base business revenue growth, along with cost reduction initiatives and other strategies implemented during the 2024 year, have positioned Sonic for strong earnings growth in future periods, including through the realisation of synergies and enhanced earnings from the acquisitions and technology investments the Company has recently made.

Cost reduction strategies have been significant but also prudent, ensuring the business, especially key skilled and talented people, remains on a good footing to deal with its growing base revenue.

Shareholders have been rewarded with total dividends for the year of A$1.06 per share, up 2% on FY2023, continuing our long-standing progressive dividend strategy, supported by the Company's strong balance sheet, cash flows and future earnings expectations. We are proud of Sonic's dividend history (set out in the chart below), which demonstrates value delivered to our shareholders.

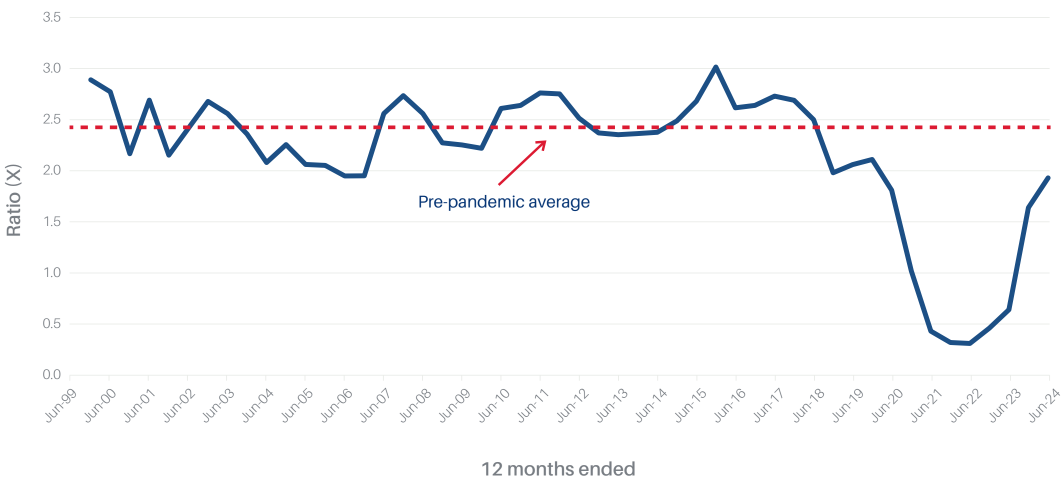
Sonic Healthcare delivered revenue of A$9.0 billion and a net profit of A$511 million for the 2024 financial year.

Dividend History
(full-year, per share)



The Company's balance sheet remains in an extremely strong position, with gearing still below pre-pandemic averages, despite the significant investments made during the year. The chart below sets out Sonic's Debt Cover ratio (Net debt/EBITDA) history.

Debt Cover History



Our balance sheet strength means that the Company is well placed to take advantage of additional sensible growth opportunities as they arise.

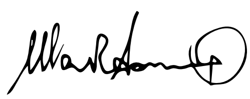
Sonic's sustainability strategy continued to be successfully implemented in FY2024, with the completion of short-term milestones and good progress made towards our longer-term goals. Full details will be provided in the Sonic Healthcare 2024 Sustainability Report, which will be published in November 2024, and available on the Company's website. I strongly recommend that shareholders read the Report, which will describe our sustainability governance structure, set out our material sustainability topics and climate-related risks and opportunities, outline our net-zero strategy and milestones, and our current progress in executing the strategy. The Report will also set out the ways in which Sonic demonstrates care for the environment, our people, our communities, and communities in dire need. We are extraordinarily proud of the activities of the Sonic Healthcare Foundation, which was established and funded by Sonic in FY2022, in providing healthcare support for communities in acute need.

Sonic's sustainability strategy and activities continue to be favourably recognised by external bodies. We have maintained our MSCI rating of AA (Leader), and our ISS ESG rating of C+ (Prime). Sonic also continues to be included in the FTSE4Good Index Series and the FTSE4Good Australia 30 Index. Most pleasingly in the current year, we received a C rating from the Climate Disclosure Project (CDP) based on our inaugural submission. A C rating is equal to the average for our region, and is a great outcome for our first submission.

Board development, renewal and diversity remain an ongoing focus for the Sonic Board, to ensure that the strong governance required to oversee the Company's growth is in place and effective. During the 2024 year Professor Suzanne Crowe AO was appointed as a member of the Remuneration and Nomination Committee, and Professor Christine Bennett AO was appointed to the Risk Management Committee, in each case bringing fresh insights and different experiences to the Committees. Sonic's Board currently comprises seven non-executive Directors, all of whom the Board considers to be independent, plus two Executive Directors (being the Chief Executive Officer and the Chief Financial Officer). The Board's gender diversity objective (minimum 40% membership of both male and female members) continues to be satisfied, with 44% of directors being female and 56% male. Board members include a pathologist and three medical practitioners in keeping with the Company's Medical Leadership culture.

Lou Panaccio has advised that he intends to retire from the Sonic Board at the conclusion of the 2024 Annual General Meeting. Lou has served Sonic and its shareholders extremely well and diligently for the last nineteen years and we will be saddened to lose his insights and experience. We are well progressed with a process to recruit one, and perhaps two, new independent Non-executive Directors and look forward to having fresh viewpoints and more diverse experiences around the Board table.

Sonic Healthcare enjoys leading market positions in seven countries, has a strong and unifying culture defined as Medical Leadership, and is well set strategically, financially and operationally for ongoing growth. We therefore look to the future with great optimism. Sonic would not be the company it is today without the dedication and talent of our management teams, doctors and staff. I also wish to acknowledge my fellow Directors and thank them for the passion, skill and diligence they bring to their roles. I would also like to thank you, our shareholders, for your continuing strong support of the Company and the Board.



Professor Mark Compton AM
Chairman

CEO's Report

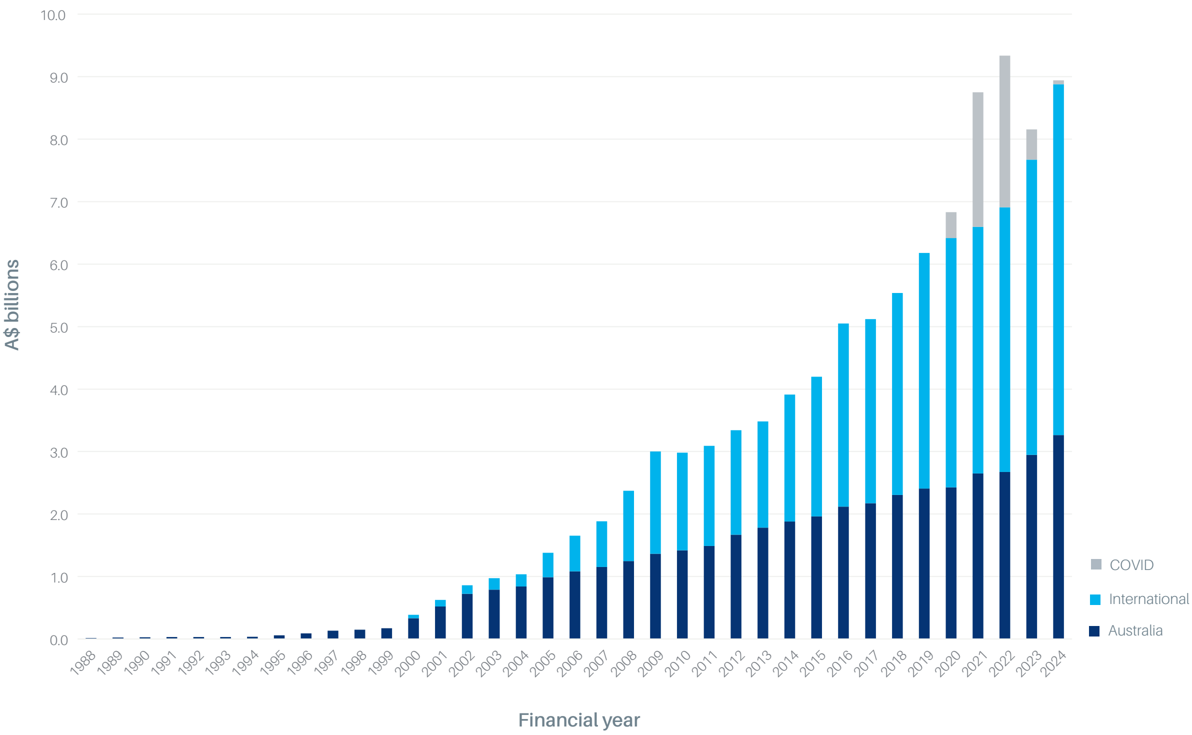
Sonic Healthcare holds a pre-eminent position as one of the world's leading healthcare providers, operating internationally in laboratory medicine/pathology, and in Australia in radiology and primary care. Under our long-established and successful Medical Leadership model, our global teams work tirelessly to deliver outstanding and essential medical services which underpin modern clinical practice and contribute positively to overall healthcare outcomes.

The 2024 financial year was one of robust revenue growth, both at organic and acquisition levels. Organic revenue growth across the Group was 6%, confirming strong, ongoing demand for our services. Adding to this, synergistic acquisitions completed in the year (mainly in Germany and Switzerland) plus new contract wins (mainly in the UK) add more than A$700 million of new annualised revenue going forward.

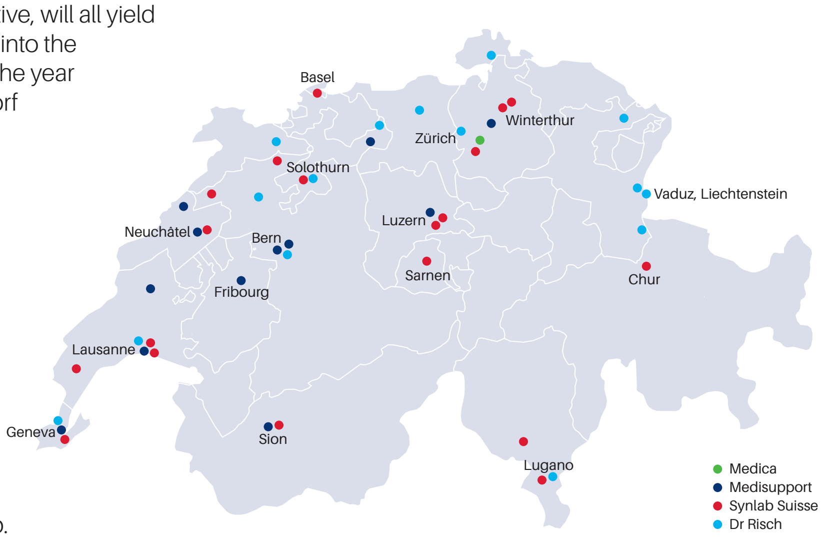
Earnings growth flowing from this strong top-line performance will escalate further in FY2025, FY2026 and beyond as the full potential of synergies from acquired businesses are realised. Most of the recent acquisitions are in Germany and Switzerland where Sonic holds market-leading positions supported by experienced leadership teams. Our extensive infrastructure in these countries presents a significant leverage opportunity for substantial synergy and efficiency gains in the years to come.

In many ways, FY2024 may be viewed as a transition period for Sonic Healthcare, as we moved away from the impacts of the COVID-19 pandemic towards business as usual. An 87% reduction in high-margin COVID-related revenue has meant that our headline numbers for the year show significantly lower earnings versus FY2023. Overall, however, the Company remains in a very strong position, both financially and in terms of market positioning. On the cost side, we have largely completed our post-pandemic headcount reduction program to right size the Company moving forward, thereby positioning the Company well for future earnings growth.

Revenue History



The recent acquisitions of Medisyn and Dr Risch Group (Switzerland), PathologyWatch (USA) and the Hertfordshire and West Essex contract win (UK), while initially earnings and/or margin dilutive, will all yield strong earnings growth and returns on investment into the future. The acquisitions completed in Germany in the year included the larger Medical Laboratories Düsseldorf and Diagnosticum Laboratory Group, as well as four smaller acquisitions in Bonn and Düsseldorf (anatomical pathology practices) and Wuerzburg and Cologne (clinical pathology practices). These are all excellent businesses and have further strengthened our market position in Germany.



The Swiss acquisitions in the year have increased Sonic's Swiss revenue by ~55% (on an annualised basis) and have triggered a revised management and operating structure for the whole of Switzerland, under the banner of 'Sonic Suisse'. The new structure involves the integration of Medisupport, Medica, Medisyn and the Dr Risch Group to form a unified national group. The Sonic Suisse management team includes senior representatives from all four entities who will coordinate all central management functions for Switzerland, whilst retaining local brand names, services and goodwill. Major synergy workstreams have commenced in the areas of physical laboratory mergers, procurement, IT integrations, logistics and corporate services.

The 2024 financial year was one of robust revenue growth, both at organic and acquisition levels.

In the UK, our new contract to provide pathology services for the National Health Service (NHS) Hertfordshire and West Essex Integrated Care System, will provide the opportunity to operate and modernise pathology services across three NHS trusts, including hospitals and 250 general practice groups. Sonic will be responsible for delivering more than 20 million tests per year for a population of around 1.6 million people over the 15-year contract, which commences in the second half of FY2025. As part of the service, Sonic is investing in new and upgraded IT systems and facilities, including a new hub laboratory located just north of London, adding to our established hub laboratories in London and Manchester.

In FY2024, Sonic's base business organic revenue grew by 6% on a like-for-like basis versus FY2023. Particularly strong organic base business growth was achieved in the Australian (10%), German (7%), and UK (9%) laboratory businesses. UK growth included the commencement in April 2024 of the Whittington Health Trust 10-year NHS laboratory outsource contract (with annual revenue of ~A$20 million). Base business organic growth of 3% was achieved in the USA, and 5% in Switzerland. We believe these levels to be in line with or better than market growth.

Radiology organic revenue growth per working day was strong at 10%, including indexation of fees and targeted private billing. Revenue for Sonic Clinical Services (primary care, Australia) grew 13%, including 5% organically, benefiting from increased GP private billing and Government funding increases.

Inflationary pressures, particularly on labour costs, have impacted Sonic's results for FY2024 and there will be some annualisation of these effects into the first part of FY2025. These impacts are expected to ease going forward, with headline inflation rates in Sonic's main markets now in the range of 1.3% to 3.8%. In managing our costs, especially labour costs, we remain mindful of the necessity to maintain the high quality of the essential healthcare services we provide, as well as to support our ongoing strong organic growth.

Sonic's management teams around the world are acutely focused on achieving organic growth and margin improvement. There are multiple major projects and initiatives in train, including the realisation of synergies from recent acquisitions, directed at earnings growth in FY2025, FY2026 and later years, as well as our usual focus on tight cost control.

Over the last two years, Sonic has invested around A$350 million in carefully selected synergistic diagnostic technologies which, while not currently providing a return, have very material future earnings potential. These include PathologyWatch, Harrison.ai/Franklin.ai and Microba. In each case, Sonic is not just a financial investor, but rather is adding enormous value to the technologies through our medical expertise, data, and distribution capabilities.

The use of artificial intelligence in pathology and radiology is expected to cause step-changes in efficiency, quality, and capacity in coming years, and Sonic will be a major beneficiary. The first AI product of our Franklin.ai joint venture ('Prostate Digital') is now complete, with deployment for clinical evaluation in Sonic's Sydney laboratory to commence in the second quarter of FY2025.

Harrison.ai, in which Sonic has an ~18% ownership interest, continues to progress its radiology decision-support AI solution, Annalise.ai. Annalise.ai has launched chest X-ray and CT brain products, with contract wins in Australia, Asia, Europe and the UK. These products are in everyday use in Sonic's Radiology division.

PathologyWatch's unique end-to-end digital pathology platform, incorporating a laboratory information system, digital pathology viewer, image storage and AI algorithms, will substantially accelerate Sonic's transition to digital pathology and related use of AI globally.

In keeping with Sonic's ingrained Medical Leadership culture, we also invest in the development and commercialisation of innovative testing capabilities, including genetic tests, such as ThyroSeq® and Oncotype DX®, microbiome testing, and others.

Given our strength in the specialist and hospital referrer sub-markets, Sonic is very well positioned to capitalise on the ongoing trend towards higher value, more complex laboratory/pathology testing.

We continue to successfully execute our sustainability strategies, which are an integral part of our overall business strategy. A detailed update on our sustainability initiatives and progress will be provided in our 2024 Sustainability Report, due to be released in November 2024.

I wish to thank all of Sonic's more than 42,000 team members for their dedication and expertise, which together enable Sonic to provide our referrers, patients and other customers with the high-quality healthcare services they deserve.

Dr Colin Goldschmidt
CEO and Managing Director

Inset
Digital scanner to produce images for Franklin.ai

Financial History

Note that FY2024 revenue and earnings comparisons with prior years have been impacted materially by the reduction in COVID-19 revenue.

As at 30 June	2024	2023	2022	2021	2020
	$'000	$'000	$'000	$'000	$'000
Base business revenue	**8,904,958**	7,683,541	6,911,644	6,599,038	6,417,604
COVID-19 revenue	**62,447**	485,407	2,428,510	2,155,085	414,239
Total revenue	**8,967,405**	8,168,948	9,340,154	8,754,123	6,831,843
Earnings before interest, tax, depreciation and amortisation (EBITDA)[5]	**1,634,542**	1,707,524	2,830,447	2,559,790	1,411,834
Net profit after tax[5]	**511,094**	684,984	1,460,566	1,315,040	527,749
Net cash flow from operations	**1,071,512**	1,471,033	2,225,821	2,042,836	1,360,298
Total assets	**14,826,474**	13,014,629	12,552,013	11,760,991	12,127,130
Total liabilities	**6,751,349**	5,092,767	5,123,839	5,256,648	6,462,732
Net assets	**8,075,125**	7,921,862	7,428,174	6,504,343	5,664,398
Net interest-bearing debt[1]	**2,348,928**	886,340	811,803	939,982	2,021,969

Statistics					
Diluted earnings per share (cents)[5]	**107.2**	145.0	302.5	273.1	110.6
Dividends declared per ordinary share (cents)[2]	**106.0**	104.0	100.0	91.0	85.0
Dividend payout ratio[2]	**99.4%**	71.7%	32.5%	33.1%	76.7%
Gearing ratio[3]	**22.3%**	9.9%	9.7%	12.5%	26.1%
Interest cover (times)[3]	**12.0**	29.4	47.3	33.8	11.5
Debt cover (times)[3]	**1.9**	0.6	0.3	0.4	1.8
Net tangible asset backing per share ($)	**(2.19)**	0.28	0.14	(0.44)	(2.72)
Return (after tax) on invested capital (ROIC)[4,5]	**6.5%**	8.8%	19.7%	18.7%	8.5%
Return (after tax) on equity[5]	**6.4%**	8.9%	21.0%	21.6%	9.5%

1 Net interest-bearing debt excludes lease liabilities under AASB 16.
2 Dividends declared and payout ratio relate to the dividends declared out of the profits for the relevant year, rather than when the dividend is paid.
3 Calculated using debt facility covenant definitions, which exclude AASB 16.
4 ROIC is calculated as tax effected (using the effective tax rate and adjusted for the tax benefit of goodwill amortisation) EBIT (pre-AASB 16), less minority interests, divided by invested capital. Invested capital is measured as total pre-AASB 16 equity (excluding minority interests) plus net interest bearing debt (excluding lease liabilities under AASB 16). Invested capital is the average of the opening and closing position.
5 2024 includes a non-recurring gain relating to the sale of West division in USA.

Inset
Dr Anura Thalagala, GP at Vale Medical Practice, Sydney, NSW, Australia

Annual Report 2024

30 JUNE 2024

SONIC HEALTHCARE LIMITED
ABN 24 004 196 909

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 year ended 30 June 2024.

DIRECTORS

The following persons were Directors of Sonic Healthcare Limited during the whole of the financial year and up to the date of this report:

Prof. M.R. Compton AM | *Chairman*
Dr C.S. Goldschmidt | *Managing Director*
Mr C.D. Wilks | *Finance Director*
Prof. C. Bennett AO
Prof. S. Crowe AO
Dr K. Giles
Mr N. Mitchell
Mr L.J. Panaccio
Ms K.D. Spargo

PRINCIPAL ACTIVITIES

During the year the principal continuing activities of the Group consisted of the provision of medical diagnostic services and the provision of administrative services and facilities to medical practitioners.

DIVIDENDS

Details of dividends in respect of the current year and previous financial year are as follows:

	2024	2023
	$'000	$'000
Interim dividend paid on 21 March 2024 (2023: 22 March 2023)	**205,490**	196,971
Final dividend paid on 19 September 2024 (2023: 21 September 2023)	**302,655**	293,923
Total dividend for the year	**508,145**	490,894

On 21 August 2024, the Board declared a final dividend in respect of the year ended 30 June 2024 of 63 cents per ordinary share, 0% franked, paid on 19 September 2024, with a record date of 5 September 2024. An interim dividend of 43 cents per ordinary share, 0% franked, was paid on 21 March 2024.

A final dividend of 62 cents per ordinary share (100% franked, at a tax rate of 30%) was paid on 21 September 2023, in respect of the year ended 30 June 2023, out of profits of that year. The interim dividend in respect of the year ended 30 June 2023 was 42 cents per ordinary share (100% franked, at a tax rate of 30%), paid on 22 March 2023.

DIVIDEND REINVESTMENT PLAN (DRP)

The Company's Dividend Reinvestment Plan remained suspended for the FY2024 final dividend, as it was through the 2024 and 2023 financial years.

Directors' Report

OPERATING AND FINANCIAL REVIEW

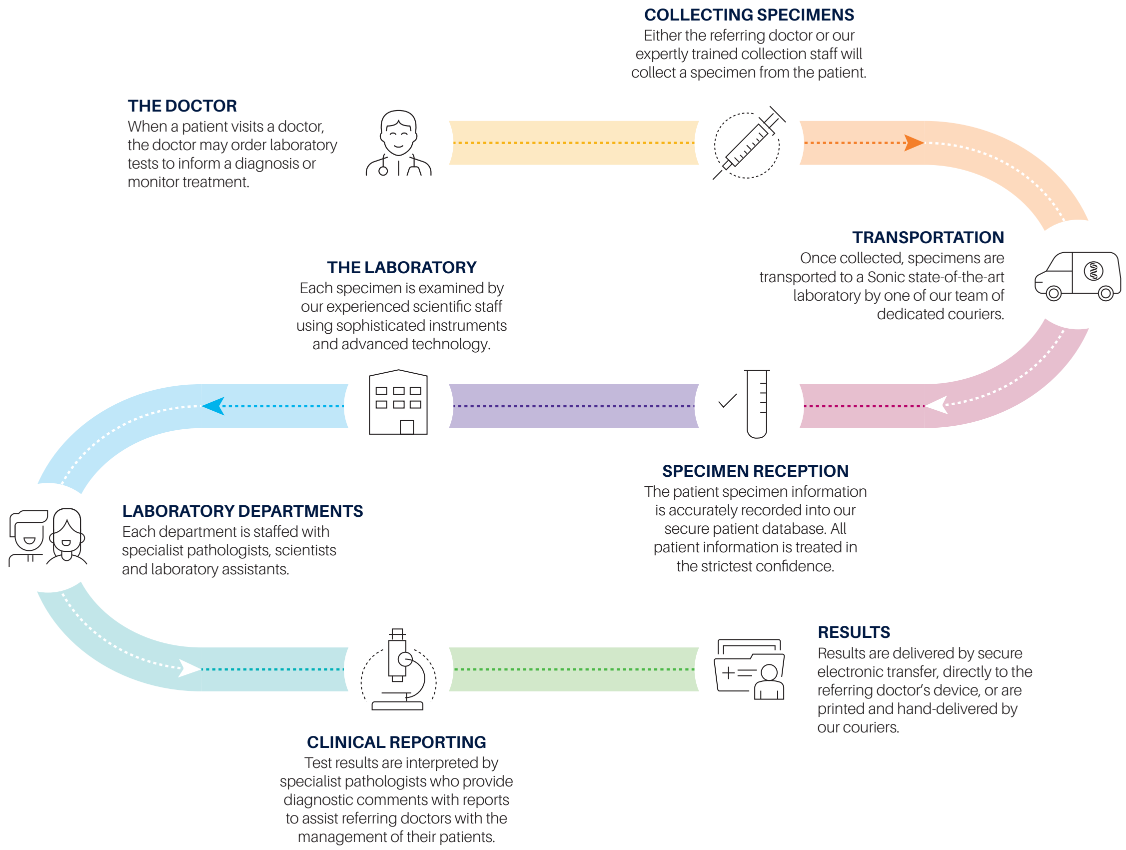
Operations

Sonic Healthcare is one of the world's leading providers of medical diagnostic services, contributing to the medical care of 131 million patients in FY2024. The Group provides highly specialised pathology/clinical laboratory and diagnostic imaging (including radiology) services to clinicians (GPs and specialists), hospitals, community health services, and their patients. Sonic is the world's third largest provider of pathology/clinical laboratory services (referred to in some markets as 'laboratory medicine') and was the first company to do so on a global basis. Employing more than 42,000 people, Sonic enjoys strong positions in the laboratory markets of seven countries, being the largest private operator in Australia, Germany, Switzerland and the UK, the second largest in Belgium and New Zealand and the third largest in the USA. In addition, Sonic is the largest operator of medical centres and the largest occupational health provider in Australia, and the second largest participant in the Australian diagnostic imaging market. These strong market positions allow Sonic to leverage existing infrastructure to realise synergies and to grow earnings.

Pathology is the study and diagnosis of disease through examination of organs, tissues, cells and bodily fluids. It is a broadly defined and complex scientific field which seeks to understand the mechanisms of disease and abnormality of cells and tissues, as well as the body's means of responding to and repairing abnormalities. Pathology and laboratory tests are an essential component in the delivery of modern healthcare services and are estimated to influence approximately 70% of healthcare decisions and 100% of cancer diagnoses. Laboratory medicine is a unique medical specialty, in that pathologists and laboratory technicians typically do not see patients directly, but rather serve as consultants to other physicians.

The clinical laboratory process is depicted below:

The Clinical Laboratory Process



OPERATING AND FINANCIAL REVIEW

In some countries in which Sonic operates, laboratories offer specimen collection services, although referring doctors still do some collections themselves. In Australia, approximately 35% of specimens are collected by the referring doctor. In Germany, Belgium and Switzerland, laboratories generally do not offer specimen collection services.

Laboratory medicine tests generally fall into categories as shown below:

Histopathology and cytopathology ('anatomical pathology') mainly involve the diagnosis of cancers by the examination of tissue and cells. The testing of other body specimens (blood, urine, sputum etc.) is usually referred to as clinical laboratory or clinical pathology testing. In some markets, such as Australia and New Zealand, it is usual for laboratories to provide both anatomical pathology and clinical laboratory testing as part of the one service. In other markets, anatomical pathology can be seen as a separate service.

Sonic's laboratories are highly sophisticated, providing broad menus of complex tests, in addition to state-of-the-art automation for accurate and rapid turnaround of routine tests. Sonic offers a range of more than 3,000 different tests. Sonic's large laboratories reach or exceed tertiary teaching hospital laboratory standards and are recognised for their specialised testing expertise, for example, in anatomical pathology, genetic and molecular testing.

OPERATING AND FINANCIAL REVIEW

Diagnostic imaging (including radiology) is the medical specialty of using medical imaging technologies to diagnose and treat diseases. The array of imaging technologies includes magnetic resonance imaging (MRI), computed tomography (CT), positron emission tomography (PET), nuclear medicine studies, ultrasound, mammography, bone densitometry and general X-ray. Diagnostic imaging also includes interventional radiology, the performance of medical procedures under the guidance of imaging technologies.

In addition to clinical laboratories and diagnostic imaging, Sonic conducts a number of smaller complementary businesses (disclosed in the Other category in the Segment information note, along with corporate office costs). The most significant of these are the Independent Practitioner Network (IPN) medical centre business and the Sonic HealthPlus occupational health business, which together involve more than 200 primary care clinics across Australia, providing facilities and administrative services to around 2,000 general practitioners. Approximately 70% of all Australians live within 10 kilometres of an IPN/Sonic HealthPlus clinic.

Financial results

A summary of consolidated revenue and earnings is set out below.

	2024	2023	% Change
	$'000	$'000	
Base business revenue	8,904,958	7,683,541	15.9%
COVID-19 revenue	62,447	485,407	(87.1)%
Revenue	8,967,405	8,168,948	9.8%
Gain related to sale of West division in USA	32,341	–	
Total	8,999,746	8,168,948	
EBITDA before gain related to sale of West division	1,602,201	1,707,524	(6.2)%
Gain related to sale of West division	32,341	–	
EBITDA[1]	1,634,542	1,707,524	
Depreciation	(694,389)	(631,298)	10.0%
EBITA	940,153	1,076,226	(12.6)%
Amortisation of intangibles	(82,916)	(71,630)	15.8%
Net interest expense	(126,586)	(73,408)	72.4%
Income tax expense	(186,847)	(223,257)	(16.3)%
Net (profit) attributable to minority interests	(32,710)	(22,947)	42.5%
Net profit attributable to Sonic shareholders	511,094	684,984	(25.4)%
Cash generated from operations	1,071,512	1,471,033	(27.2)%
Earnings per share			
Basic earnings per share (cents per share)	107.3	145.8	(26.4)%
Diluted earnings per share (cents per share)	107.2	145.0	(26.1)%

[1] EBITDA = Earnings before interest, tax, depreciation and amortisation

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

Directors' Report

OPERATING AND FINANCIAL REVIEW

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, meaning that Sonic's offshore earnings and assets fluctuate when reported in AUD.

The average currency exchange rates for the year to 30 June 2024 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, elements of Sonic's results for the year have also been presented on a 'Constant Currency' basis (that is, 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.

In preparing the Constant Currency reporting, the foreign currency elements of the relevant line item in the Income Statement is 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:

	2024 Statutory	2023 and Constant Currency
AUD/USD	**0.6559**	0.6732
AUD/EUR	**0.6062**	0.6432
AUD/GBP	**0.5207**	0.5590
AUD/CHF	**0.5817**	0.6315
AUD/NZD	**1.0810**	1.0925

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.

OPERATING AND FINANCIAL REVIEW

b) *Revenue*

Revenue breakdown	2024 Statutory Revenue	% of 2024 Statutory Revenue	2024 Constant Currency Revenue	2023 Statutory Revenue	2024 Constant Currency v 2023
	AUD M		AUD M	AUD M	Growth
Laboratory – Australia and New Zealand	1,994	22.3%	1,993	1,968	1.3%
Laboratory – USA	2,147	24.0%	2,092	2,114	(1.0)%
Laboratory – Europe	3,475	38.9%	3,249	2,895	12.2%
Radiology – Australia	880	9.8%	880	796	10.6%
Other	446	5.0%	446	382	16.8%
Revenue	8,942	100%	8,660	8,155	6.2%
Interest income	25		25	14	
Total revenue	8,967		8,685	8,169	6.3%

Revenue growth in the Laboratory and Other operations was negatively impacted by much lower demand for COVID related services, with COVID revenue of A$62 million in the year, versus A$485 million in FY2023 (down 87%).

Base business revenue (excluding COVID services) grew organically by 6% (on a Constant Currency and working day basis) versus FY2023. Particularly strong organic base business growth was achieved in the Australian (10%), German (7%), and UK (9%) laboratory businesses. UK growth included the commencement in April 2024 of the Whittington Health Trust 10-year NHS laboratory outsource contract (annual revenue ~A$20 million).

Base business organic growth of 3% was achieved in the USA, and 5% in Switzerland. These levels are believed to be in line with or better than market growth. Belgium growth was flat due to a fee cut that took effect on 1 January 2024.

Radiology organic revenue growth per working day was strong at 10%, and included indexation of fees and targeted private billing.

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 13% from the comparative period, including 5% organically. Organic revenue growth benefited from increased GP private billing and Government funding increases (indexation from 1 July 2023, and a targeted fee increase from 1 November 2023).

Organic base business growth was augmented by the following acquisitions:

Acquisitions	~ Annual Revenue (A$M)	Description/Timing
Germany		
Medical Laboratories Düsseldorf (MLD)	84	Leading laboratory in Düsseldorf, settled July 2023
Diagnosticum Laboratory Group	110	Laboratories across Eastern Germany, settled October 2023
Smaller acquisitions (4)	70	2 anatomical and 2 clinical pathology, settled through FY2024
Switzerland		
Medisyn (formerly Synlab Suisse)	175	19 laboratories across Switzerland, settled July 2023
Pathologie Enge	15	Anatomical pathology practice, Zurich, settled January 2024
Dr Risch Group	175	13 clinical laboratories across Switzerland, plus 1 in Liechtenstein, settled March 2024
USA		
Pathology Watch	25	Proprietary digital dermatopathology platform with AI, settled January 2024

Directors' Report

OPERATING AND FINANCIAL REVIEW

c) *Earnings*

Earnings and margins for the year were impacted by the dramatic reduction in COVID revenues versus the comparative period in the Laboratory operations. Significant post-pandemic headcount reduction programs (excluding acquisitions/contract wins) to right size the Company are nearing completion. Inflationary pressures on labour costs are easing into FY2025.

Margins in FY2024 were also negatively impacted by the acquisition of low margin/loss-making businesses in Switzerland and the USA. The acquisition of these businesses offer significant potential for synergies and consequent earnings growth in FY2025 and future years.

EBITDA margin expansion of 150 basis points (bps) was achieved in H2 FY2024 versus H1 FY2024 (18.6% vs 17.1%), exceeding the pre-pandemic normal H2 vs H1 difference of ~100 bps.

Sonic's Radiology business (which did not provide COVID-related services) achieved 14% EBITDA growth, and margin expansion of ~70 basis points.

Labour cost as a percentage of revenue was 48.0% in H2 FY2024 versus 49.6% in H1 FY2024, a 160 bps reduction, which is significantly better than the normal (pre-pandemic) differential of less than 100 bps.

Consumables cost increased slightly as a percentage of revenue largely due to reductions in COVID volumes. Sonic continues to hold constant pricing under existing major supply contracts and to achieve savings through new contracts.

Major drivers and initiatives are locked in to growing earnings in FY2025 and future years.

d) *Depreciation*

Depreciation increased 10% from the prior year (7% on a Constant Currency basis), significantly less than the growth in base business revenue.

e) *Intangibles amortisation*

Intangibles amortisation relates to internally developed and purchased software.

f) *Interest expense*

Net interest expense increased 72% on the prior year (66% at Constant Currency rates), mainly as a result of the business acquisitions completed in the year.

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.

g) *Tax expense*

The effective tax rate for the year was ~27% (excluding the gain relating to the sale of the West division in the USA), in line with the guidance provided in August 2023 and February 2024.

h) *Cash flow from operations*

Cash generated from operations was 27% lower than in the prior year, largely reflecting the reduction in COVID-19 revenue. Gross operating cash flow equated to 95% of EBITDA (110% in the prior year). Tax paid in the period was 76% more than the tax expense due to timing of instalments and return lodgements.

Receivables were unusually high at 30 June 2024 due to the Change Healthcare cyber event in February 2024, which prevented parts of Sonic's USA business from billing and/or collecting debtors. Sonic has received interest free advances to replace the cash that would have been received from debtors. The total of these advances as at 30 June 2024 was ~US$175 million. The advances will be repaid as debtors are collected.

OPERATING AND FINANCIAL REVIEW

Financial position

Sonic's net assets at 30 June 2024 of A$8,075M increased by A$153M, or 2%, on the prior year. The main components of this increase were:

- A$256M from the issue of ordinary Sonic shares resulting from the exercise of employee options and as part consideration for an acquisition
- A$81M reduction relating to net currency exchange rate translation impacts
- A$10M reduction from payments for treasury shares.

Excluding the impacts of AASB 16, net (of cash) interest-bearing debt increased A$1,463M (165%) from the prior year level to A$2,349M. This increase largely resulted from A$1,386M of payments for business acquisitions and investments. None of the business acquisitions completed in the year were material to Sonic. A significant component of the total consideration for these acquisitions was attributable to goodwill.

Sonic's net interest-bearing debt at 30 June 2024 (excluding AASB 16 impacts) comprised:

	Facility limit (M)	Drawn (M)	AUD (M) available
Notes held by USA investors – USD (fixed coupons)	US$550	US$550	–
Notes held by USA investors – Euro (fixed coupons)	€515	€515	–
Bank debt facilities			
USD (multicurrency) limits	US$100	US$57	64
Euro (multicurrency) limits	€874	€491	615
AUD (multicurrency) limits	A$407	A$251*	156
CHF (multicurrency) limits	CHF125	CHF125	–
Minor debt/finance leasing facilities	n/a	A$7⁺	–
Cash	n/a	A$(645)⁺	645
Available liquidity at 30 June 2024			**1,480**
Net interest-bearing debt (excluding lease liabilities under AASB 16)		**A$2,349**	

⁺ Various currencies
* Includes debt drawn in CHF

Sonic's credit metrics at 30 June 2024 were as follows:

	30.6.24	31.12.23	30.6.23
Debt cover (times)	1.9	1.6	0.6
Interest cover (times)	12.0	19.1	29.4
Gearing ratio	22.3%	19.5%	9.9%

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 note covenant limit <55%)
- Calculations as per Sonic's senior debt facility definitions, which exclude the impacts of AASB 16 *Leases*

Directors' Report

OPERATING AND FINANCIAL REVIEW

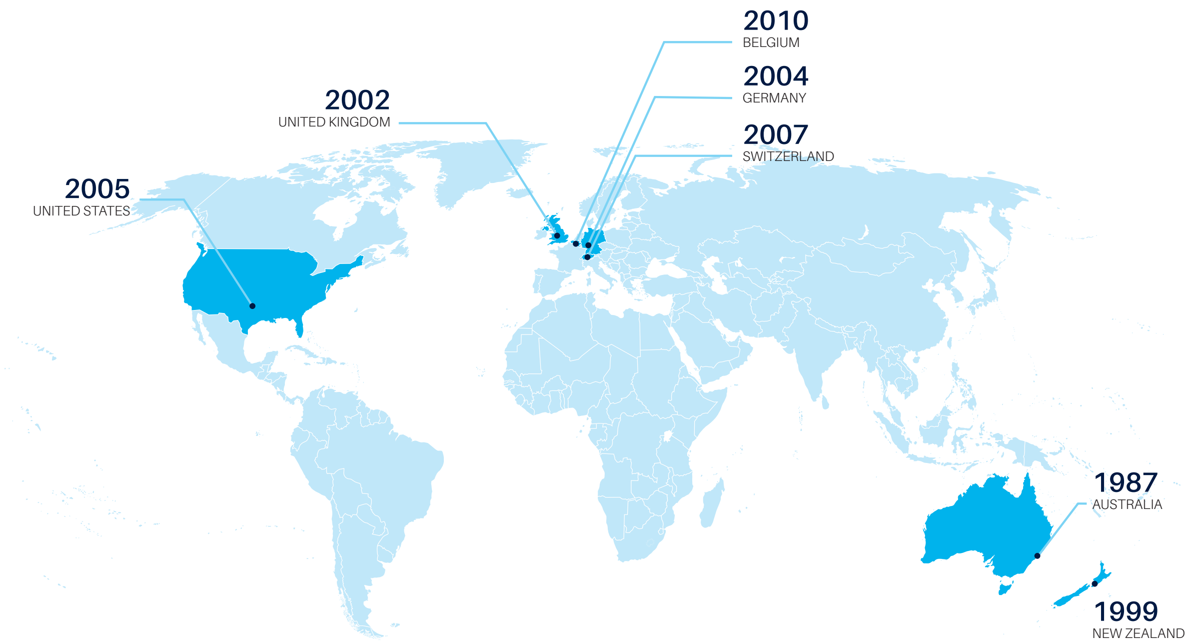
Sonic's senior debt facility limits are due to expire as follows (**note that the figures shown below are the facility limits, not drawn debt**):

Calendar Year	AUD (M)	USD (M)	Euro (M)	CHF (M)
2024	–	–	185	–
2025	250	–	120	–
2026	–	–	245	–
2027	157	100	184	–
2028	–	–	350	–
2029	–	–	220	125
2030	–	300	–	–
2032	–	150	85	–
2035	–	100	–	–
	407	**650**	**1,389**	**125**

On 29 August 2024 Sonic issued €400 million of fixed rate US Private Placement notes with tenors of 7 years (€100 million), 10 years (€200 million) and 15 years (€100 million). The weighted average fixed coupon for the notes is approximately 4.1%. The proceeds of the notes were initially used to repay Euro debt in revolving bank debt facilities, and will effectively refinance the €185 million of notes which mature in November 2024. The issue has increased Sonic's available liquidity, supporting the Company's ongoing growth strategy.

Countries of operation

(Years shown are the years Sonic entered each market)



OPERATING AND FINANCIAL REVIEW

Business model and strategies

Since the early 1990s, Sonic Healthcare has consistently pursued and promoted a management and operational philosophy of Medical Leadership. The impact of this approach has been to develop a company whose services are optimally aligned with the needs of physicians and their patients. Medical Leadership encompasses a management commitment to the maintenance of professionalism and 'good medicine' at all times. It fosters an understanding of the doctor–patient relationship and it puts quality first.

Sonic's operations are structured as a federation, with individual subsidiaries or geographical divisions working in a synergistic network to achieve best practice outcomes in terms of service and business excellence. The structure reinforces the identity and management autonomy of each local operation. Each operation has its own CEO or President and management team. When Sonic acquires businesses, they generally maintain their management autonomy, brand and, consequently, their local 'flavour'. This is the structure that is most resonant with local medical communities and which best preserves acquired goodwill. However, Sonic's operations work in a collaborative way within the structure, via central executives and widespread inter-company communication, to achieve synergies and improved performance. Detailed benchmarking within the Group leading to best practice, group purchasing, IT, E-health, quality system sharing and centralisation of testing are all examples of continuous improvement activities within the Group.

Sonic's Medical Leadership philosophy and federation structure have resulted in significant brand differentiation in the market place. The Company's operations are viewed as specialist medical practices, rather than as businesses. This market differentiation has not only fostered strong organic revenue growth over the years but has often made Sonic the preferred acquirer when laboratory or radiology practice founders and owners wish to realise the value of their practices without seeing their focus on the medical nature of the business lost to a more 'corporatised' acquirer. Similarly, hospital systems choose to partner with Sonic for laboratory services on the basis of Sonic's culture. Sonic's culture and structure have also served to attract and retain top pathologists, radiologists, scientific staff and managers, with staff turnover at this important senior level consistently at very low levels.

Sonic's strategy is to utilise its unique culture, values and structure to grow revenue organically (including through winning laboratory outsourcing contracts) and to complete value-enhancing acquisitions and joint ventures, so as to achieve and build upon leading positions in targeted geographic laboratory markets. These positions provide sufficient size and infrastructure to facilitate synergies and economies of scale to drive margin improvements, earnings growth and increasing returns on capital invested. Sonic has a successful track record of consolidating fragmented markets in Australia, Europe and the USA, using its market differentiation to drive both organic revenue growth and to attract like-minded laboratories for acquisition. Sonic is also well placed to benefit from the increasing trend for governments and others to outsource their diagnostic testing to the private sector, in order to address growing healthcare costs.

The Company's principal objective is to increase value for its stakeholders (including shareholders, staff and the community) in a sustainable manner while ensuring that its operations are conducted ethically and in accordance with the Company's Core Values, Code of Conduct, Medical Leadership culture, medical ethics and law.

Prospects for future years

Sonic operates in attractive and growing global healthcare markets, carefully chosen based on a range of factors, including political, legal and financial stability, reliable and stable healthcare funding systems, fragmentation of the market and cultural understanding. Within these markets there is increasing demand for diagnostic services arising from growing and ageing populations, new tests and preventative medicine. Against this favourable backdrop, Sonic expects to continue for the foreseeable future to grow revenue, earnings and returns on investment organically, including through outsourcing contracts, and further enhanced by synergistic business acquisitions and joint ventures. Organic growth in the markets in which Sonic participates has averaged approximately 5% per annum over the long term (excluding COVID-19 revenue fluctuations). Based on recent trends in non-COVID related revenues and other factors, Sonic believes organic growth could even be higher than this into the future.

Laboratory operations offer many levers which can be adjusted to optimise individual processes, and Sonic's managers are constantly seeking efficiency gains within their businesses, aided by the early adoption of new technologies and the sharing of experiences with colleagues from around the globe.

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In the USA and Germany, anatomical pathology has traditionally been seen as a separate service to clinical laboratory testing and there has been less consolidation of anatomical pathology providers. Sonic has deep anatomical pathology experience from operating in other markets, especially Australia, where anatomical pathology and clinical laboratory testing are provided as an integrated service. Sonic has a long-term vision of bringing the two disciplines together in the USA and Germany, with consequent revenue and cost synergies and service enhancement for referrers and patients, and is targeting both anatomical pathology and clinical laboratory growth opportunities in those countries. The US anatomical pathology market is estimated to be in excess of US$10B per annum (in addition to the ~US$110B clinical laboratory market) and Sonic is already one of the largest participants. Sonic has also been expanding through anatomical pathology acquisitions in Germany.

Within Sonic's existing seven countries of operation, future acquisitions are most likely to occur in the USA and Germany, given the size and fragmentation of those markets, although opportunities will also be targeted in Switzerland and Belgium. Sonic is not actively seeking laboratory acquisitions in Australia (due to potential anti-trust limitations) or New Zealand. In the UK, acquisitions are unlikely, as the market is dominated by the National Health Service (NHS) and Sonic is the largest private participant. However, substantial growth opportunities exist from potential NHS and private hospital laboratory outsourcing contracts.

About half of the clinical laboratory market in the USA is represented by hospital laboratories, and Sonic has a strategy to seek to partner with hospital groups for their laboratory services.

Sonic is also interested in growing its Australian radiology and clinical services businesses via acquisitions. Whilst the present focus for acquisitions is on Sonic's existing markets, a 'watching brief' is maintained to identify opportunities that arise for further prudent and strategic international laboratory expansion.

Sonic intends:

- to maintain a solid investment-grade profile with conservative leverage
- to operate in a sustainable and responsible manner
- to preserve Sonic's reputation, culture and Core Values; and
- to ensure the attraction and retention of the best people to drive the business forward, including retaining key staff from acquisitions.

With regard to more short-term prospects, Sonic has provided earnings guidance for FY2025. Sonic expects EBITDA for FY2025 in the range of A$1.70B to A$1.75B on a Constant Currency basis. This equates to ~10% growth on FY2024 (excluding the gain related to the West division). Net interest expense is expected to increase by ~25% from the FY2024 level, due to the business acquisitions completed in FY2024, and higher interest rates on refinanced long term debt. The effective tax rate is expected to be 26-27%.

Key guidance considerations:

- excludes any future business acquisitions
- incorporates potential fee reductions in the USA from 1 January 2025 (impact ~A$15M), although these are expected to be deferred
- no other regulatory changes are assumed
- incorporates initial A$10 million loss in FY2025 from Hertfordshire and West Essex contract in UK, profitable from FY2026 onwards
- base year FY2024 EBITDA included A$14 million of business acquisition expenses
- current interest rates are assumed to prevail.

Sonic is currently considering a number of additional acquisition opportunities.

Sonic expects that the use of artificial intelligence in pathology and radiology will cause step-changes in efficiency, quality, and capacity in coming years, and the Company is investing in IT and infrastructure, including for digital pathology, to unlock these gains. During the 2022 financial year Sonic acquired a strategic equity stake (currently ~18%) in Harrison.ai and established a joint venture with them, called Franklin.ai, to develop best-in-class AI diagnostic tools for pathology. Sonic owns 49% of Franklin.ai directly, plus 9% indirectly through its stake in Harrison.ai.

With the support and expertise of Sonic and Harrison.ai, Franklin.ai has completed its first product ('Prostate Digital'), with deployment for clinical evaluation in Sonic's Sydney laboratory to commence in the second quarter of FY2025. Franklin.ai's products are expected to be marketed globally, in addition to being used within Sonic's laboratory operations.

OPERATING AND FINANCIAL REVIEW

Harrison.ai continues to progress its radiology decision-support AI solution, Annalise.ai. Annalise.ai has already launched chest X-ray and CT brain products, with contract wins in Australia, Asia, Europe and the UK. These products are in everyday use in Sonic's Radiology division.

In January 2024 Sonic acquired PathologyWatch, a technology company with a unique end-to-end digital pathology platform, incorporating a laboratory information system, digital pathology viewer, image storage and AI algorithms. The PathologyWatch platform will substantially accelerate Sonic's transition to digital pathology and related use of AI globally. The platform is currently being rolled out in Sonic's US Dermatopathology division.

As a result of Sonic's size and global market presence, opportunities present themselves from time to time that are not necessarily part of Sonic's core strategies but may be synergistic. These opportunities are assessed by management and the Board to determine whether their pursuit is in the best interests of shareholders. Further information on likely strategic developments has not been included in this report because the Directors believe it would be likely to result in unreasonable prejudice to the interests of the Group.

Risks

Sonic's approach to identifying and managing business risks is described in the Corporate Governance Statement included in the Annual Report 2024. The major risks to consider in assessing Sonic's future prospects are:

- COVID-19 or another pandemic or epidemic could impact Sonic's patient volumes and/or ability to provide core services. Whilst the experience with the COVID-19 pandemic demonstrated Sonic's resilience and the important role of a major laboratory company in such a scenario, this may not be the case in every circumstance.
- Sonic's reported revenue and earnings will fluctuate with changes in the currency exchange rates between the Australian dollar (Sonic's reporting currency) and the currencies of Sonic's offshore operations. As previously noted, Sonic uses foreign currency borrowings as a partial (natural) hedge.
- In most of Sonic's markets the majority of revenue is priced based on fee schedules set by government or quasi-government bodies and, especially in the USA, insurance companies. As a result of the strong underlying volume growth drivers, healthcare funders will sometimes use fee cuts or other adjustments to curb growth in their outlays. Sonic mitigates this risk through its geographic and line-of-business diversification, by seeking diversified sources of revenue for its services within markets, and by being one of the largest, more efficient operators and therefore less impacted by adverse market changes than smaller, less efficient players. In general, fee pressures drive further market consolidation, feeding into Sonic's core strategy of growth both organically and by acquisition, with attendant synergy capture and economies of scale.
- Healthcare businesses are subject to significant levels of regulation. Changes in regulation can have the impact of increasing costs or reducing revenue (through volume reductions). Sonic attempts to mitigate this risk by using its market leadership positions to help shape the healthcare systems in which it operates. Sonic takes active roles in industry associations, and encourages its people to take leadership positions in colleges and other professional and craft organisations. In addition, Sonic's size and efficiency allows it to benefit from market consolidation driven by the impacts of regulatory changes on smaller players.
- Loss of a licence or accreditation required to operate one or more of Sonic's businesses could impact revenue both directly and through damage to Sonic's reputation. The likelihood of this risk having a material impact is considered low, given the focus on quality within Sonic.
- Sonic's strategies include the acquisition of businesses and entering into joint ventures and long-term contracts to provide diagnostic testing. There is a risk that an acquisition, joint venture or contract may not achieve its expected financial performance, or give rise to an unexpected liability. Sonic seeks to mitigate these risks through thorough due diligence, and through warranties and indemnities in acquisition and contract documentation.
- There is always the risk of heightened competition in Sonic's markets, whether from more aggressive behaviour of an existing competitor, or from a new competitor. This could include a competitor introducing a new development in testing or introducing new tests that result in less demand for Sonic's services. A change in competition could impact revenue and/or costs. Sonic's leadership is alert to potential changes in the marketplace and reacts swiftly when threats are perceived.
- Technological changes in diagnostic testing tend to happen more slowly than in industries such as consumer goods. For a testing technology to reach the point of widespread use, it must first be proven to be 'good medicine', including obtaining regulatory approvals and through peer review, and secondly, healthcare funders must be willing to pay for it (for example, by inclusion on government or quasi-government fee schedules). These inherent delays allow competitors and other market participants to revise their own strategies to address the competitive threat. In addition, the broad range of tests (~3,000) offered by Sonic's laboratories provides protection against new developments.

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- Relationships with referring physicians (including general practitioners, surgeons and other specialists), hospital groups and other parties with whom Sonic contracts to provide services are important to Sonic's businesses. If, for any reason, Sonic failed to maintain strong relationships with these parties or damaged its reputation with them, there would be a risk that it could lose business to competitors.
- Sonic's businesses rely on information technology systems. A disruption to a core IT platform, including as a result of a cybersecurity breach, could have significant operational, financial and/or reputational impacts, particularly if confidential patient data were to be obtained by unauthorised persons. Sonic has implemented strategies to mitigate this risk. The Company has a comprehensive Information Security Management System (ISMS) in place, supported by staff training and awareness programs. Internal systems are monitored and regularly tested (at a minimum, as changes are made to the core software or infrastructure). The information security objectives of confidentiality, integrity, access and privacy are achieved by the implementation of a multi-layered approach and application of key controls (defence-in-depth). Sonic's ISMS sets out the controls in the following domains: Governance and Administrative, Information Security, Personnel Security, Physical Security, Operational Security, Technical Security and Cyber Security. External facing systems are monitored and regularly tested (including third party penetration testing). As part of Sonic's compliance work for specific country requirements (such as KRITIS in Germany, ISO27001 in the UK, ISM and ISO27001 in Australia, SOC2, ISO27001 and HITRUST in USA) these protections are continually reviewed and improved. An external provider is engaged to conduct Global NIST Maturity Audits for all of Sonic's countries of operation, assessing ongoing improvements against a baseline.
- Whilst individual events are unlikely to have any significant impact, inaccurate diagnostic results due to actual or alleged mistakes or errors could result in financial loss and/or reputational damage, particularly if the issue is systemic. Sonic maintains insurance cover to mitigate its financial exposure and has processes in place to manage reputational risks.
- Sonic uses prudent levels of debt to reduce its cost of capital and to increase earnings per share. It is therefore subject to the risk of rising interest rates (either on floating rate debt or when existing facilities expire), the future availability of funding, and potential breach of a term or condition of its debt facilities. Sonic has a sophisticated Treasury Policy in place to manage these risks, developed and overseen by Sonic's Treasury Management Committee, which includes a renowned expert external consultant.
- With operations in seven jurisdictions, Sonic is potentially exposed to changes in taxation legislation or interpretation which could increase its effective tax rate.

The Sonic Board has continued its careful consideration of environmental and social sustainability risks with a particular focus on the topics of climate-related risks and human rights.

In 2023 the Company conducted a qualitative analysis of climate-related risks in line with the recommendations of the Task Force on Climate-related Financial Disclosures. Under both low and high emissions scenarios, physical risks such as increased frequency and severity of extreme weather events and sustained higher or lower average temperatures were identified as having the highest potential residual risk to Sonic's operations, supply chain, and staff well-being. It has been the Company's experience that the broad geographic spread of Sonic's businesses globally and within each region, and the diversity of our global supply chain, have significantly mitigated the risk of such events in a single location or region from having a material impact on Sonic's overall operations or enterprise value.

Further risk assessment to establish the potential financial materiality of both physical climate-related risks (such as extreme weather events) and transitional risks (such as governments introducing carbon pricing or increasing ESG-related regulation) using different climate scenarios and time horizons was commenced in 2024.

The results of this exercise are expected in 2025 and will provide key inputs to guide Sonic's short, medium and long-term climate-related risk management strategy. Please refer to Sonic's 2024 Sustainability Report (available in November 2024) for more details.

Although Sonic's operations are located in developed nations with well-established laws governing labour standards and human rights, the Company remains vigilant in its review of its own operations and global supply chain to identify and reduce the risk of modern slavery practices. Please refer to our 2024 Modern Slavery Statement (available in November 2024) for more details.

The above list should not be taken to be a comprehensive list of risks associated with Sonic. In particular, it excludes risks relating to the general economic environment and other generic risk areas that affect most companies.

Sonic's geographic, business line and branding diversification, plus our federation structure, broad menu of tests offered and low customer concentrations mean that few, if any, of the usual operating risks faced by a healthcare business would have a material impact on Sonic as a whole.

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

Since the end of the financial year, 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.

Directors' Report

Back row

Prof. Suzanne Crowe
Lou Panaccio
Dr Colin Goldschmidt
Prof. Christine Bennett
Chris Wilks
Neville Mitchell

Front row (on couch)

Kate Spargo
Prof. Mark Compton
Dr Katharine Giles

Directors' Report

INFORMATION ON DIRECTORS

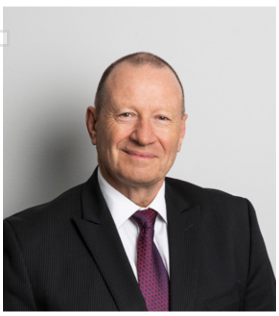
a) Directors' profiles

Professor Mark Compton AM
Chairman
BSc MBA FAICD FCHSM FAIM FRS (NSW)
Non-executive, independent Director, appointed October 2014 (Chairman from November 2015)

Prof. Compton has extensive senior executive experience in healthcare services. He is currently Adjunct Professor in Management (Healthcare Leadership) at Macquarie University (Macquarie Business School), Non-executive Director of The Hospitals Contribution Fund of Australia and Non-executive Chairman of not-for-profit organisations St Luke's Care and the Order of St John (St John Ambulance). His previous experience includes Chief Executive Officer of each of St Luke's Care, Immune Systems Therapeutics Limited and the Royal Flying Doctor Service of Australia. He was also Chief Executive Officer and Managing Director of the formerly ASX-listed companies SciGen Limited and Alpha Healthcare Limited. Prof. Compton has also held a number of non-executive director roles, including as Non-executive Chairman of ASX-listed Next Science Limited from May 2021 (Non-executive Director from 2018) to 23 August 2023, and for formerly ASX-listed Independent Practitioner Network Limited (2004-2008). He was also Chairman of the Woolcock Institute of Medical Research, Non-executive Director of Macquarie University Hospital and Chairman and Chancellor of St John Ambulance Australia (having served as a volunteer for more than 45 years). In recognition of his work in the healthcare sector and his service to the community, he was awarded the Centenary Medal of the Commonwealth of Australia, appointed by Her Majesty the Queen as a Knight in the Order of St John in 2004 and as Bailiff Grand Cross in 2017, and was appointed as a Member of the Order of Australia (AM) in January 2010. He is a member of the Audit Committee and the Remuneration and Nomination Committee.

Dr Colin Goldschmidt
CEO and Managing Director
MBBCh FRCPA FAICD
Executive Director, appointed January 1993

Dr Goldschmidt is the CEO and Managing Director of Sonic Healthcare. He is a qualified medical doctor and pathologist who completed his medical training in Sydney. Dr Goldschmidt became CEO of Sonic in 1993 and has led Sonic's global expansion by committing the Company to a unique model of Medical Leadership, which incorporates operational and cultural attributes focussed on care for staff and highest quality service to doctors and patients. He is a member of Sonic's Risk Management Committee and holds memberships with numerous industry, medical and laboratory associations.



Christopher Wilks
CFO and Finance Director
BCom FAICD
Executive Director, appointed December 1989

Mr Wilks became Finance Director and Chief Financial Officer of Sonic Healthcare in 1993. He has a background in chartered accounting and investment banking and was previously a partner in a private investment bank. Mr Wilks has held directorships in a number of public companies and is currently a Non-executive Director of Silex Systems Limited (since 1988), a listed company divested by Sonic in 1996.

INFORMATION ON DIRECTORS

Emeritus Professor Christine Bennett AO

MBBS FRACP Master Paed GAICD

Non-executive, independent Director, appointed September 2022

Professor Bennett is a specialist paediatrician with over 40 years of healthcare industry experience across the private, public and not-for-profit sectors. She holds a Bachelor of Medicine, Bachelor of Surgery from the University of Sydney, a Master of Paediatrics from the University of New South Wales, and is a Fellow of the Royal Australasian College of Physicians. Professor Bennett is an experienced non-executive director in for-profit and social enterprises and is currently a Non-executive Director of ASX-listed Regis Healthcare Limited (since March 2018), Patron of Research Australia, and Convenor of the Champion of Change Health Group for gender equality. She is an advisor to the Digital Health Cooperative Research Centre and in 2024 completed a certificate on AI Ethics and Board Oversight. Her previous Board non-executive director roles include Telstra Health, HeartWare Limited, Symbion Health Limited and Chair of Sydney Children's Hospital Network. In December 2021, Professor Bennett retired from and was awarded Emeritus Professor by The University of Notre Dame Australia where she was Deputy Vice Chancellor, Enterprise & Partnerships and Dean, School of Medicine, Sydney for over ten years. Her prior experience has included being Group Executive and Chief Medical Officer for MBF and then Bupa Health and Care Services; CEO and later Chair of Research Australia; Managing Director of Total Health Enterprise Ltd; Partner in Health and Life Sciences for KPMG Australia; CEO of Westmead Hospital and Community Health Services; General Manager for the Royal Hospital for Women; and Head of Planning in NSW Health. Professor Bennett has an active commitment to and involvement in medical professional issues, public policy and medical research. In 2008 she was appointed as Chair of the National Health and Hospitals Reform Commission producing a long-term blueprint for reform of health and aged care in Australia. Professor Bennett was awarded an Officer of the Order of Australia (AO) in the 2014 Australia Day Honours in recognition of her distinguished service to medicine and health care leadership. Professor Bennett is a member of the Risk Management Committee.

Professor Suzanne Crowe AO

MBBS (Hons) FRACP MD FAICD

Non-executive, independent Director, appointed April 2020

Professor Crowe is a qualified medical specialist and physician-scientist, holding medical and MD degrees from Monash University, and an internal medicine specialist qualification in Infectious Diseases from the Royal Australasian College of Physicians. She is a Fellow of the Australian Institute of Company Directors and holds a Diploma in Medical Laboratory Technology from the Royal Melbourne Institute of Technology. Professor Crowe's current positions include Non-executive Director of ASX- and NASDAQ-listed Avita Medical, Inc. (from January 2016), and Emeritus Professor of Medicine at Monash University, Melbourne (from 2020). She was a Non-executive Director of St Vincent's Health Australia Ltd from January 2013 until October 2021. She retired from Burnet Institute as Associate Director in 2018 following a 30-year research career, having played an integral role in Burnet's development as a global research organisation. Professor Crowe retired as Principal Specialist in Infectious Diseases at The Alfred Hospital, Melbourne in 2019 after 35 years of service. She has served as a Member of the Prime Minister's Science Engineering and Innovation Council (India/China Working Group), as Head of the World Health Organization (WHO) Regional Reference Laboratory for HIV Resistance Testing and as an HIV advisor to WHO for 25 years. She was appointed a Fellow of the Australian Academy of Health and Medical Sciences in 2015, and an Officer of the Order of Australia (AO) in 2020, in recognition of her distinguished service to health and aged care administration, clinical governance, biomedical research, and to education. Professor Crowe is Chair of the Risk Management Committee and a member of the Remuneration and Nomination Committee.

Directors' Report

INFORMATION ON DIRECTORS

Dr Katharine Giles

MBBS (Hons) MBA GAICD

Non-executive, independent Director, appointed September 2022

Dr Giles holds a Bachelor of Medicine, Bachelor of Surgery (Hons) and an MBA (Dean's Honours list) from the University of Western Australia. She is a registered medical practitioner with the Medical Board of Australia. After initially practicing as a medical doctor, Dr Giles moved to commercial pursuits which combined science, medicine and health. Dr Giles is currently Managing Director and Chief Executive Officer of OncoRes Medical (since 2017), which is developing a novel imaging technology to improve cancer outcomes. Dr Giles is also a Venture Partner at Brandon Capital Partners (since 2012), a venture capital firm dedicated to developing and supporting Australian life sciences businesses. She was previously an Investment Manager with Stone Ridge Ventures, a fund manager specialising in seed-to-early-stage technology investment. Dr Giles has start-up experience in medical apps, diagnostics and fitness devices and has served on the boards of private health care related technology companies. She is a member of the Curtin University Commercialisation Advisory Board and currently serves on the board of the Australian Government's National Reconstruction Fund.

Neville Mitchell

BCom CA

Non-executive, independent Director, appointed September 2017

Mr Mitchell is a qualified Chartered Accountant with international healthcare and finance experience. He was Chief Financial Officer and Company Secretary of ASX-listed Cochlear Limited (until March 2017), a world leading medical device developer, manufacturer and seller of hearing devices. Mr Mitchell is currently on the boards of ASX-listed Fisher and Paykel Healthcare Corporation (Non-executive Director from November 2018, Non-executive Chair from August 2024) and Sigma Healthcare Limited (Non-executive Director from February 2023). He was formerly a Non-executive Director of ASX-listed Osprey Medical, Inc. (from July 2012 until May 2022) and QBiotics Group Limited (from November 2017 to May 2023). He has also performed roles with a number of industry and government committees. Mr Mitchell is Chair of the Audit Committee and a member of the Risk Management Committee.

Lou Panaccio

BEc CA MAICD

Non-executive, independent Director, appointed June 2005

Mr Panaccio is a Chartered Accountant with extensive executive management experience in business and healthcare services. Mr Panaccio is currently on the boards of ASX- and NASDAQ-listed Avita Medical, Inc. (Non-executive Chairman from July 2014), ASX-listed Rhythm Biosciences Limited (Non-executive Director from August 2017) and ASX-listed Adherium Limited (Non-executive Chairman from February 2022). He is also a Non-executive Director of Unison Housing Limited and Magellan Stem Cells Pty Ltd. Mr Panaccio was the Chief Executive Officer and Executive Director of Melbourne Pathology (acquired by Sonic in 1999) for ten years to 2001, the Chief Executive Officer of Monash IVF until 2009, the Executive Chairman of Health Networks Australia until 2017 and a Non-executive Director of Haemokinesis Limited until October 2022. Mr Panaccio is a member of the Audit Committee, the Remuneration and Nomination Committee, and the Risk Management Committee.

INFORMATION ON DIRECTORS

Kate Spargo
LLB (Hons) BA FAICD
Non-executive, independent Director, appointed July 2010

Ms Spargo has gained broad business experience as both a legal advisor, having worked in private practice and government, and as a director. Ms Spargo has been a director of both listed and unlisted companies over the last 20 years and her current directorships include the ASX-listed companies Sigma Healthcare Limited (from December 2015) and Bapcor Limited (from 1 March 2023). Ms Spargo also holds non-executive director roles with CIMIC Group Limited, the Future Fuels Cooperative Research Centre and Geelong Football Club Limited. Ms Spargo was previously a Non-executive Director of Fletcher Building Limited, Xenith IP Group Limited and Adairs Limited (from May 2015 to 11 September 2024). Ms Spargo is Chair of the Remuneration and Nomination Committee and is a member of the Audit Committee.

b) Company Secretary

Paul Alexander
BEc CA FFin

Mr Alexander has been the Deputy Chief Financial Officer of Sonic Healthcare Limited since 1997 and Sonic's Company Secretary since 2001. Prior to joining Sonic, Mr Alexander gained 10 years' experience in professional accounting practice, and was also Financial Controller and Company Secretary of a subsidiary of a UK-headquartered multinational company for two years.

Directors' Report

INFORMATION ON DIRECTORS

c) Directors' interests in shares, options and performance rights as at 27 September 2024

Director's name	Class of shares	Number of shares	Interest	Number of options	Number of performance rights
Dr C.S. Goldschmidt	Ordinary	981,166	Personally	1,370,567+	116,300+
	Ordinary	10,217	Beneficially	–	–
C.D. Wilks	Ordinary	526,182	Personally	570,387+	48,424+
	Ordinary	100,623	Beneficially	–	–
Prof. M.R. Compton	Ordinary	459	Personally	–	–
	Ordinary	14,057	Beneficially	–	–
Prof. C. Bennett	Ordinary	5,100	Beneficially	–	–
Prof. S. Crowe	Ordinary	3,440	Personally	–	–
	Ordinary	3,760	Beneficially	–	–
Dr K. Giles	Ordinary	2,500	Beneficially	–	–
N. Mitchell	Ordinary	9,770	Beneficially	–	–
L.J. Panaccio	Ordinary	8,026	Beneficially	–	–
K.D. Spargo	Ordinary	3,000	Personally	–	–
	Ordinary	23,000	Beneficially	–	–

+ Vesting of options and performance rights is subject to challenging performance conditions designed to align the interests of the Executives with those of shareholders. None of the performance rights have vested to date. 729,384 of Dr C.S. Goldschmidt's and 303,717 of C.D. Wilks' options have vested to date.

MEETINGS OF DIRECTORS

The number of meetings of the Company's Board of Directors and of each Board Committee held during the year ended 30 June 2024, and the number of meetings attended by each Director (while they were a member of the Board or relevant Committee) were:

	Full meetings of Directors		Meetings of Committees					
			Audit		Remuneration and Nomination		Risk Management	
Director's name	Number of meetings attended	Number of meetings held	Number of meetings attended	Number of meetings held	Number of meetings attended	Number of meetings held	Number of meetings attended	Number of meetings held
Dr C.S. Goldschmidt	12	12	–	–	–	–	3	3
C.D. Wilks	12	12	–	–	–	–	–	–
Prof. M.R. Compton	12	12	4	4	3	3	–	–
Prof. C. Bennett	12	12	–	–	–	–	2	2
Prof. S. Crowe	12	12	–	–	2	2	3	3
Dr K. Giles	12	12	–	–	–	–	–	–
N. Mitchell	11	12	4	4	–	–	3	3
L.J. Panaccio	11	12	4	4	3	3	2	3
K.D. Spargo	12	12	4	4	3	3	–	–

INSURANCE OF OFFICERS

The Company has entered into agreements to indemnify all Directors of the Company that are named above, and current and former Directors of the Company and its controlled entities, against all liabilities to persons (other than the Company or related entity) which arise out of the performance of their normal duties as Director or executive officer, unless the liability relates to conduct involving lack of good faith. The Company has agreed to indemnify the Directors and executive officers against all costs and expenses incurred in defending an action that falls within the scope of the indemnity and any resulting payments.

The Directors' and officers' liability insurance provides cover against costs and expenses, subject to the terms and conditions of the policy, involved in defending legal actions and any resulting payments arising from a liability to persons (other than the Company or related entity) incurred in their position as a Director or executive officer, unless the conduct involves a wilful breach of duty or an improper use of inside information or position to gain advantage. The insurance policy does not allow disclosure of the nature of the liabilities insured against or the premium paid under the policy.

ENVIRONMENTAL REGULATION

The Group is subject to environmental regulation in respect of the transport and disposal of medical waste. The Group contracts with reputable, licensed businesses to dispose of waste. The Directors believe that the Group has complied with all relevant environmental regulations and there have been no investigations or claims during the financial year.

NON-AUDIT SERVICES

The Company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Group are important.

The Board of Directors has considered the position and, in accordance with the advice received from the Audit Committee, is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The Directors are satisfied that the provision of non-audit services by the auditor did not compromise the auditor independence requirements of the *Corporations Act 2001*. In the opinion of the Directors, none of the services provided undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants, including reviewing or auditing the auditor's own work, acting in a management or a decision-making capacity for the Company, acting as advocate for the Company or jointly sharing economic risk and rewards.

A copy of the auditors' independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 52.

Details of the amounts paid or payable to the auditor (PricewaterhouseCoopers Australia) for audit and non-audit services during the year are disclosed in Note 34 – Remuneration of auditors.

Directors' Report

SHARE OPTIONS

Information on share options is detailed in Note 35 – Share-based payments.

ROUNDING OF AMOUNTS

The Company is of 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. Amounts in the Directors' Report have been rounded off in accordance with that Instrument to the nearest thousand dollars or, in certain cases, to the nearest dollar.

REMUNERATION REPORT

Letter from the Chair of the Remuneration and Nomination Committee

Dear Shareholders,

The Board of Sonic Healthcare is pleased to present the 2024 Remuneration Report, which summarises the performance of the Company during the year and the associated remuneration outcomes, as well as explaining our remuneration structures and their links to outcomes for the Company's stakeholders.

Sonic Healthcare achieved a net profit for the 2024 financial year of A$511 million, on revenues of A$9.0 billion. The profit was lower than in the prior year primarily due to an 87% decrease in high-margin COVID-related revenue. Despite this, shareholders were rewarded with total dividends for the year of A$1.06 per share, up 2% on FY2023, supported by the Company's strong balance sheet, cash flows and future earnings growth expectations.

During the 2024 financial year Sonic's operations moved away from the impacts of the COVID-19 pandemic towards normal business, which amongst other changes required a post-pandemic headcount reduction program. This program was largely completed during the year, with some further actions being taken in the first quarter of FY2025.

The most pleasing aspect of the Company's performance in FY2024 was strong base business (non-COVID) revenue growth, both organically and through targeted acquisitions. Base business revenue grew organically by 6% over the year on a like-for-like basis, and we believe included market share gains in most of Sonic's markets. These gains have been achieved through Sonic's Medical Leadership culture, which has positioned Sonic's operations optimally in the specialist and hospital referrer sub-markets, and allowed Sonic to benefit from the trend towards higher value tests and modalities in both laboratory medicine and radiology. Sonic's culture also plays a major role in our acquisition strategy, as like-minded high-quality laboratories and radiology practices choose to join with Sonic.

The actions taken in FY2024, both cost reduction and revenue growth related, have positioned Sonic for strong future earnings growth, including through realising synergies and enhanced returns from the acquisitions and other investments the Company has made.

Additional and focussed resources have been applied throughout the Company during the 2024 year to ensure Sonic's sustainability strategy has continued to be successfully implemented, with the completion of key short-term milestones and with progress made as expected towards longer term goals. Details of our progress will be documented in the 2024 Sustainability Report, to be published in November 2024.

The Sonic Healthcare Foundation was established and funded by Sonic in FY2022 as part of Sonic's commitment to the social aspects of sustainability. The Foundation provides healthcare support for some of the world's most disadvantaged communities, and its activities have been expanding. In particular, construction of the 'Sonic Healthcare Foundation – Kworo Hospital' in northern Uganda is well advanced, with the Foundation sponsoring the construction, fit out, procurement and (in future) operating costs. Sonic's people take great pride in the activities of the Foundation, as we believe do our shareholders.

Concern for the health, safety and wellbeing of our staff is an integral part of Sonic's culture, and I am pleased to report that in 2024 Sonic has maintained its longstanding excellent staff safety record. On behalf of the Board, I wish to thank all of Sonic's team members for their incredible work over the last year.

Changes to remuneration structures for 2024

Having instituted significant changes in 2020 and 2021 following a detailed review of the Company's remuneration framework, and further updates in 2022 and 2023, no changes have been made in 2024.

Directors' Report

REMUNERATION REPORT

Remuneration outcomes

The Board did not exercise any discretion in considering remuneration outcomes with respect to incentive-based remuneration in 2024. This is consistent with our approach in previous years.

The award of an STI is based on both an EBITDA target (80% of the opportunity) and strategic qualitative or non-financial targets (20% of the opportunity). The minimum EBITDA hurdle was not achieved in FY2024, resulting in no reward under this component.

In relation to the strategic qualitative component, the Board assessed the contributions made by the Executives in these areas including Medical Leadership, strategy development and execution, reputation and risk management, and the oversight and management of the federation model, as well as specific achievements in relation to the Company's sustainability strategy. The Board was confident to award 100% of the opportunity to the Executives for their work during the year.

The Medical Leadership culture that has become so deeply embedded throughout the Company under the leadership of the Executives is a major contributor to the Company's performance in all areas. Some of the outputs of the culture, and the work of the Executives, include the Company's strong organic revenue growth, sourcing and completing synergistic business acquisitions, winning outsource contracts from the UK National Health Service and other sources, progressing Sonic's digital pathology and AI strategy, and completing highly successful debt refinancings. In relation to the Company's acquisition strategy, one of the great strengths of the Executives is their discipline in determining which of the opportunities to pursue from the many that are presented for consideration.

For the LTI with a performance measurement period of 3 years to 30 June 2024, 25% of the options and rights will vest. The Target Average ROIC performance condition was fully satisfied, particularly due to the extraordinarily strong financial performance in FY2022. None of the relative total shareholder return component vested.

The Sonic Board remains committed to having the appropriate alignment between executive rewards and shareholder interests and we continue to review our remuneration approach.

Remuneration Reports are necessarily complicated by their nature; however, we try to enhance the readability of our Report each year, and would welcome shareholder and proxy adviser feedback on any aspects of our approach.

Kate Spargo
27 September 2024

REMUNERATION REPORT

In this report

a) Key management personnel
b) Year in review
c) 2024 performance and remuneration outcomes for Executive Directors
d) 2024 Executive Director remuneration framework
e) Remuneration governance
f) Non-executive Director remuneration
g) Statutory remuneration disclosures for key management personnel
h) Other statutory disclosures

a) Key management personnel

The table below lists the Directors of Sonic Healthcare Limited, who were the key management personnel (KMP) of the Group throughout the financial years ended 30 June 2024 and 2023 unless otherwise stated.

Name	Position
Non-executive Directors	
Prof. M.R. Compton AM	Chairman
Prof. C. Bennett AO (from 26 September 2022)	Non-executive Director
Prof. S. Crowe AO	Non-executive Director
Dr P.J. Dubois (until 17 November 2022)	Non-executive Director
Dr K. Giles (from 26 September 2022)	Non-executive Director
N. Mitchell	Non-executive Director
L.J. Panaccio	Non-executive Director
K.D. Spargo	Non-executive Director
Dr E.J. Wilson AO (until 17 November 2022)	Non-executive Director
Executive Directors	
Dr C.S. Goldschmidt	Managing Director
C.D. Wilks	Finance Director

The Board is satisfied that given the Company operates in a federation structure and the consequent distributed management model, there are no other KMP at the Group level.

b) Year in review

Sonic Healthcare reported revenue of A$9.0 billion and a net profit of A$511 million for the 2024 financial year. An 87% decrease in COVID-related revenue meant that FY2024 profit was lower than in the prior year. The Company achieved strong base business (non-COVID related) revenue growth, both organically and through synergistic acquisitions. Base business revenue grew 6% organically on a like-for-like basis, and is believed to have included market share gains in most of Sonic's markets. These gains have been enabled by Sonic's Medical Leadership culture, which has optimally positioned Sonic's operations in the specialist and hospital referrer sub-markets, in addition to the GP sub-market, allowing Sonic to benefit from the trend towards higher value tests and modalities in laboratory medicine and radiology respectively. Sonic's culture also enriches the Company's acquisition strategy, attracting like-minded high-quality laboratories and radiology practices to join Sonic.

During the 2024 financial year Sonic's operations moved away from the impacts of the COVID-19 pandemic, which amongst other changes required a post-pandemic headcount reduction program. This program was largely completed during the year, with some further actions being taken in the first quarter of FY2025. Actions taken in FY2024, both cost reduction and revenue growth related, have positioned Sonic strongly for future earnings growth, including synergy realisation and enhanced returns from the acquisitions and other investments the Company has made.

REMUNERATION REPORT

Shareholders were rewarded with total dividends for the year of A$1.06 per share, up 2% on FY2023, supported by the Company's strong balance sheet, cash flows and future earnings expectations.

Sonic's sustainability strategy continued to be successfully implemented in FY2024, with the completion of key short-term milestones and progress made as expected towards longer term goals. Details will be provided in the 2024 Sustainability Report, to be published in November 2024.

c) 2024 performance and remuneration outcomes for Executive Directors

The Board did not exercise discretion to adjust any variable remuneration performance targets or outcomes for 2023 or 2024. In light of 2024 performance, remuneration outcomes were as follows:

i) Fixed Remuneration

Fixed and Total Target Remuneration values were unchanged from 2023.

ii) STI outcomes

The EBITDA achieved by the Company in 2024 did not reach the minimum threshold set at the beginning of the financial year (which was based on the earnings guidance Sonic provided to the market in August 2023), resulting in a payout of 0% of the relevant target component under the EBITDA performance condition, which relates to 80% of the total target STI amount.

The remaining 20% of the target STI award was subject to the qualitative strategic performance conditions. The performance conditions were met in full resulting in 100% of the relevant component being paid. Detailed information was sought from a range of sources both within and outside of the Company and an assessment of the performance of the Executives was made by the Board.

50% of the portion of the target STI award related to qualitative strategic performance conditions (the 20%) is assessed based on progress with the Company's environmental, governance and sustainability objectives, and is assessed against the achievement of specific milestones/objectives for the year. For the 2024 year these were:

- completion of a comprehensive global regulatory scan to establish Sonic's upcoming mandatory disclosure and assurance obligations across all operating jurisdictions
- conduct of an assurance-readiness review of Sonic's global scope 1 and 2 greenhouse gas (GHG) emissions calculations and climate governance disclosures against upcoming mandatory Australian Sustainability Reporting Standards
- commencement of data collection and financial impact modeling of prioritised climate-related risks and opportunities to establish if any meet financial materiality thresholds (estimated 18-month project, findings to be reported in 2025)
- preparation and submission of the second Climate Disclosure Project (CDP) questionnaire, expanded to include new topics and in alignment with the first International Financial Reporting Standard sustainability standards
- ensuring appropriate resourcing was in place and education programs were undertaken to progress the Company's sustainability strategies.

These milestones/objectives were achieved.

The other 50% of the relevant portion (20%) of the target STI award was assessed with reference to the following factors:

- promotion of, and adherence to, Sonic Healthcare's Core Values and Foundation Principles
- the exercise and promulgation of Sonic's Medical Leadership culture
- the Federation model employed at Sonic Healthcare, and its effective management
- risk management within the Company
- the external standing and reputation of the Company
- financial leadership and innovation (for the Finance Director).

These 'qualitative' factors are not able to be measured in the same way as the EBITDA target. However the Board believes it is these factors, and the behaviours and actions that are linked to them, which are the basis of Sonic Healthcare's success as a healthcare provider and as a business. The Board believes that the Company is driven by the ideal of Medical Leadership, which means putting the patient and their treating clinician at the centre of all Sonic does. Sonic's Values and Principles derive from Medical Leadership, and the Company's standing and reputation have been built from it.

REMUNERATION REPORT

The table below summarises the 2024 STI outcomes.

	STI target as a % of Fixed Remuneration	Target STI $	% of Target STI actually awarded	% of Target STI forfeited	Actual STI award $
Dr C.S. Goldschmidt					
2024	92%	2,201,368	20.0%	80.0%	440,274
2023	92%	2,201,368	48.3%	51.7%	1,062,337
C.D. Wilks					
2024	105%	1,263,206	20.0%	80.0%	252,641
2023	105%	1,263,206	48.3%	51.7%	609,599

iii) LTI outcomes

The options and performance rights issued as LTI for the Executives are subject to challenging vesting conditions. Of the options and performance rights with a performance measurement period for three years to 30 June 2024, 25% (2023: 84.3%) satisfied the performance conditions, as follows:

LTI outcomes (1 July 2021 to 30 June 2024)			
Performance measure	Overall weighting	Performance achieved	% eligible to vest
Relative TSR	75%	10th percentile	0%
Target Average ROIC	25%	115.2% of target ROIC	100%
Total	**100%**		**25%**

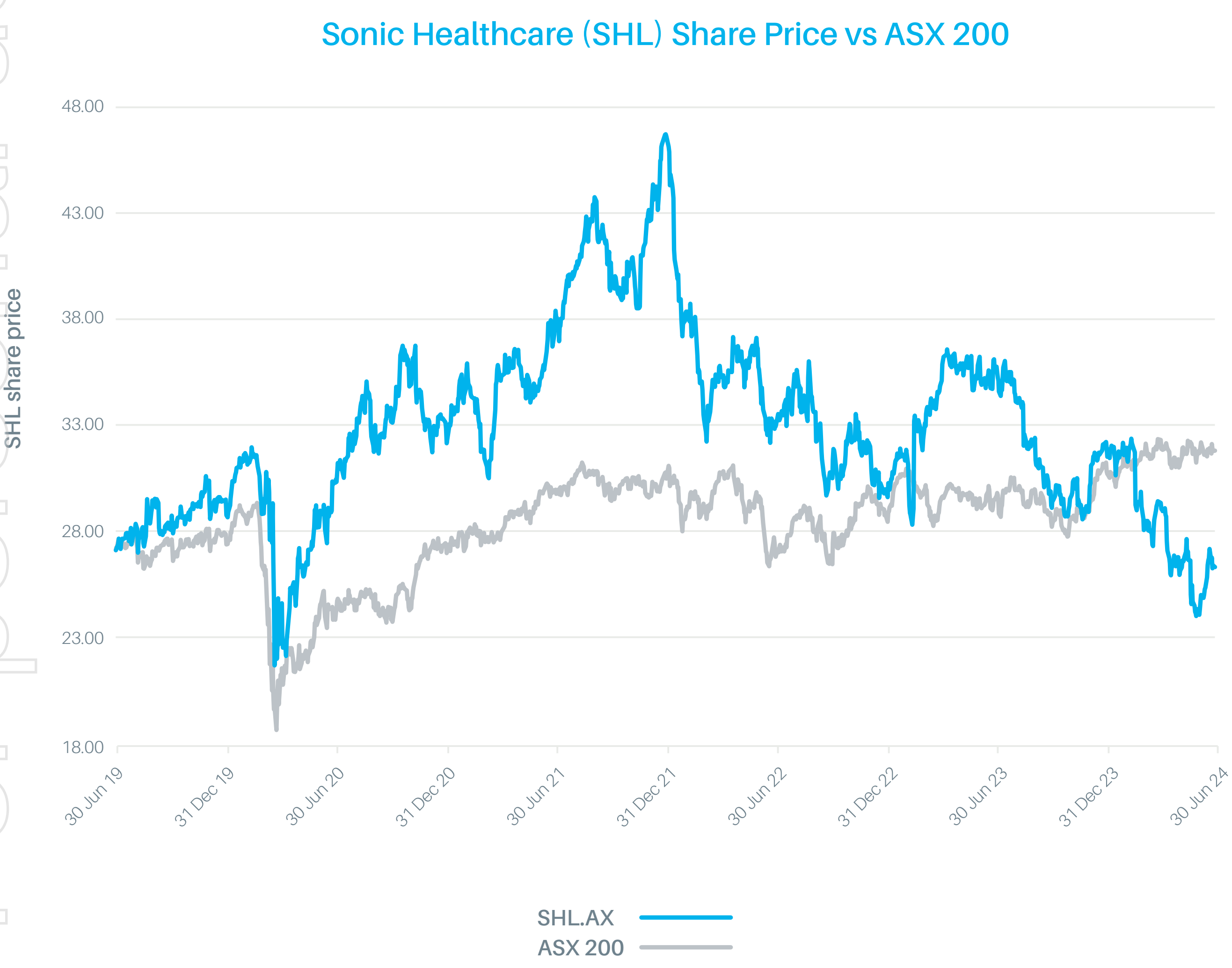
For the ROIC component of the LTI issue made in FY2022, the performance was as follows: FY2022 (target: 11%, achieved: 18.1%), FY2023 (target: 9%, achieved: 8.8%) and FY2024 (target: 9%, achieved: 6.5%). This resulted in 115.2% of the target ROIC being achieved over the three-year performance period. ROIC was calculated including the impacts of the accounting standard AASB 16 for FY2022, however the methodology was revised to exclude the impacts of AASB 16 in both the targets set and the results achieved for FY2023 and FY2024. Refer to the Financial History (page 7) for a description of the revised methodology.

REMUNERATION REPORT

iv) Company performance

Share price performance

The chart below shows the Company's share price (SHL.AX) performance over the 5 years to 30 June 2024, versus the relative performance of the ASX 200. The ASX 200 increased approximately 17% over the period, whereas SHL.AX decreased approximately 3%. After outperforming the market during the pandemic, SHL.AX underperformed in the second half of FY2024.



REMUNERATION REPORT

Historical performance of the Group and relationship to remuneration of key management personnel

The table below summarises Sonic Healthcare's performance over the last five years and the changes in remuneration of key management personnel (but excluding Non-executive Directors who do not receive performance-based or equity-based remuneration).

	2020	2021	2022	2023	2024	Compound average annual growth rate[1]
Growth in EBITDA[2] (on a Constant Currency basis)	0.1%	107.4%	11.5%	(47.9)%	(10.6)%	1.5%
Net profit attributable to members ($'000)	527,749	1,315,040	1,460,566	684,984	511,094	(1.4)%
Diluted earnings per share (cps)	110.6	273.1	302.5	145.0	107.2	(2.6)%
Dividends declared per share (cps)	85	91	100	104	106	4.8%
Enterprise value[3] ($'000)	16,481,770	19,292,237	16,385,887	17,632,904	14,983,552	(0.2)%
Total Shareholder Return[4]	40.7%	68.4%	32.0%	27.7%	(23.5)%	n/a
Change in total Fixed Remuneration plus STI of Executives[5]	(44.0)%	95.6%	0%	(35.5)%	(18.6)%	(11.7)%
Change in total remuneration of Executives[6]	(26.8)%	53.7%	13.3%	(21.9)%	(14.2)%	(3.6)%

1 The compound average annual growth rate is calculated over the five-year period shown with 2019 as the base year.
2 EBITDA is calculated excluding the impacts of the lease accounting standard AASB 16, which became effective for Sonic in FY2020.
3 Enterprise value is the Company's market capitalisation (number of issued shares times closing share price) plus net interest-bearing debt (excluding lease liabilities under AASB 16) at 30 June.
4 Total Shareholder Return is calculated over a rolling three-year performance period and assumes dividend reinvestment.
5 Change in total Fixed Remuneration plus STI of Executives is the percentage increase/(decrease) over the prior year of total Fixed Remuneration plus STI of all key management personnel in place for the relevant periods (but excluding Non-executive Directors).
6 Change in total remuneration of Executives is the percentage increase/(decrease) over the prior year of total remuneration (cash plus long service leave accrued plus the calculated value of equity remuneration) of all key management personnel in place for the relevant periods (but excluding Non-executive Directors).

The table above demonstrates the relationship between the performance of the Group and the remuneration of its key management personnel. Remuneration has fluctuated from year to year largely dependent on the extent to which the STI performance hurdle related to EBITDA was met. Total remuneration has also fluctuated depending upon whether elements of equity-based remuneration have met challenging (non-market based) performance conditions. Over the five-year period, remuneration has decreased, reflecting the decline in earnings per share in FY2024 and recent Total Shareholder Return performance.

Directors' Report

REMUNERATION REPORT

d) 2024 Executive Director remuneration framework

i) Remuneration strategy

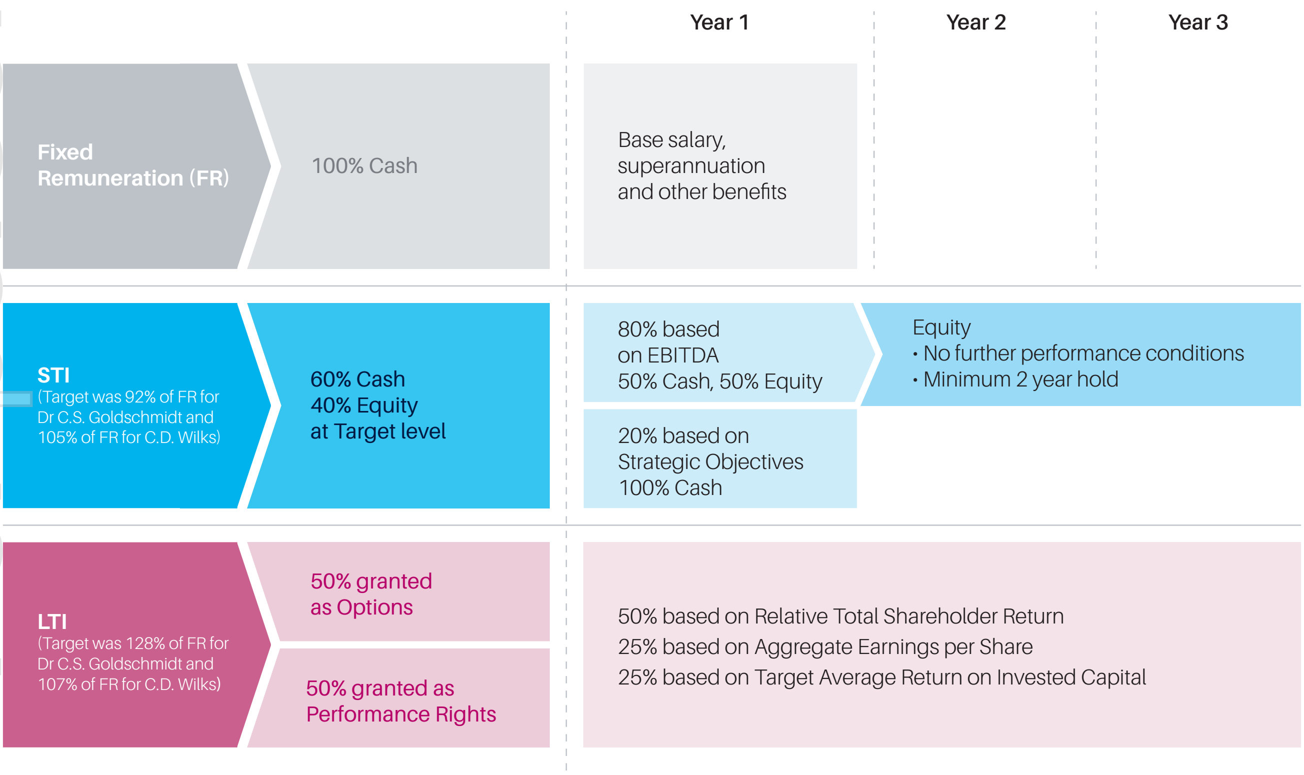
Sonic Healthcare's remuneration opportunities are structured and set at levels that are intended to attract, motivate and retain Executives capable of leading and managing the Group's operations, and to align remuneration with the creation of value for shareholders.

Sonic Healthcare's remuneration policy links the remuneration of the Managing Director and the Finance Director to Sonic's performance through the award of conditional entitlements. These conditional entitlements relate to the performance of the Group and align reward with the creation of value for shareholders.

The remuneration strategy is designed to support Sonic's business strategy. In particular, the approaches support the unique nature of the decentralised federated structure, complexity of the global organisation and the acquisitive nature of the business.

Summary of remuneration components

The graphic below summarises the target remuneration components and timing of delivery.



REMUNERATION REPORT

The table below outlines the purpose, performance link and value to shareholders of each remuneration component.

	Fixed Remuneration (FR)	Short-Term Incentive (STI)	Long-Term Incentive (LTI)
Purpose	Baseline level of remuneration to attract and retain individuals with the skills, experience and capability to deliver the business strategy. Executive Directors may take part of their base salary as other benefits, such as motor vehicles, including any associated fringe benefits tax.	Motivate and reward for contributing to the achievement of annual financial and strategic objectives.	Align participants with long-term business strategy and the creation of shareholder value and returns over the long term.
Performance link	Reviewed annually, taking into account market benchmarks, performance and experience of Executive Directors and Company performance.	Performance is assessed against EBITDA targets and strategic objectives.	Performance is assessed against Relative Total Shareholder Return (TSR), Earnings per Share (EPS) and Return on Invested Capital (ROIC).
Value delivered to shareholders	The remuneration of current Executive Directors reflects the individual's significant commitment to the success of Sonic Healthcare. These individuals have led the delivery of strategic outcomes and shareholder returns over an extended period of time.	Aligned to earnings and delivery of annual strategic objectives that support the longer-term strategy. Deferred portion delivered in equity.	The LTI is fully delivered as equity and performance measures are aligned to long-term shareholder returns and value creation.

ii) Market positioning of fixed and total remuneration opportunities

Remuneration arrangements for Dr C.S. Goldschmidt and C.D. Wilks are reviewed annually by the Remuneration and Nomination Committee, referencing market benchmarking. Consideration is given to companies of similar size and complexity based on market capitalisation, global complexity (determined by offshore portion of revenue) and industry. Companies in the Financials and Metals and Mining sectors are excluded from market comparisons.

Fixed Remuneration and Total Target Remuneration (being Fixed Remuneration, STI and LTI) were targeted at the 75th percentile for the Managing Director and at the 80th percentile for the Finance Director when set. Fixed and Total Target Remuneration values had remained unchanged for 5 years to 30 June 2022. In the 2022 annual review of remuneration carried out by the Board's Remuneration and Nomination Committee, independent market benchmarking revealed that C.D. Wilks' remuneration had fallen behind the targeted percentile versus CFOs of companies of similar sizes and complexity based on market capitalisation, global complexity and industry. His Fixed Remuneration was therefore increased by approximately 10% to $1,200,000 with effect from 1 July 2022, with proportionate increases in the other elements of his remuneration package. No further change was made in FY2024. Dr C.S. Goldschmidt's target remuneration has remained unchanged for 7 years. The target market positioning reflects the value of the specific individuals to Sonic Healthcare taking into consideration the following factors:

- The positioning of Sonic Healthcare, by market capitalisation, relative to other companies in the comparator groups. As Sonic's size placed it towards the top of the comparator groups considered, the positioning of the Managing Director and the Finance Director's remuneration towards the top of like roles within these groups was, in the Board's view, appropriate.
- The current Managing Director and Finance Director have led the Company in driving sustained share price growth, demonstrating Medical Leadership and delivering significant shareholder value over more than 30 years. Both are among the longest tenured and successful incumbents in their respective roles within the ASX 200, having served in their roles since 1993. The Board considered it appropriate to recognise the value of the knowledge, skills and experience the individuals bring to Sonic Healthcare, as well as the sustained performance they have delivered.
- Reflecting their sustained performance, both the Managing Director and Finance Director have built and retained large shareholdings with Sonic Healthcare over their significant tenure, resulting in a high level of alignment between the Executives and shareholders.
- The role and strategic responsibilities of C.D. Wilks, Finance Director, are considered broader than those of a typical CFO role.

REMUNERATION REPORT

iii) Remuneration mix

The table below provides a summary of target remuneration mix for 2024 for Dr C.S. Goldschmidt and C.D. Wilks:

	Fixed Remuneration (% of total remuneration)	Target STI (% of total remuneration)	LTI opportunity (% of total remuneration)
Dr C.S. Goldschmidt	~31%	~29%	40%
C.D. Wilks	32%	~34%	~34%

iv) Detailed overview of STI and LTI arrangements

Additional information for the STI and LTI arrangements for the year ended 30 June 2024 are detailed below.

STI Plan

Key question	Sonic Healthcare approach
Who is eligible to participate in the STI plan?	The Managing Director and Finance Director are eligible to participate in the STI plan.
What are Executive Directors able to earn under the STI plan?	▪ **Target opportunity:** 92% of Fixed Remuneration for the Managing Director and 105% for the Finance Director. ▪ **Maximum opportunity:** Both can earn up to 140% of target for the achievement of stretch performance.
What is the mix of performance conditions?	The STI is determined based on the extent to which the following conditions are met: ▪ 80% based on EBITDA ▪ 20% based on Strategic Objectives (of which 50% relates specifically to sustainability objectives)
How does the EBITDA performance condition work?	Achievement of a target level of underlying EBITDA. The annual EBITDA performance target is based on the upper quartile of market earnings guidance, or where no guidance is provided, based on market expectation. EBITDA is used as a performance criterion as it is consistent with the way Sonic gives earnings guidance to the market and is a clearer measure of operational performance than net profit or earnings per share as it is not distorted by changes in income tax law or interest rates. Up to 150% of the component of Target STI which relates to EBITDA growth can be paid in defined circumstances where there has been significant outperformance.
What are the Strategic Objective measures?	The Strategic Objectives applicable to the STI are as follows: ▪ Promotion of, and adherence to, Sonic Healthcare's Core Values and Foundation Principles ▪ The exercise and promulgation of Sonic's Medical Leadership culture ▪ The Federation model employed at Sonic Healthcare, and its effective management ▪ Risk management within the Company ▪ External standing and reputation (including stakeholder management, brand and quality) ▪ Financial leadership and innovation (for C.D. Wilks) ▪ Progress with the Company's environmental, governance and sustainability objectives (50% weighting)
How is the STI delivered?	50% of the EBITDA related component is delivered as rights to Sonic Healthcare shares. The rights/shares are held in the Sonic Healthcare Employee Share Trust for a period of at least two years. The remainder of the STI is delivered as cash with no deferral.

REMUNERATION REPORT

LTI Plan

The award features for the grant made during the 2024 financial year are as follows:

Key question	Sonic Healthcare approach
Who is eligible for awards under the LTI plan?	The Managing Director and Finance Director are eligible to participate in the LTI plan.
Are awards made on an annual basis under the LTI plan?	Yes, LTI grants are made on an annual basis, subject to shareholder approval at the Company's Annual General Meeting. This allows the Board to review the performance conditions on an annual basis and/or adjust the mix between types of instruments for changes in circumstances.
What form do the awards take?	The LTI is delivered half in options and half in performance rights.
Are dividends paid on unvested LTI awards?	No, unvested options and performance rights are not eligible for dividends. Executive Directors are only rewarded to the extent performance conditions have been achieved at the end of the performance period and awards are exercised.
How is the number of awards to grant determined?	The number of options issued was determined based on a Black Scholes methodology valuation at the time of grant. The valuation does not allow for any discounts relating to performance conditions. The exercise price of the options is determined using the Volume Weighted five-day Average market Price ('five-day VWAP') for Sonic Healthcare shares preceding the date of grant. The number of performance rights issued was determined by dividing 50% of the maximum value of LTI (i.e. the proportion granted as performance rights) by the five-day VWAP for Sonic Healthcare shares preceding the date of grant.
What is the mix of performance conditions?	Awards vest under the LTI plan based on the extent to which the following conditions are achieved over the three-year performance measurement period: ■ Relative TSR (45% weighting) ■ Aggregate Earnings per Share (EPS) (33% weighting) ■ Average Return on Invested Capital (ROIC) (22% weighting) Note that the weighting percentages are impacted by the potential to earn up to 150% for the Aggregate EPS measure. Based on target remuneration (as opposed to maximum) the percentages would be 50%, 25% and 25%.
How does the Relative TSR performance condition work?	Relative Total Shareholder Return (TSR) provides a direct link between executive remuneration and shareholder return relative to the Company's peers. Sonic Healthcare's TSR is measured against the S&P ASX 100 Accumulation Index, excluding Banks and Resource companies, over the three-year performance period. Sonic Healthcare's TSR performance is ranked relative to the TSRs of the other constituents of this reference group. Awards under the Relative TSR condition vest as follows:

TSR ranking achieved	Percentage of options and rights that vest
Below the 51st percentile	0% vesting of Relative TSR component
51st percentile	50% vesting of Relative TSR component
Greater than 51st and less than 75th percentile	Pro rata between 50% and 100% vesting of Relative TSR component
75th percentile and above	100% vesting of Relative TSR component

REMUNERATION REPORT

Key question	Sonic Healthcare approach
How does the Aggregate EPS performance condition work?	Sonic Healthcare's Aggregate EPS over three years is measured against an Aggregate EPS target. EPS is calculated as Net Profit after Tax, divided by the fully diluted weighted average number of ordinary shares on issue during a year. EPS is calculated on a 'Constant Currency' basis (to AUD using average currency exchange rates for the base financial year). Using a Constant Currency measure of EPS removes volatility from exchange rate movements that are out of the control or influence of the Executive Directors. Growth in EPS has been chosen as a condition as it is a direct measure of Company performance and maintains a strong correlation with long-term shareholder return. Awards under the aggregate EPS condition vest as follows:

Aggregate EPS (cents) for 3 years ending 2026	Percentage of options and rights that vest
Less than 457	0% vesting of aggregate EPS component
Equal to 457	30% vesting of aggregate EPS component
Between 457 and 480	Pro rata between 30% and 100% vesting of aggregate EPS component
Equal to 480	100% of aggregate EPS component
Between 480 and 504	Pro rata between 100% and 150% vesting of aggregate EPS component
Equal to or greater than 504	150% of aggregate EPS component

EPS for FY2024 on a Constant Currency basis was expected to be lower than for FY2023 as the Company transitioned from high levels of COVID-19 related earnings. EPS growth is expected to resume in FY2025. 457 cents per share equates to compound annual growth of 5%, 480 cents per share equates to compound annual growth of 10% and 504 cents equates to compound annual growth of 15%, in each case over a base of 145 cents per share, which was set as the target for FY2024, being equal to the actual EPS for FY2023.

Key question	Sonic Healthcare approach
How does the Target Average ROIC performance condition work?	The Board sets a ROIC target at the beginning of each measurement year, taking into account market conditions and Company-specific factors at the time. The ROIC target for the first year of the performance period (2024) was 9%. After completion of the three-year measurement period, the average of the actual ROIC over the three years will be compared to the average of the three ROIC targets ('Target Average ROIC'). Measurement of the average actual ROIC will exclude any significant uncontrollable or one-off events, and the initial impact of business development initiatives, as approved by the Board. ROIC has been chosen as a performance condition as the Board believes that a primary focus in coming years should be improvement in the return from the substantial investments the Company has made into its businesses.

Average ROIC over 3 years	Percentage of options and rights that vest
Less than Target Average ROIC	0% vesting of Average ROIC component
Equal to Target Average ROIC	40% vesting of Average ROIC component
Greater than Target Average ROIC and less than 110% of Target Average ROIC	Pro rata between 40% and 100% vesting of average ROIC component
110% of Target Average ROIC or greater	100% vesting of average ROIC component

Key question	Sonic Healthcare approach
Does the LTI have re-testing?	No, there is no re-testing. Options and performance rights for which the performance conditions are not satisfied lapse immediately after the performance measurement is finalised. The Board may make adjustments in measuring performance under the Aggregate EPS and Target Average ROIC conditions to ensure the intent of the incentive plan is retained e.g. for a change in accounting standards.
How are the awards delivered under the LTI?	Vesting of LTI grants is dependent upon the achievement of the performance conditions outlined above over the three-year performance period. Options can only be exercised when the market price of Sonic Healthcare shares is higher than the exercise price. The performance rights will automatically exercise if and when the Board determines the performance conditions have been achieved. Entitlements are satisfied either through an allotment of new Sonic Healthcare ordinary shares to participants or the purchase of existing shares on-market.

REMUNERATION REPORT

e) Remuneration governance

i) Service agreements

None of the key management personnel of Sonic Healthcare Limited has a service contract. Rather, the terms and entitlements of employment are governed by applicable employment laws. There are no set contract/employment periods, and no sign-on payments have been made.

Other than contributions to superannuation funds during employment periods and notice periods under applicable employment laws, the Group does not contract to provide retirement benefits to Executive or Non-executive Directors.

Key remuneration-related terms for the Executive Directors are outlined below:

Cessation of employment

The Board has the discretion to determine the treatment of unvested awards where the participant is judged to be a 'good leaver'. The Board may choose to enable the participant to retain the portion of the LTI which vests (subject to the performance conditions) for a specified period of time following the cessation of employment or to apply another treatment depending on the circumstances surrounding the departure.

To be judged a 'good leaver' the Executive Director would need to provide sufficient notice, assist with succession planning and transition and make themselves reasonably available to assist/answer queries of their replacement for a period post-employment.

The Board views this arrangement to be in the best interests of the Company and its shareholders, as the Executive Directors will be incentivised to minimise disruption/loss of value associated with their departure. Cessation of employment in all other circumstances will trigger forfeiture of all unvested entitlements, unless the Board determines otherwise.

The Board retains discretion in relation to the treatment of any deferred STI where there is cessation of employment.

Change of control

If a takeover bid or other public proposal is made for voting shares in the Company which the Board reasonably believes is likely to lead to a change of control, unvested options and performance rights may vest at the Board's discretion, having regard to pro rata performance and the circumstances leading to the potential change of control.

Malus and clawback

Where, in the opinion of the Board, a participant has obtained, or will obtain, an unfair benefit as a result of an act which:

- constitutes fraud, or dishonest or gross misconduct in relation to the affairs of the Group or any Group Company;
- brings the Group or any Group Company into disrepute;
- is in breach of their obligations to the Group or any Group Company, including compliance with any applicable Company policy;
- constitutes a failure to perform any other act reasonably and lawfully requested of the participant; or
- has the effect of delivering strong Company performance in a manner which is unsustainable or involves unacceptably high risk, and results, or is likely to result, in a detrimental impact on Company performance following the end of the period;

the Board may, to ensure that no unfair benefit is obtained by the participant, in its absolute discretion, subject to applicable laws, determine any treatment in relation to an award, including, without limitation, to:

- vary downwards (including to nil) the number of shares/securities in respect of which an award vests;
- reset the performance condition and/or alter the period(s) applying to awards;
- deem all or any awards which have not vested to have lapsed or been forfeited (as relevant); or
- determine any treatment in relation to an award as the Board deems fit.

REMUNERATION REPORT

ii) Remuneration policy and governance oversight

The following diagram illustrates Sonic Healthcare's remuneration governance framework and the key roles of the Remuneration and Nomination Committee, which currently consists of four Non-executive independent Directors.

SONIC BOARD

- Oversees Non-executive Director and Executive Director remuneration and remuneration policies.
- With the support of the Remuneration and Nomination Committee, the Board is responsible for monitoring the performance of Executive Directors and the alignment of remuneration policies with Sonic's purpose, values, strategic objectives and shareholders.
- Reviews and approves recommendations from the Remuneration and Nomination Committee.

REMUNERATION AND NOMINATION COMMITTEE

- Makes specific recommendations to the Board on remuneration packages and other terms of employment for the Executive and Non-executive Directors.
- Advises the Board in relation to equity-based incentive schemes for all other employees.
- Seeks advice from the Risk Management Committee on risk-related matters.
- Seeks advice from independent consultants where appropriate.

REMUNERATION ADVISORS

- Provide independent advice to the Remuneration and Nomination Committee or management on remuneration market data, market practice or other remuneration-related matters.
- No remuneration recommendations were made by an external adviser in 2023 or 2024.

MANAGEMENT

- Makes recommendations to the Remuneration Committee on the Group's remuneration strategy and framework.
- Provides relevant performance, financial and risk information to support decision-making.

REMUNERATION REPORT

f) Non-executive Director remuneration

Remuneration of Non-executive Directors is determined by the Board within the maximum amount approved by the shareholders. At the Annual General Meeting on 12 November 2020, shareholders approved a maximum annual amount of $2,500,000 for remuneration of Non-executive Directors, of which $2,108,663 was paid in 2024. Following consideration of a market benchmarking study, fees were increased by 5% effective from 1 July 2023 as set out in the table below.

Fees per annum			Committee Chair		Members	
	Current	Previous	Current	Previous	Current	Previous
Chairman (inclusive of Committee work)	$577,500	$550,000				
Base Non-executive Director fee	$210,000	$200,000				
Audit Committee			$49,350	$47,000	$24,150	$23,000
Risk Management Committee			$39,900	$38,000	$19,950	$19,000
Remuneration and Nomination Committee			$42,000	$40,000	$21,000	$20,000

Options and performance rights are not issued and performance-based remuneration is not payable to Non-executive Directors.

g) Statutory remuneration disclosures for key management personnel

The following tables show the total remuneration for Sonic Healthcare's KMP for 2023 and 2024. These disclosures have been calculated in accordance with the relevant accounting standards.

Non-executive Directors	Year	Short-term employee benefits		Post-employment benefits	Total
		Salary & fees	Other benefits[1]	Superannuation	
Name		$	$	$	$
Prof. M.R. Compton *Chairman*	FY2024	550,101	-	27,399	577,500
	FY2023	524,708	-	25,292	550,000
Prof. C. Bennett	FY2024	202,669	-	22,294	224,963
	FY2023	139,175	-	14,613	153,788
Prof. S. Crowe	FY2024	239,324	-	26,326	265,650
	FY2023	208,871	-	21,932	230,803
Dr P.J. Dubois	FY2023	69,245	-	7,270	76,515
Dr K. Giles	FY2024	189,189	-	20,811	210,000
	FY2023	139,175	-	14,613	153,788
N. Mitchell	FY2024	251,901	-	27,399	279,300
	FY2023	240,724	-	25,276	266,000
L.J. Panaccio	FY2024	247,838	-	27,262	275,100
	FY2023	237,104	-	24,896	262,000
K.D. Spargo	FY2024	248,784	-	27,366	276,150
	FY2023	238,009	-	24,991	263,000
Dr E.J. Wilson	FY2023	89,325	-	9,379	98,704

[1] Other benefits include fringe benefits tax where applicable

REMUNERATION REPORT

Executive Directors	Year	Short-term employee benefits: Salary & fees	Short-term employee benefits: Other benefits[1]	Short-term employee benefits: STI (cash)	Post-employment benefits: Superannuation	Equity-based remuneration: Value of deferred STI rights	Equity-based remuneration: Value of shares	Equity-based remuneration: Value of options and rights[2]	Other long-term benefits: Long-service leave accrued[3]	Total	Performance related % of total remuneration
Name		$	$	$	$	$	$	$	$	$	%
Dr C.S. Goldschmidt *Managing Director*	FY2024	2,370,235	–	440,274	27,399	–	–	2,285,975	38,323	5,162,206	53
	FY2023	2,372,342	–	751,305	25,292	311,032	–	2,470,025	38,511	5,968,507	59
C.D. Wilks *Finance Director*	FY2024	1,172,601	–	252,641	27,399	–	–	916,031	19,007	2,387,679	49
	FY2023	1,174,708	–	431,120	25,292	178,479	–	976,977	49,149	2,835,725	56

1 Other benefits include fringe benefits tax where applicable.

2 The equity-based remuneration amounts disclosed relate to options and performance rights issued under the Sonic Healthcare Limited Employee Option Plan and the Performance Rights Plan and represent the assessed fair values at the date they were granted, allocated equally over the service periods up to the vesting dates. Fair values for these options and performance rights have been determined using a pricing model consistent with the Black Scholes methodology that takes into account the exercise price, the term of the option/right, the impact of dilution, the non-tradeable nature of the option/right, the current price and expected price volatility of the underlying share, the expected dividend yield, and risk-free interest rate for the term of the option/right. The fair value of the options and performance rights granted is adjusted to reflect market vesting conditions (using a Monte Carlo simulation) but excludes the impact of non-market vesting conditions.

3 Long-service leave accrued is calculated using the increase in accrued leave balances during the year.

REMUNERATION REPORT

h) Other statutory disclosures

i) Options and rights that were exercised during the financial year

During the financial year the following options and performance rights over ordinary shares in the Company were exercised by key management personnel.

	Dr C.S. Goldschmidt	C.D. Wilks
2024		
Options issued in November 2018 with a performance measurement period to 30 June 2021 (having fully vested after satisfying performance conditions) with a $21.69 exercise price	462,372	205,415
Performance rights issued in November 2020 with a performance measurement period to 30 June 2023 (having vested after satisfying performance conditions which caused 15.7% of the total rights to be issued to be forfeited) with a nil exercise price	42,478	16,187
Deferred share rights issued in September 2022 for STI performance to 30 June 2022 (resulting shares must be held until September 2024)	7,767	4,048
Deferred share rights issued in September 2023 for STI performance to 30 June 2023 (resulting shares must be held until September 2025)	10,217	5,863
2024 Total intrinsic value of options and rights at the date of exercise	**$6,735,013**	**$2,971,813**
2023		
Options issued in November 2017 with a performance measurement period to 30 June 2020 (having vested after satisfying performance conditions which caused 29.1% of the total options issued to be forfeited) with a $21.64 exercise price	331,551	147,295
Performance rights issued in November 2019 with a performance measurement period to 30 June 2022 (having fully vested after satisfying performance conditions) with a nil exercise price	44,941	19,966
Deferred share rights issued in September 2022 for STI performance to 30 June 2022 (resulting shares must be held until September 2024)	33,896	17,663
2023 Total intrinsic value of options and rights at the date of exercise	**$6,580,697**	**$3,009,738**

ii) Equity disclosures relating to key management personnel

Options and performance rights held during the financial year

After approval by shareholders at the 2020, 2021, 2022 and 2023 Annual General Meetings, the Executive Directors were issued the following LTI (the 'FY2021 Issue', 'FY2022 Issue', 'FY2023 Issue' and 'FY2024 Issue'):

	FY2021 Issue		FY2022 Issue		FY2023 Issue		FY2024 Issue	
	Dr C.S. Goldschmidt	C.D. Wilks	Dr C.S. Goldschmidt	C.D. Wilks	Dr C.S. Goldschmidt	C.D. Wilks	Dr C.S. Goldschmidt	C.D. Wilks
Options over shares in Sonic Healthcare Limited	381,723	145,468	248,622	94,745	265,915	111,589	313,113	131,395
Performance rights over shares in Sonic Healthcare Limited	50,413	19,211	39,409	15,018	46,752	19,619	59,696	25,051

In addition Dr C.S. Goldschmidt and C.D. Wilks were granted 10,217 and 5,863 performance rights respectively to satisfy the deferred STI consideration for the FY2023 performance period. The value of these rights were disclosed as remuneration for the FY2023 year.

REMUNERATION REPORT

	FY2021 Issue	FY2022 Issue	FY2023 Issue	FY2024 Issue
Options exercise price	$34.21	$38.90	$32.79	$28.89
Performance condition measurement period	3 years to 30 June 2023	3 years to 30 June 2024	3 years to 30 June 2025	3 years to 30 June 2026
Earliest vesting date, if performance conditions are met	18 November 2023	18 November 2024	17 November 2025	29 November 2026
Expiry date	18 November 2025	18 November 2026	17 November 2027	29 November 2028
Fair value of each option at grant date	$3.81	$5.27	$3.87	$3.03
Fair value of each right at grant date	$25.72	$25.11	$19.53	$17.81
Percentage that satisfied vesting conditions	84.3%	25.0%	tbd	tbd

The total value for remuneration purposes (to be allocated over the three-year vesting period) of the options and performance rights that were issued in FY2024 as part of LTI remuneration (the FY2024 issue) was $2,012,401 for Dr C.S. Goldschmidt and $844,485 for C.D. Wilks.

Option holdings

The number of options over ordinary shares held beneficially or personally during the current financial year by the key management personnel of the Group in relation to remuneration arrangements are set out below:

Director's name	Balance at 1 July 2023	Issued during the 2024 year	(Forfeited) during the 2024 year	(Exercised) during the 2024 year	Balance at 30 June 2024	(Forfeited) since year end	Vested and exercisable at 30 June 2024
Dr C.S. Goldschmidt	1,766,379	313,113	(60,086)	(462,372)	1,557,034	(186,467)	729,384
C.D. Wilks	738,364	131,395	(22,898)	(205,415)	641,446	(71,059)	303,717

Performance rights

The number of performance rights held personally or beneficially during the current financial year by the key management personnel of the Group in relation to remuneration arrangements are set out below:

Director's name	Balance at 1 July 2023	Issued during the 2024 year	(Forfeited) during the 2024 year	(Exercised) during the 2024 year	Balance at 30 June 2024	(Forfeited) since year end	Vested and exercisable at 30 June 2024
Dr C.S. Goldschmidt	144,341	69,913	(7,935)	(60,462)	145,857	(29,557)	–
C.D. Wilks	57,896	30,914	(3,024)	(26,098)	59,688	(11,264)	–

REMUNERATION REPORT

Shareholdings

The number of shares held personally or beneficially during the current financial year by the key management personnel of the Group are set out below:

Director's name	Balance at 1 July 2023	Issued during the 2024 year on the exercise of options or rights	Shares provided as remuneration during the 2024 year	Other changes during the 2024 year	Balance at 30 June 2024
Dr C.S. Goldschmidt	930,921	522,834	–	(462,372)	991,383
C.D. Wilks	645,292	231,513	–	(250,000)	626,805
Prof. M.R. Compton	11,266	–	–	3,250	14,516
Prof. C. Bennett	1,000	–	–	4,100	5,100
Prof. S. Crowe	4,000	–	–	3,200	7,200
Dr K. Giles	1,000	–	–	1,500	2,500
N. Mitchell	9,770	–	–	–	9,770
L.J. Panaccio	8,026	–	–	–	8,026
K.D. Spargo	25,000	–	–	1,000	26,000

Whilst Sonic currently does not have a minimum shareholding requirement for Non-executive Directors, all are encouraged to, and do, hold shares. The Managing Director and Finance Director are required to, and have, shareholdings (including purchased shares, vested securities and unvested securities not subject to performance measures) at least equivalent in value to 150% and 75% (respectively) of Fixed Remuneration.

iii) Transactions with key management personnel

There were no other transactions with key management personnel during 2024 or 2023.

iv) Amounts receivable from/payable to other key management personnel

There were no amounts receivable from/payable to other key management personnel at 30 June 2024 (2023: $nil).

v) Doubtful debts

No provision for doubtful debts has been raised in relation to any receivable or loan balance with key management personnel, nor has any expense been recognised.

vi) Securities trading policy

Under the Sonic Healthcare Securities Trading Policy, all Sonic Healthcare employees are prohibited from buying or selling Sonic Healthcare securities (including shares, options, debt securities) at any time they are aware of any material price-sensitive information that has not been made public, and are reminded of the laws against 'insider trading'.

Certain 'Designated Officers', including all Directors and Executive Directors (and specified related parties), are also prohibited from trading in periods other than in 8-week windows following the release of half-year and full-year results, five weeks after Sonic Healthcare's Annual General Meeting, and 2-week periods following Sonic Healthcare's provision to the market at any other time of definitive guidance regarding the next annual result to be released. The Sonic Healthcare Board of Directors must specifically consider and approve the opening of the 'trading window' in each instance. Exceptions to this prohibition can be approved by the Chairman (for Directors) or the Managing Director (for all other employees) in circumstances of severe financial hardship (as defined in the Policy).

REMUNERATION REPORT

Sonic Healthcare's Chair or Managing Director may impose other periods when Designated Officers are prohibited from trading because price-sensitive, non-public information may exist. All trading by Designated Officers must be notified to the Company Secretary. Prohibitions also apply to trading in financial instruments related to Sonic Healthcare shares and to trading in the shares of other entities using information obtained through employment with Sonic Healthcare.

In addition, the Managing Director and Finance Director are required to obtain approval from the Chair of the Sonic Healthcare Board of Directors before selling any shares.

Designated Officers are prohibited from entering into transactions in products which limit the economic risk of participating in unvested entitlements under any equity-based remuneration schemes and from short-term trading and short-selling arrangements in relation to Sonic Healthcare securities. Designated Officers are required to commit to these prohibitions by signing the Securities Trading Policy and will forfeit their equity reward should they be found to be in breach. Directors of Sonic Healthcare Limited are also prohibited from entering into margin lending or other secured financing arrangements in relation to Sonic Healthcare securities without the prior approval of the Chair and disclosure of such arrangements to the Board.

All Sonic Healthcare securities dealings by Directors are promptly notified to the Australian Securities Exchange (ASX) in accordance with Sonic Healthcare's Continuous Disclosure obligations.

Directors' Report

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

Dr C.S. Goldschmidt
Director

C.D. Wilks
Director

Sydney
27 September 2024

pwc

Auditor's Independence Declaration

As lead auditor for the audit of Sonic Healthcare Limited for the year ended 30 June 2024, 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 audit; and

(b) no contraventions of any applicable code of professional conduct in relation to the audit.

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

Aishwarya Chandran
Partner
PricewaterhouseCoopers

Sydney
27 September 2024

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Corporate Governance Statement

The Board of Sonic Healthcare continues to place great importance on the governance of the Company, which it believes is vital to its wellbeing and success. There are two elements to the governance of companies: performance and conformance. Both are important, but it is critical that focus on conformance does not detract from the principal function of a business, which is to undertake prudent activities to:

- generate rewards for shareholders who invest their capital
- provide services of value to customers
- provide meaningful employment for employees

and to do so in a way that is sustainable and contributes positively to the community.

The principal features of Sonic's corporate governance framework are set out in this statement, which is current as at 27 September 2024, and has been approved by the Board.

Sonic's Board and management are committed to governance that recognises that all aspects of the Group's operations are conducted ethically, responsibly and with the highest standards of integrity. The Board has adopted practices and policies designed to achieve these aims. Sonic supports the ASX Corporate Governance Council Corporate Governance Principles and Recommendations ('the Recommendations') in advancing good corporate governance, and has complied with the fourth edition during the 2024 financial year. Sonic's website (www.sonichealthcare.com) includes a Corporate Governance section that sets out the information required by the Recommendations, plus other relevant information, including copies of all Policies, Charters and Codes referred to in this report.

Sonic's Code of Conduct and Core Values (listed below) set out the fundamental principles that govern the way that all Sonic people conduct themselves. Sonic's Core Values apply equally to every employee of Sonic and were formulated with significant input from Sonic's staff. They have been embraced throughout the Group. Sonic's Core Values are:

- **Commit to Service Excellence**
  To willingly serve all those with whom we deal, with unsurpassed excellence.
- **Treat each other with Respect & Honesty**
  To grow a workplace where trust, team spirit and equity are an integral part of everything we do.
- **Demonstrate Responsibility & Accountability**
  To set an example, to take ownership of each situation to the best of our ability and to seek help when needed.
- **Be Enthusiastic about Continuous Improvement**
  To never be complacent, to recognise limitations and opportunities for ourselves and processes, and to learn through these.
- **Maintain Confidentiality**
  To keep all information pertaining to patients, as well as professional and commercial issues, in strict confidence.

A description of the Company's main corporate governance practices is set out below. All these practices, unless otherwise stated, were in place throughout the 2024 financial year. Any issues of non-compliance with the Recommendations are specifically noted and explained.

Corporate Governance Statement

1. BOARD OF DIRECTORS

Profiles of the Directors and Company Secretary are included in the Directors' Report.

a) Role of the Board

The Board of Directors is accountable to shareholders for the performance of the Company and the Group and is responsible for the culture, values and corporate governance practices of the Group. The Board's principal objective is to increase value for the Company's stakeholders (including shareholders, staff and the community) in a sustainable manner while ensuring that the Group's activities are managed in accordance with its culture and values.

Sonic's corporate governance practices provide the structure which enables the Board's principal objective to be achieved, whilst ensuring that the business and affairs of the Group are conducted ethically and in accordance with the Company's Core Values, Code of Conduct, Medical Leadership Principles, medical ethics and law.

The Sonic Medical Leadership Principles are summarised as:
- Personalised service for doctors and patients
- Respect for our people
- Company conscience
- Operational excellence
- Professional and academic expertise

The Board's responsibilities include:
- demonstrating leadership at strategic and cultural levels
- defining the Group's purpose and setting its strategic objectives
- approving the Group's Core Values, Medical Leadership Principles and Code of Conduct to underpin the desired culture within the Group
- overseeing management in its implementation of the Group's strategic objectives, instilling of the Group's values and performance generally
- monitoring financial performance and reporting
- appointing the Chair and Managing Director, and assessing the performance of Directors
- setting the Group's risk appetite and monitoring and ensuring the maintenance of adequate risk management identification, control and reporting mechanisms
- monitoring risks, including in relation to taxation governance and risk, and environmental, and in particular climate-related risks
- overseeing clinical quality, patient safety and regulatory matters
- overseeing the Group's sustainability (ESG) strategy and compliance with mandatory disclosure and assurance requirements in all operating jurisdictions, including approval of Sonic's annual Sustainability Report
- overseeing the Group's cybersecurity, including data security and privacy requirements and the Group's information security management system
- oversight of strategy and policies related to artificial intelligence
- protecting human rights, including approval of Sonic's annual Modern Slavery Statement
- ensuring the Group's remuneration policies are aligned with the Group's purpose, values, strategic objectives and risk appetite
- ensuring the business is conducted ethically and transparently (including meeting taxation obligations and providing tax transparency).

The Board delegates authority for operational management of the business to the Managing Director and senior executives. The Managing Director also oversees the implementation of strategies approved by the Board, and is responsible for providing accurate and relevant information to enable the Board to perform its responsibilities. Senior executives reporting to the Managing Director have their roles and responsibilities defined in specific position descriptions. The Board uses a number of Committees to support it in matters that require more intensive review and involvement. Details of the Board Committees are provided below.

As part of its commitment to good corporate governance, the Board regularly reviews the practices and standards governing the Board's composition, independence and effectiveness, the accountability and compensation of Directors (and senior executives) and the Board's responsibility for the stewardship of the Group.

Corporate Governance Statement

1. BOARD OF DIRECTORS

The role and responsibilities of the Board, the functions reserved for the Board and those delegated to management have been formalised in the Sonic Board Charter.

The Company Secretary is appointed by the Board and is accountable directly to the Board, through the Chair, on all matters to do with the proper functioning of the Board. Each Director is able to communicate directly with the Company Secretary.

b) Composition of the Board

The Directors of the Company in office at the date of this statement are:

Director's name	Term of office (Years)	Position	Expertise	Committees
Prof. Mark Compton	10	Chairman, Non-executive, independent Director	Healthcare industry and company management	Member of Audit Committee and Remuneration and Nomination Committee
Dr Colin Goldschmidt	31	Managing Director, Chief Executive Officer	Healthcare industry and company management. Sustainability experience. Pathologist	Member of Risk Management Committee
Mr Chris Wilks	34	Finance Director, Chief Financial Officer	Finance, strategy, accounting, banking, secretarial and company management	
Prof. Christine Bennett	2	Non-executive, independent Director	Medicine, healthcare industry and management, healthcare policy, medical research, governance and sustainability	Member of Risk Management Committee
Prof. Suzanne Crowe	4	Non-executive, independent Director	Medicine, medical research, governance and company oversight	Chair of Risk Management Committee and member of Remuneration and Nomination Committee
Dr Katharine Giles	2	Non-executive, independent Director	Medicine, medical research, technology and innovation, management, venture capital	
Mr Neville Mitchell	7	Non-executive, independent Director	Finance, tax, international healthcare and company management	Chair of Audit Committee and member of Risk Management Committee
Mr Lou Panaccio	19	Non-executive, independent Director	Finance, healthcare industry and company management	Member of Audit Committee, Remuneration and Nomination Committee and Risk Management Committee
Ms Kate Spargo	14	Non-executive, independent Director	Law, governance, sustainability and company oversight	Chair of Remuneration and Nomination Committee and member of Audit Committee

The composition of Sonic's Board is consistent with the principle of medical management and leadership, which has been a core strategy of Sonic since 1993. Sonic's Managing Director is a pathologist, and the Board also includes three other medical specialists, ensuring that it has the capacity to understand complex medical issues and be in close touch with the medical marketplace. The presence of medical practitioners on Sonic's Board also gives comfort both to referring doctors (Sonic's customers) and to owners of diagnostic practices that Sonic seeks to acquire.

The Board currently comprises seven Non-executive Directors, all of whom are considered independent and two Executive Directors. The independent Directors perform major roles in the Board Committees. All Board members speak English, the language in which Board and shareholder meetings are held and key corporate documents are prepared.

Corporate Governance Statement

1. BOARD OF DIRECTORS

The Sonic Board comprises members with a diverse mix of business skills, including industry-specific management skills and experience, broader management experience, including senior leadership positions in listed companies, finance, tax and legal skills, expertise in corporate governance, sustainability experience (including awareness of impacts on organisations, the economy, environment and people) and expertise in acquiring and merging healthcare businesses. The Board considers that it has an appropriate mix of skills, expertise, tenure and diversity.

The Board has resolved that the position of Chairman of the Board is to be held by an independent Director. The independence of each of the Non-executive Directors is assessed annually, and it is the view of the Board that each should continue to be regarded as independent. The tenures of Mr Panaccio and Ms Spargo were specifically addressed in their assessments and the Board was satisfied that they have not become too close to management such that their capacity to bring independent judgement to bear or to act in the best interests of all shareholders is compromised. Mr Panaccio has recently advised that he intends to retire from the Board at the conclusion of the 2024 Annual General Meeting. A recruitment process is underway to secure at least one new independent Non-executive Director.

c) Board renewal

The size and composition of the Board is determined by the full Board acting on recommendations of the Remuneration and Nomination Committee. Sonic's constitution requires that the Board comprise no more than twelve and no fewer than three Directors at any time. Sonic's constitution also requires all Directors, other than the Managing Director, to offer themselves for re-election at an AGM, such that they do not hold office without re-election for longer than three years.

The Board (with input from the Remuneration and Nomination Committee) regularly reviews its succession planning. A matrix is used to guide the assessment of the current Directors, and to identify desirable characteristics for future appointments. The matrix is as follows:

- Medical practitioners
- Industry-specific management experience
- Leadership experience (preferably CEO level)
- Experience on other listed entity boards
- Strategy and business development
- Strategic focus
- Medical technology development
- Financial acumen, including taxation knowledge
- Banking/treasury experience
- Risk management
- Corporate governance
- Legal
- International experience
- People management and remuneration
- Sustainability
- Digital/data strategy
- Acquisitions and mergers
- Gender diversity
- Tenure diversity

Before appointing a Director or senior executive, Sonic undertakes comprehensive reference checks including education, employment, character reference, criminal record and bankruptcy checks. Potential existing or foreseeable future conflicts of interest are also considered.

Directors receive a letter of appointment and a deed of access and indemnity. The letter of appointment outlines Sonic's expectations of Directors with respect to their participation, time commitment and compliance with Sonic policies. An induction process for incoming Directors is coordinated by the Company Secretary. To assist Directors to understand relevant developments, the Board receives regular updates at Board meetings, workshops and site visits, along with relevant reading materials.

d) Board meetings

The Board meets formally at least six times a year to consider a broad range of matters, including culture, strategy, financial performance reviews, sustainability issues, capital management and acquisitions. Details of meetings (both full Board and Committees) and attendances are set out in the Directors' Report.

1. BOARD OF DIRECTORS

e) Independent professional advice and access to information

Each Director has the right to seek independent professional advice at the Company's expense. However, prior approval of the Chairman is required, which is not unreasonably withheld.

All Directors have unrestricted access to Company records and information and receive detailed financial and operational reports from senior management during the year to enable them to carry out their duties. Directors also liaise with senior management as required and may consult with other employees and seek additional information on request.

f) Conflicts of interest of Directors

The Board has guidelines dealing with disclosure of interests by Directors and participation and voting at Board meetings where any such interests are discussed. In accordance with the *Corporations Act*, any Director with a material personal interest in a matter being considered by the Board does not receive the relevant Board papers, must not be present when the matter is being considered, and may not vote on the matter.

g) Securities trading

Under Sonic's Securities Trading Policy, Sonic employees are prohibited from buying or selling or otherwise trading Sonic Healthcare securities (including shares, options, debt securities) at any time they are aware of any material price-sensitive information that has not been made public, and are reminded of the laws against 'insider trading'. Certain 'Designated Officers', including all Directors and senior executives (and specified related parties), are also prohibited from trading in periods other than in 8-week windows following the release of half-year and full-year results, a 5-week window following the Annual General Meeting, and 2-week periods following the provision to the market at any time by Sonic of definitive guidance regarding the next annual result to be released. The Sonic Board of Directors must specifically consider and approve the opening of the 'trading window' in each instance. Exceptions to this prohibition can be approved by the Chair (for other Directors) or the Managing Director (for all other employees) in circumstances of severe financial hardship (as defined in the Policy).

Sonic's Chair or Managing Director may impose other periods when Designated Officers are prohibited from trading because price-sensitive, non-public information may exist. All trading by Designated Officers must be notified to the Company Secretary. Prohibitions also apply to short-term trading, short selling, trading in financial instruments related to Sonic's securities, including products that limit the economic risk of unvested rights, options or shareholdings in Sonic, and to trading in the securities of other entities using information obtained through employment with Sonic.

Directors of Sonic Healthcare Limited are also prohibited from entering into margin lending or other secured financing arrangements in relation to Sonic securities without the prior approval of the Chair and disclosure of such arrangements to the Board. In addition, the Managing Director and Finance Director are required to obtain approval from the Chair before selling any shares. All Sonic securities dealings by Directors are promptly notified to the Australian Securities Exchange (ASX).

h) Remuneration of Non-executive Directors

The current maximum total remuneration that may be paid to all Non-executive Directors is $2,500,000 per annum, as approved by shareholders in November 2020. The total amount paid to Non-executive Directors in the 2024 financial year was $2,108,663. Non-executive Directors are not entitled to any performance-based or equity-based remuneration. No retirement benefit schemes (other than statutory superannuation) apply to Non-executive Directors. Further details of Sonic's remuneration policies for Executive Directors and senior executives of the Company, and the relationship between such policy and the Company's performance, are provided in the Directors' Report.

Corporate Governance Statement

2. BOARD COMMITTEES

To assist the Board in fulfilling its duties, there are currently three Board Committees whose terms of reference and powers are determined by the Board. Details of Committee meetings and attendances are set out in the Directors' Report.

a) Audit Committee

Members of the Audit Committee are:

Mr N. Mitchell | *Chair*
Prof. M.R. Compton
Mr L.J. Panaccio
Ms K.D. Spargo

The Committee operates under a formal Charter. The Charter requires that the Audit Committee comprises between three and six members, all of whom must be independent Directors, and that the Chair of the Committee is not to be the Chair of the Board.

The principal role of the Audit Committee is to provide the Board, investors and other stakeholders with confidence that the financial reports for the Company (including mandatory sustainability reporting) represent a true and fair view of the Company's financial condition and operational results in all material respects, and are in accordance with relevant accounting standards.

The responsibilities of the Audit Committee are set out in its Charter and include:

- assisting the Board in its oversight responsibilities by monitoring and advising on:
  - the integrity of the financial reporting of the Company
  - the Company's accounting policies and practices
  - the external auditors' independence and performance
  - compliance with legal and regulatory requirements and related policies, including in relation to taxation and sustainability reporting
  - compliance with the policy framework in place from time to time
  - internal controls, and the overall efficiency and effectiveness of financial operations
- oversight of the Company's internal audit function (known as the Sonic Business Assurance Program)
- providing a forum for communication between the Board, executive management and external auditors
- providing a conduit to the Board for external advice on audit and internal controls.

The external auditors, the Managing Director and the Finance Director are invited to Audit Committee meetings at the discretion of the Committee. The Committee meets at least twice per year.

In fulfilling its responsibilities, the Audit Committee receives regular reports from management, the head of the Business Assurance Program and the external auditors. These reports include:

- any material breaches of the Company's Code of Conduct
- any material incidents reported under the Company's Global Whistleblower Policy
- any material breaches of the Company's Anti-bribery and Corruption Policy.

The Committee also meets with the external auditors at least twice per year, and more frequently if necessary, and reviews any significant disagreements between the auditors and management, irrespective of whether they have been resolved. The external auditors have a clear line of direct communication at any time to both the Chair of the Audit Committee and the Chair of the Board.

The Audit Committee has authority, within the scope of its responsibilities, to seek any information it requires from any employee or external party.

2. BOARD COMMITTEES

b) Risk Management Committee

Members of the Risk Management Committee are:

Prof. S Crowe | *Chair*
Prof. C Bennett (from 1 October 2023)
Dr C.S. Goldschmidt
Mr N. Mitchell
Mr L.J. Panaccio

The Committee operates under a formal Charter. The Charter requires that the Risk Management Committee comprises at least three members, the majority of whom must be independent Directors, and that the Chair of the Committee must be an independent Director.

The Risk Management Committee's responsibilities are set out in its Charter and include:
- assisting the Board in its oversight responsibilities by monitoring and advising on:
  - the identification and management of all material risks, including but not limited to risks relating to:
    - brand, culture and reputation, including in relation to Modern Slavery and the ethical use of A.I.
    - workplace health and safety
    - people
    - clinical care and quality
    - operations
    - legal and regulatory
    - information protection including cybersecurity risks, including data security and privacy risks
    - financial management, including taxation risks
    - environment
    - strategy
  - internal controls and treatments for identified risks including the Company's insurance program
  - the Company's overall risk management program
- providing a forum for communication between the Board, management and external risk management advisors
- providing a conduit to the Board for external advice on risk management.

The Committee meets at least twice per year.

c) Remuneration and Nomination Committee

Members of the Remuneration and Nomination Committee are:

Ms K.D. Spargo | *Chair*
Prof. M.R. Compton
Prof. S. Crowe (from 1 October 2023)
Mr L.J. Panaccio

The Remuneration and Nomination Committee operates under a formal Charter. The Charter requires that the Remuneration and Nomination Committee comprises at least three members, all of whom are to be independent Directors.

The Remuneration and Nomination Committee's role, as set out in its Charter, is to:
- review and make recommendations to the Board on remuneration packages and policies applicable to the Managing Director, Finance Director and Non-executive Directors
- advise the Board in relation to equity-based incentive schemes for other employees
- ensure appropriate disclosure is provided to shareholders in relation to remuneration policies, and that equity-based remuneration is within plans approved by shareholders
- review the Board and Board Committee structures
- advise the Board on the recruitment, appointment, retirement and removal of Directors
- assess and promote the enhancement of competencies of Directors
- review Board succession plans
- make recommendations to the Board in relation to workforce and Board diversity and measurable objectives in relation to gender diversity, and monitor progress toward achievement of those objectives.

The Committee meets on an as-required basis. The Remuneration and Nomination Committee, when deemed necessary, directly obtains independent advice on the appropriateness of remuneration.

Corporate Governance Statement

3. APPROACH TO DIVERSITY

As a medical diagnostic company, Sonic Healthcare's business relies on the services provided to referrers and patients by thousands of Sonic staff every day. In addition, in seeking to continually improve Sonic's services and financial performance, the Company relies on the input and expertise of its Directors, managers, pathologists, radiologists, other medical practitioners and staff. It is therefore critical that Sonic's workforce brings a broad range of experiences, talents and viewpoints to the business. Diversity is valued as it assists the Company to meet its objectives, and ensures that Sonic's people at all levels of the Company reflect our customers and the communities we serve.

Sonic Healthcare strives to maintain a healthy, safe, inclusive and productive environment that is free from discrimination and harassment based on race, colour, religion, political beliefs, gender, gender identity, socio-economic or cultural background, perspective, experiences, sexual orientation, marital or family status, age, national origin or disability. In addition, the Company is committed to the continued development and implementation of initiatives to remove barriers that disadvantage any person or group, such that everyone is able to compete on equal terms. Within Sonic, recruitment, development, promotion and remuneration are based on merit. These principles are an integral part of Sonic's corporate culture, and are encapsulated in the Sonic Core Values and the Company's Diversity Policy.

The Remuneration and Nomination Committee of the Sonic Board recommends annually measurable objectives for promoting and maintaining gender diversity, and measures and reports on progress towards achievement of those objectives. The Managing Director has discretion with regard to the specific initiatives to be implemented by management to achieve the objectives.

The proportion of female employees to total employees within the Group at 30 June 2024 was:

	2024	2023
Non-executive Directors of Sonic Healthcare Limited	57%	57%
Directors of Sonic Healthcare Limited	44%	44%
Executive staff of the Group+	38%	39%
Other senior leadership positions	56%	56%
Total senior leadership positions*	53%	53%
All employees	72%	73%

+ Includes executives to the 'CEO-2' level, plus, if not already included, direct reports to the heads of each of Sonic's operating subsidiaries.
* Includes Directors, executive staff and other senior leadership positions.

The Company's current objective in relation to gender diversity is to monitor and maintain the percentage of females in senior leadership positions at a level greater than 40% and at least 50% in the workforce generally. In addition, the Company has the objective to have not less than 40% of its Directors of each of male and female genders. These objectives were achieved in 2024.

4. IDENTIFYING AND MANAGING BUSINESS RISKS

Sonic recognises that risk management is an integral part of good management and corporate governance practice and is fundamental to driving shareholder value across the business.

Sonic views the management of risk as a core managerial capability. Risk management is strongly promoted internally and forms part of the performance evaluation of key executives.

Sonic's material business risks are described in the operating and financial review section of the Directors' Report. Information on Sonic's impact on society and the environment can be found in Sonic's Sustainability Report available on Sonic's website.

a) Responsibilities

The Board determines the overall risk profile of the business and risk appetite for the Company and is responsible for monitoring and ensuring the maintenance of adequate risk management policies, controls and reporting mechanisms.

To assist the Board in fulfilling its duties, it is aided by the Audit Committee and the Risk Management Committee. The Board has delegated to these Committees responsibility for ensuring:

- the Company's material business risks, including strategic, financial, operational, compliance (including taxation compliance and mandatory sustainability reporting), environmental and social sustainability risks, are identified
- systems are in place to assess, manage, monitor and report on those risks, and that those systems are operating effectively
- management compliance with Board-approved policies
- internal controls are operating effectively across the business
- all Group companies are in compliance with laws and regulations relating to their activities
- the Company is operating with due regard to the risk appetite set by the Board.

The Audit Committee and Risk Management Committee update the Board on all relevant matters.

Management is responsible for the identification, assessment and management of business risks. During the year, management reported on these matters, including the effectiveness of the management of Sonic's material business risks, to the Audit Committee and Risk Management Committee, who then reported these matters to the Board. The Risk Management Committee reviewed the Company's risk management framework and reported on that review to the Board.

b) Risk management policies, systems and processes

Sonic's activities across all of its operating entities are subject to regular review and continuous oversight by executive management and the Board Committees. The Chief Executive Officers of the individual operating companies are responsible for the identification and management of risk within their business. To assist in this, executive management has developed an effective control environment to help manage the significant risks to its operations. This environment includes the following components:

- clearly defined management responsibilities, management accountabilities and organisational structures
- established policies and procedures that are widely disseminated to, and understood by, employees
- regular internal review of policy compliance and the effectiveness of systems and controls
- central team for management of taxation-related risks
- central team to oversee sustainability strategies, risks, opportunities and reporting
- comprehensive training programs for staff in relation to operational practices and compliance requirements
- strong management reporting framework for both financial and operational information
- creation of an open culture to share risk management information and to continuously improve the effectiveness of Sonic's risk management approach
- benchmarking across operations to share best practice and further reduce the operational risk profile
- Sonic's Core Values, a uniting code of conduct embraced by Sonic employees
- Sonic's Code of Conduct and Global Whistleblower Policy
- centrally administered Group insurance program, ensuring a consistent and adequate approach across all operating areas
- the ongoing engagement of a professional Risk Manager to coordinate the Company's approach to material business risk management.

Corporate Governance Statement

4. IDENTIFYING AND MANAGING BUSINESS RISKS

Control systems and policy compliance are reviewed by Sonic's Business Assurance Program (Sonic's internal audit function). The Head of Business Assurance reports to the Audit Committee, and to the Company Secretary for administrative purposes. The Business Assurance Program liaises with, but is independent of, the external auditor, and has full access to the Audit Committee and Risk Management Committee, Sonic management and staff, and records. The Audit Committee determines the scope for the Business Assurance Program each year and monitors management's response to recommended system enhancements.

c) Regulatory compliance

Sonic's laboratory, radiology and medical centre activities are subject to Commonwealth and State law in Australia, and similar regulatory control in offshore locations. These laws cover such areas as laboratory and collection centre operations, workplace health and safety, radiation safety, Modern Slavery, privacy of information and waste management.

Sonic's network of pathology laboratories, collection centres and radiology centres is required to meet and remain compliant with set performance criteria determined by government and industry bodies.

To support this, Sonic's operating policies and procedures are overseen by internal quality assurance and workplace health and safety managers who review operational compliance.

In addition, practising pathologists and radiologists are required to be registered and licensed in accordance with Medical Board and government regulations. The accreditation and licensing of locations, equipment and personnel is subject to regular, random audits by government experts and medical peer groups. Sonic also undertakes internal reviews to ensure continued best practice and compliance.

Sonic's established procedures, focus on best practice, Medical Leadership model, structured staff training, and the external review activities serve to mitigate operational risk and support regulatory compliance.

d) Managing Director and Finance Director certification

Sonic has adopted a policy requiring the Managing Director and the Finance Director to provide the Board with written certification in relation to its financial reporting processes. For the 2024 financial year, the Managing Director and Finance Director made the following certifications:

- that the financial records of the Company have been properly maintained
- that the financial statements and notes comply in all material respects with the relevant accounting standards
- that the financial statements and notes give a true and fair view, in all material respects, of the Company's financial condition and operational results
- that the statements above are founded on a sound system of risk management and internal control which operates effectively in all material respects in relation to financial reporting risks.

5. ETHICAL STANDARDS

The Company has a Code of Conduct that outlines the standards required so that the Directors and management conduct themselves with the highest ethical standards. All employees of the Company and its controlled entities are informed of the Code. The Directors regularly review this Code to ensure it reflects best practice in corporate governance. The Code is further supported by the Sonic Core Values.

To augment the Code of Conduct and Core Values, the Company has formally implemented and disclosed the following global policies:

- Anti-bribery and Corruption Policy
- Code of Conduct Policy
- Data Security Statement
- Diversity Policy
- Environmental Policy
- Global Whistleblower Policy
- Labour Standards and Human Rights Policy
- Modern Slavery reporting
- Privacy Policy
- Supplier Policy
- Taxation Governance Statement
- Workplace Health and Safety Policy

6. CONTINUOUS DISCLOSURE

The Company Secretary has been nominated as the person responsible for communications with the ASX. This role includes responsibility for ensuring compliance with the continuous disclosure requirements in the ASX listing rules, and overseeing and coordinating information disclosure to the ASX, analysts, brokers, shareholders, the media and the public.

Sonic has formalised its policies and procedures on information disclosure in a Policy on Continuous Disclosure. The Policy focuses on continuous disclosure of any information concerning the Company and its controlled entities that a reasonable person would expect to have a material effect on the price of the Company's securities, and sets out management's responsibilities and reporting procedures in this regard.

All information disclosed to the ASX is then immediately posted on the Company's website and provided to the Directors. Presentations to analysts on aspects of the Company's operations are released to the ASX and posted on the Company's website ahead of the presentation.

The Company's investor relations program facilitates effective two-way communication with investors and analysts. In addition to large/institutional investors, the Company seeks to engage with retail shareholder groups, including meeting with representatives of the Australian Shareholders' Association at least annually. All investor relations discussions are conducted or monitored by the Managing Director, Finance Director or Company Secretary and are limited to discussion of non-price sensitive information and material previously announced on the ASX platform.

The Company discloses within the relevant report its process to verify the integrity of the contents of any periodic corporate report it releases to the market that is not audited or reviewed by an external auditor.

7. THE ROLE OF SHAREHOLDERS

The Board aims to provide access and communicate openly with shareholders and to ensure that shareholders are informed of all major developments affecting the Group's state of affairs. Information is communicated to shareholders as follows:

- via the Company's website (available at www.sonichealthcare.com), which includes electronic and other contact details. Shareholders are able to register on the website to receive email alerts of all announcements made to the ASX
- the Annual Report is available to all shareholders on the Company's website and is distributed to those shareholders who elect to receive it. The Board ensures that the Annual Report includes relevant information about the operations of the Group during the year, changes in the state of affairs of the Group and details of likely future developments, in addition to the other disclosures required by law
- proposed major changes in the Group which may impact on share ownership rights are submitted to a vote of shareholders.

To further facilitate communication with shareholders, the Company has established electronic shareholder communication processes via its Share Registry. Shareholders are able to access online Annual Reports, notices of meetings, proxy forms and voting, and receive electronic statements (for example, holding statements) by email.

Where possible, the Company provides advance notice of significant group briefings, including for the half- and full-year results announcements, by publishing details on the Company website and extending open invitations. Telephone dial-in details are generally made available. Records are kept of group and one-on-one briefings with investors and analysts. All shareholder enquiries are responded to in a fair and respectful manner.

The Board encourages full participation of shareholders at the AGM to ensure a high level of accountability and identification with the Group's strategy and goals. AGMs are held at readily accessible locations and facilitate virtual attendance. Advance notice is provided on the Investor Calendar page of the Company's website. Ample opportunity is provided for shareholders to question the Board and the external auditor at the AGM. Important issues are presented to the shareholders as single resolutions and all substantive resolutions are decided by a poll.

The shareholders are responsible for voting on the appointment of Directors. The Company ensures that the relevant Notice of Meeting contains all material information in its possession relevant to a decision on whether to elect a Director.

Corporate Governance Statement

8. EXTERNAL AUDITORS

The Company's policy is to appoint external auditors who clearly demonstrate quality and independence. The performance of the external auditor is reviewed annually. Sonic requires its external auditor to attend the AGM and be available to answer shareholder questions about the conduct of the audit and the auditor's report. It is the policy of the external auditors to provide an annual declaration of their independence to the Audit Committee.

9. PERFORMANCE EVALUATION OF THE BOARD, ITS COMMITTEES AND DIRECTORS, AND KEY EXECUTIVE OFFICERS

a) The Board and its Committees

The Board carries out an annual evaluation of its own performance in meeting its key responsibilities in accordance with the Board Charter, by undertaking the following activities:

- the Chairman discusses with each Director their individual performance and ideas for improvement based on surveys completed by each Director
- the Board as a whole discusses and analyses its own performance, including suggestions for change or improvement and assessment of the extent to which the Board has discharged its responsibilities as set out in the Board Charter
- periodically, an external consultant is engaged to coordinate the reviews and provide additional insights.

The performance review covers matters such as contribution to strategy development, interaction with management, operation and conduct of meetings, and specific performance objectives for the year ahead. The review also identifies any need for Directors to undertake further professional development.

The Board also obtains feedback on its performance and operations from key people, such as the external auditors.

Each Committee of the Board is required to undertake an annual performance evaluation and report the results of this review to the Board.

Performance evaluation results are discussed by the Board, and initiatives are undertaken, where appropriate, to strengthen the effectiveness of the Board's operation and that of its Committees. The Board periodically reviews the skills, experience and expertise of its Directors and its practices and procedures for both the present and future needs of the Company.

Reviews of the performance of the Board, its Committees and individual Directors were conducted during the year.

9. PERFORMANCE EVALUATION OF THE BOARD, ITS COMMITTEES AND DIRECTORS, AND KEY EXECUTIVE OFFICERS

b) The Managing Director and Finance Director

The performances of the Managing Director and Finance Director are formally reviewed by the Board annually, including during the 2024 year. The performance criteria include:

- economic results of the Group
- fulfilment of objectives and duties
- personnel and resource management
- promotion of and adherence to Sonic's Core Values, Foundation Principles, Federation model and culture of Medical Leadership
- corporate governance and compliance
- risk management
- external standing and reputation (including stakeholder management, brand and quality)
- progress with sustainability governance and strategies
- additionally for the Finance Director, financial leadership and innovation.

Performance evaluation results are considered by the Remuneration and Nomination Committee in determining the level and structure of remuneration for the Managing Director and Finance Director.

c) Senior executives

The Managing Director evaluates senior executives at least annually (including during the 2024 year) with qualitative and quantitative measures against agreed business and personal objectives. These business and personal objectives are consistent with those used in the performance reviews for the Managing Director and Finance Director.

Senior executives receive letters of appointment with terms of employment governed by applicable employment laws.

Financial Report

SONIC HEALTHCARE LIMITED
ABN 24 004 196 909

30 JUNE 2024

Consolidated Income Statement

FOR THE YEAR ENDED 30 JUNE 2024

	Notes	2024	2023
		$'000	$'000
Revenue from operations	3	**8,967,405**	8,168,948
Other income	3	**32,341**	–
Total		**8,999,746**	8,168,948
Labour and related costs		**(4,375,051)**	(3,868,375)
Consumables used		**(1,451,616)**	(1,279,695)
Depreciation	4	**(694,389)**	(631,298)
Transportation		**(249,790)**	(217,016)
Utilities		**(196,212)**	(178,462)
Borrowing costs	4	**(151,347)**	(87,025)
Amortisation of intangibles	4	**(82,916)**	(71,630)
Other expenses from ordinary activities		**(1,067,774)**	(904,259)
Profit from ordinary activities before income tax expense		**730,651**	931,188
Income tax expense	6	**(186,847)**	(223,257)
Profit from ordinary activities after income tax expense		**543,804**	707,931
Net (profit) attributable to minority interests		**(32,710)**	(22,947)
Profit attributable to members of Sonic Healthcare Limited	28(b)	**511,094**	684,984
		Cents	Cents
Basic earnings per share	37	**107.3**	145.8
Diluted earnings per share	37	**107.2**	145.0

The above Consolidated Income Statement should be read in conjunction with the accompanying notes.

Consolidated Statement of Comprehensive Income

FOR THE YEAR ENDED 30 JUNE 2024

	Notes	2024	2023
		$'000	$'000
Profit from ordinary activities after income tax expense		**543,804**	707,931
Other comprehensive income			
Items that may be reclassified to profit or loss			
Exchange differences on translation of foreign operations	28(a)	**(82,458)**	320,502
Items that will not be reclassified to profit or loss			
Fair value (loss)/gain on financial asset	28(a)	**(7,562)**	1,921
Actuarial (losses) on retirement benefit obligations	25(f)	**(13,601)**	(1,454)
Other comprehensive income for the period, net of tax		**(103,621)**	320,969
Total comprehensive income for the period		**440,183**	1,028,900
Total comprehensive income attributable to:			
Members of Sonic Healthcare Limited		**408,858**	993,054
Minority interests		**31,325**	35,846
		440,183	1,028,900

The above Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

Consolidated Balance Sheet

AS AT 30 JUNE 2024

	Notes	2024	2023
		$'000	$'000
Current assets			
Cash and cash equivalents	38(a)	**645,001**	797,994
Receivables	7	**1,362,175**	1,022,175
Inventories	8	**208,834**	199,201
Other	9	**136,985**	113,801
Total current assets		**2,352,995**	2,133,171
Non-current assets			
Receivables	10	**22,237**	37,739
Investments	11	**198,348**	175,799
Property, plant and equipment	12	**1,656,500**	1,510,930
Right-of-use assets	13	**1,395,384**	1,287,176
Intangible assets	14	**9,126,264**	7,789,619
Deferred tax assets	15	**65,936**	72,375
Other	16	**8,810**	7,820
Total non-current assets		**12,473,479**	10,881,458
Total assets		**14,826,474**	13,014,629
Current liabilities			
Payables	17	**1,240,486**	959,992
Interest-bearing liabilities	18	**297,490**	–
Lease liabilities	19	**363,540**	346,791
Current tax liabilities	20	**27,494**	220,608
Provisions	21	**367,244**	342,722
Other	22	**25,940**	8,230
Total current liabilities		**2,322,194**	1,878,343
Non-current liabilities			
Interest-bearing liabilities	23	**2,690,400**	1,673,461
Lease liabilities	19	**1,163,938**	1,080,228
Deferred tax liabilities	24	**362,588**	332,731
Provisions	25	**144,213**	103,861
Other	26	**68,016**	24,143
Total non-current liabilities		**4,429,155**	3,214,424
Total liabilities		**6,751,349**	5,092,767
Net assets		**8,075,125**	7,921,862
Equity			
Parent entity interest			
Contributed equity	27	**4,140,911**	3,842,423
Reserves	28(a)	**224,435**	339,884
Retained earnings	28(b)	**3,552,277**	3,554,197
Total parent entity interest		**7,917,623**	7,736,504
Minority interests		**157,502**	185,358
Total equity		**8,075,125**	7,921,862

The above Consolidated Balance Sheet should be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity

FOR THE YEAR ENDED 30 JUNE 2024

	Share capital	Reserves	Retained earnings	Total	Minority interests	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Balance at 1 July 2022	3,860,948	61,172	3,351,020	7,273,140	155,034	7,428,174
Profit for period	–	–	684,984	684,984	22,947	707,931
Other comprehensive income for the period	–	309,524	(1,454)	308,070	12,899	320,969
Total comprehensive income for the period	–	309,524	683,530	993,054	35,846	1,028,900
Transactions with owners in their capacity as owners						
Dividends paid	–	–	(480,353)	(480,353)	–	(480,353)
Shares issued	100,763	(16,488)	–	84,275	–	84,275
Transfers to share capital	8,917	(8,917)	–	–	–	–
Costs of share transactions net of tax	(7)	–	–	(7)	–	(7)
Share-based payments	–	18,453	–	18,453	–	18,453
Acquisition of shares	(134,100)	–	–	(134,100)	–	(134,100)
Allocation of treasury shares	5,902	(2,735)	–	3,167	–	3,167
Acquisition of minority interests	–	(21,125)	–	(21,125)	(680)	(21,805)
Contributions from minority interests	–	–	–	–	5,480	5,480
Dividends paid to minority interests in controlled entities	–	–	–	–	(10,322)	(10,322)
Balance at 30 June 2023	3,842,423	339,884	3,554,197	7,736,504	185,358	**7,921,862**
Profit for period	–	–	511,094	511,094	32,710	**543,804**
Other comprehensive income for the period	–	(88,635)	(13,601)	(102,236)	(1,385)	**(103,621)**
Total comprehensive income for the period	–	(88,635)	497,493	408,858	31,325	**440,183**
Transactions with owners in their capacity as owners						
Dividends paid	–	–	(499,413)	(499,413)	–	**(499,413)**
Shares issued	281,129	(24,932)	–	256,197	–	**256,197**
Costs of share transactions net of tax	(41)	–	–	(41)	–	**(41)**
Transfers to share capital	23,986	(23,986)	–	–	–	**-**
Share-based payments	–	27,032	–	27,032	–	**27,032**
Acquisition of shares	(10,000)	–	–	(10,000)	–	**(10,000)**
Allocation of treasury shares	3,414	(3,414)	–	–	–	**-**
Acquisition of minority interests	–	(1,514)	–	(1,514)	75	**(1,439)**
Dividends paid to minority interests in controlled entities	–	–	–	–	(59,256)	**(59,256)**
Balance at 30 June 2024	**4,140,911**	**224,435**	**3,552,277**	**7,917,623**	**157,502**	**8,075,125**

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Consolidated Cash Flow Statement

FOR THE YEAR ENDED 30 JUNE 2024

	Notes	2024	2023
		$'000	$'000
Cash flows from operating activities			
Receipts from customers (inclusive of goods and services tax)		**8,885,906**	8,520,953
Payments to suppliers and employees (inclusive of goods and services tax)		**(7,363,999)**	(6,639,798)
Gross operating cash flow		**1,521,907**	1,881,155
Interest received		**24,761**	13,617
Borrowing costs		**(145,491)**	(83,752)
Income taxes paid		**(329,665)**	(339,987)
Net cash inflow from operating activities	38(b)	**1,071,512**	1,471,033
Cash flows from investing activities			
Payment for purchase of controlled entities, net of cash acquired		**(1,346,039)**	(82,390)
Payments for property, plant and equipment		**(470,612)**	(389,125)
Proceeds from sale of non-current assets		**150,545**	15,204
Payments for investments		**(40,211)**	(27,525)
Payments for intangibles		**(108,889)**	(107,888)
Repayment of loans by other entities		**17,254**	19,575
Loans to other entities		**(7,491)**	(7,892)
Net cash (outflow) from investing activities		**(1,805,443)**	(580,041)
Cash flows from financing activities			
Proceeds from issues of shares and other equity securities (net of transaction costs and related taxes)		**204,411**	84,265
Payments for buyback and treasury shares		**(10,000)**	(130,933)
Proceeds from borrowings		**2,092,076**	116,109
Repayment of borrowings		**(744,987)**	(119,218)
Principal elements of lease payments		**(389,753)**	(371,204)
Dividends paid to Company's shareholders		**(499,413)**	(480,353)
Dividends paid to minority interests in subsidiaries		**(59,928)**	(10,177)
Net cash inflow/(outflow) from financing activities		**592,406**	(911,511)
Net (decrease) in cash and cash equivalents		**(141,525)**	(20,519)
Cash and cash equivalents at the beginning of the financial year		**797,994**	779,997
Effects of exchange rate changes on cash and cash equivalents		**(11,468)**	38,516
Cash and cash equivalents at the end of the financial year	38(a)	**645,001**	797,994
Financing arrangements	23		
Non-cash financing and investing activities	38(c)		

The above Consolidated Cash Flow Statement should be read in conjunction with the accompanying notes.

Notes to the Consolidated Financial Statements

Notes to the Consolidated Financial Statements

30 JUNE 2024

NOTE 1 | SUMMARY OF MATERIAL ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the Financial Report are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

The Financial Report includes financial statements for the Consolidated Group ('the Group') consisting of Sonic Healthcare Limited ('Parent Company' or 'Company') and its subsidiaries. The financial statements were authorised for issue by the Directors on 27 September 2024.

a) Basis of preparation

This general purpose Financial Report has been prepared in accordance with Australian Accounting Standards, Interpretations issued by the Australian Accounting Standards Board and the *Corporations Act 2001*. The Company is a for-profit entity for the purpose of preparing the financial statements.

Compliance with IFRS

The consolidated financial statements of the Group also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board. The Parent Company financial information included in Note 40 also complies with IFRS.

Historical cost convention

These financial statements have been prepared under the historical cost convention, except for the revaluation of financial assets and liabilities (including derivative instruments) at fair value through profit or loss and plan assets of retirement benefit obligations measured at fair value.

Comparatives may be restated to enhance comparability with the current year.

b) Principles of consolidation and equity accounting

The Consolidated Group financial statements incorporate the assets and liabilities of all subsidiaries controlled by Sonic Healthcare Limited as at 30 June 2024 and the results of all subsidiaries for the year then ended. Sonic Healthcare Limited and its controlled entities together are referred to in this Financial Report as the Group or the Consolidated Group.

Subsidiaries are all those entities (including special purpose entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Minority interests in the results and equity of controlled entities are shown separately in the Consolidated Income Statement, Consolidated Statement of Comprehensive Income, Consolidated Statement of Changes in Equity and Consolidated Balance Sheet respectively.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The acquisition method of accounting is used to account for the acquisition of subsidiaries by the Group (refer to Note 1(e)).

i) Sonic Healthcare Limited Employee Share Trust (SHEST)

The Group has formed a trust to obtain and hold shares for the purpose of providing shares under selected Group equity plans. This trust is consolidated, as the substance of the relationship is that the trust is controlled by the Group. Shares held by the SHEST are disclosed as treasury shares and deducted from contributed equity.

ii) Changes in ownership interests

The Group treats transactions with minority interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and minority interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to minority interests and any consideration paid or received is recognised in a separate reserve within equity.

When the Group ceases to have control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, jointly-controlled entity or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

If the ownership interest in a jointly-controlled entity or an associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

iii) Associates

Associates are all entities over which the Group has significant influence but not control or joint control. This is generally the case where the Group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting, after initially being recognised at cost.

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates are recognised as a reduction in the carrying amount of the investment.

Where the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity-accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

Notes to the Consolidated Financial Statements

30 JUNE 2024

c) Income tax

The income tax expense or benefit for the period is the tax payable or receivable on the current period's taxable income based on the income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company's subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the Group is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Sonic Healthcare Limited and its wholly-owned Australian controlled entities have implemented the Australian tax consolidation legislation. As a consequence, these entities are taxed as a single entity and the deferred tax assets and liabilities of these entities are offset in the consolidated financial statements.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Companies within the Group may be entitled to claim special tax deductions for investments in qualifying assets or in relation to qualifying expenditure (e.g. the Research and Development Tax Incentive regime in Australia or other investment allowances). The Group accounts for such allowances as tax credits, which means that the allowance reduces income tax payable and current tax expense.

d) Foreign currency translation

i) Functional and presentation currency

Items included in the financial statements of each entity are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The Group's financial statements are presented in Australian dollars, which is Sonic Healthcare Limited's functional and presentation currency.

ii) Transactions

Foreign currency transactions are initially translated into the functional currency using the rates of exchange prevailing at the date of the transaction. At the balance sheet date amounts payable and receivable in foreign currencies are translated to Australian currency at rates of exchange current at that date. Resulting foreign exchange differences are recognised in the Income Statement except where they are deferred in equity as cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

iii) Foreign controlled entities

The assets and liabilities of foreign controlled entities are translated into Australian currency at rates of exchange current at the balance sheet date, while their income and expenses are translated at the average of rates prevailing during the year. Exchange differences arising on translation are taken to the foreign currency translation reserve. Differences on foreign currency borrowings that provide a hedge against a net investment in a foreign entity are recognised in other comprehensive income and accumulated in the foreign currency translation reserve. When a foreign operation is sold, a proportionate share of such exchange difference is reclassified to the Income Statement, as part of the gain or loss on sale where applicable.

e) Business combinations

The acquisition method of accounting is used to account for all business combinations regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes the fair value of any contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary. Acquisition-related costs are expensed as incurred. On an acquisition-by-acquisition basis, the Group recognises any minority interest in the acquiree either at fair value or at the minority interest's proportionate share of the acquiree's net identifiable assets.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of the acquisition. The discount rate used is the incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

Identifiable assets acquired and liabilities and contingent liabilities assumed in an acquisition are measured initially at their fair values at the acquisition dates, irrespective of the extent of any minority interest. Goodwill is brought to account on the basis described in Note 1(m)(i).

The excess of the consideration transferred, the amount of any minority interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the Group's share of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired and the measurement of all amounts has been reviewed, the difference is recognised directly in profit or loss as a bargain purchase.

f) Revenue recognition

Revenue is recognised when services are transferred to a customer, in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those services by applying the five-step model set out in AASB 15. Revenue is recognised for the major business activities as follows:

i) Laboratory medicine and radiology services

Laboratory medicine and radiology services revenue is recognised at a point in time when the test or service is completed.

ii) Other medical services

Revenue from other medical services is recognised over time as the performance obligation is satisfied. Revenue is recognised based on the services provided at period end date. Payments to doctors in medical centre and occupational health businesses in exchange for contracting the Group's services for a period of time are capitalised as a contract asset and amortised on a straight-line basis against revenue over the life of the contract.

iii) Interest income

Interest income is recognised using the effective interest method.

iv) Dividends

Dividends are recognised as revenue when the right to receive payment is established. This applies even if they are paid out of pre-acquisition profits. However, the investment may need to be tested for impairment as a consequence.

g) Receivables

All trade debtors are initially recognised at their fair value being the amounts receivable and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Trade debtors are generally required to be settled within 30 days. They are presented as current assets unless collection is not expected for more than 12 months after the reporting date.

Collectability of trade debtors is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off in the period in which they are identified. A provision for impairment loss is recognised using the simplified approach to measuring expected credit losses which uses a lifetime expected credit loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped on shared credit risk characteristics and days past due.

h) Inventories

Inventories, comprising consumable stores stock, are valued at the lower of cost and net realisable value. Costs are assigned to individual items of inventory on the first in, first out (FIFO) basis.

i) Impairment of assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying value exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each financial year end.

In assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

j) Investments and other financial assets

i) Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

The Group reclassifies debt investments only when its business model for managing those assets changes.

ii) Recognition and derecognition

Purchases and sales of financial assets settled through the regular settlement for that particular investment are recognised on trade date, being the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

iii) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

iv) Impairment

The Group assesses on a forward-looking basis the expected credit losses on its debt instruments carried at amortised cost and fair value through other comprehensive income. The impairment methodology depends on whether there has been a significant increase in credit risk.

k) Property, plant and equipment

Property, plant and equipment is stated at historical cost less accumulated depreciation and any impairment in value.

Depreciation is calculated using the straight-line method to allocate the net cost of each item of property, plant and equipment (excluding land), net of their residual values over their estimated useful lives to the Group. Land is not depreciated. Estimates of remaining useful lives and residual values are made on a regular basis for all assets, with annual reassessments for major items. The estimated useful lives are as follows:

Buildings and improvements	40 years
Plant and equipment	3–15 years

The cost of improvements to, or on, leasehold properties is amortised over the unexpired period of the lease or the estimated useful life of the improvement to the Group, whichever is the shorter.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value of the asset is greater than its estimated recoverable amount (Note 1(i)). An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the Income Statement in the period the item is derecognised.

l) Leases

The Group leases properties, equipment and vehicles under rental contracts which are typically made for fixed periods of between 1 month and 20 years but may have extension options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor.

A single recognition and measurement approach is applied to all leases that the Group is the lessee for, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

i) Lease liabilities

At the commencement date of the lease the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments less any lease incentives receivable, variable lease payments that depend on an index or rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate.

The Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement, if the interest rate implicit in the lease is not readily determinable. To determine the incremental borrowing rate the Group uses a build-up approach that starts with appropriate swap and corporate bond rates with adjustments specific to the lease based on term and currency.

After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. The finance cost is charged to the Income Statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, such as a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Contracts may contain both lease and non-lease components. For leases where the non-lease component is not separately identified, the Group has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

ii) Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses and adjusted for any remeasurement of lease liabilities. The costs of right-of-use assets includes the amount of lease liabilities recognised, less any lease incentives received. The recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life. Right-of-use assets are subject to annual impairment assessment.

iii) Short-term leases and leases of low-value assets

The Group applies the short-term recognition criteria exemption to its short-term leases (i.e. those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption, which applies to miscellaneous low-value assets (e.g. IT equipment and small items of office furniture) that do not have quantitative or qualitative significance. Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term within the lease expense line item.

iv) Variable lease payments

Variable lease payments reflect the lease component of consumables expenditure in situations where supplier contracts include the placement of equipment which the Group does not own. Such arrangements are used where it is commercially advantageous to the Group. Variable lease payments are not significant in comparison to fixed lease payments and vary based on a number of factors, including the value and quantity of equipment placed and the length of the supplier contract.

v) Extension and termination options

Extension and termination options are included in a number of property and equipment leases across the Group. These are used to maximise operational flexibility in terms of managing the assets used in the Group's operations. The majority of extension and termination options held are exercisable only by the Group and not the respective lessor. As at 30 June 2024 approximately 52% of the Group's leases have extension options of which 7% have been assessed as being reasonably certain to be exercised (these options have therefore been included in the calculation of the lease liability at the period end). The value of payments (undiscounted) for all optional periods represent approximately 395% of the FY2024 year's lease payments.

vi) Sale and leaseback

The Group may periodically sell land and buildings and lease them back where it is commercially advantageous to do so. These types of transactions are not prevalent given the relatively small proportion of properties that the Group owns compared to leased. If the transfer of an asset satisfies the requirements of AASB 15 to be accounted for as a sale, the right-of-use asset arising from the leaseback is measured at the proportion of the previous carrying amount of the asset that relates to the right of use retained by the Group. Accordingly, only the amount of any gain or loss that relates to the rights transferred is recognised in the Income Statement.

vii) Lessor accounting

The Group enters into lease agreements as lessor in respect of some property leases (largely related to the medical centre operations). Where the Group is an intermediate lessor it accounts for the head lease and the sub-lease as two separate contracts.

The sub-lease is a finance lease where it transfers substantially all the risks and rewards of ownership to the lessee. All other sub-leases are operating leases. The determination of whether a sub-lease is classified as a finance lease or operating lease is made by reference to the right-of-use asset arising from the head lease. The majority of sub-leases have lease terms substantially shorter than the head lease and accordingly are classified as operating leases. Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

The Group recognises on the Balance Sheet a net investment in a lease as the sum of the lease payments receivable plus any unguaranteed residual value, discounted at the interest rate implicit in the lease.

m) Intangible assets

i) Goodwill

Goodwill represents the excess of the cost of the business combination over the acquirer's interest in the net fair value of identifiable assets and liabilities acquired at the date of acquisition. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill acquired in business combinations is not amortised. Instead, goodwill is tested for impairment annually, or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

Any goodwill acquired is allocated to each of the cash-generating units (CGUs) expected to benefit from the combination's synergies. The goodwill allocated to the CGUs for the purpose of assessing impairment is identified according to business segment (laboratory and radiology) and country of operation (Australia, New Zealand, UK, USA, Germany, Switzerland and Belgium).

Impairment is determined by assessing the recoverable amount of the cash-generating unit to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised.

Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to that entity.

ii) Intangible assets acquired from a business combination

Intangible assets acquired from a business combination are capitalised at fair value as at the date of acquisition. Following initial recognition, the cost model is applied to the class of intangible assets.

The useful lives of these intangible assets are assessed to be either finite or indefinite.

Where amortisation is charged on assets with finite lives, this expense is taken to the Income Statement.

Intangible assets are tested for impairment where an indicator of impairment exists, and in the case of indefinite life intangibles annually, either individually or at the cash-generating unit level. Useful lives are also examined on an annual basis and adjustments, where applicable, are made on a prospective basis.

Included in intangibles is the value of certain brand names acquired as part of the purchase of certain laboratory businesses and controlled entities.

The brand names have been assessed as having an indefinite useful life after consideration of the following factors:

- the length of time during which the brand name has been in use,
- the stability of the healthcare industry,
- the market perception and recognition of the brands which have consistently facilitated the retention and growth of revenue in both the local and national market places,
- active promotion of the brands in the marketplace,
- brand names are a registered legal trademark of the business. The registration of brands is renewable at minimal cost and minimal difficulty.

iii) Software development

Expenditure on software development is capitalised when it is probable that the project will, after considering its commercial and technical feasibility, be completed and generate future economic benefits and the costs can be measured reliably. The expenditure capitalised comprises all attributable costs. Capitalised software development costs are recorded as finite life intangible assets and amortised from the point at which the asset is ready for use on a straight-line basis over its estimated useful life of 10 years. Capitalised development expenditure is stated at cost less accumulated amortisation. The carrying value is reviewed for impairment annually, or more frequently, if an indicator of impairment arises.

The costs of acquiring computer software for internal use are capitalised as intangible non-current assets where the software is used to support significant business systems and the expenditure leads to the creation of an asset. The expected useful life is generally 3-20 years.

Gains or losses arising from the derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Income Statement when the asset is derecognised.

Intangible assets (other than software development costs) created within the business are not capitalised and expenditure is charged against profits in the period in which the expenditure is incurred.

iv) Software-as-a-Service arrangements (SaaS)

SaaS arrangements are service contracts providing the Group with the right to access the cloud provider's application software over the contract period. As such the Group does not receive a software intangible asset at the contract commencement date. Implementation costs including costs to configure or customise the cloud provider's application software are generally recognised as operating expenses when the services are received.

Costs incurred for the development of distinct software that enhances or modifies, or creates additional capability to, existing systems and meets the definition of and recognition criteria for an intangible asset are recognised as intangible assets.

n) Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year and which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months from reporting date. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

o) Interest-bearing liabilities

All loans and borrowings are initially recognised at fair value plus transaction costs, thereafter interest-bearing loans and borrowings are measured at amortised cost using the effective interest method. Interest is accrued over the period it becomes due and is recorded as part of other creditors. Fees paid on the establishment of loan facilities measured at amortised cost are capitalised and amortised on a straight-line basis over the term of the facility.

Borrowings are removed from the Balance Sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in other income or other expenses.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

p) Derivative financial instruments

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. Changes in fair value are either taken to the Income Statement or an equity reserve (refer below). The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates certain derivatives as either:

- hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedges);
- hedges of the cash flows of recognised assets and liabilities and highly probable forecast transactions (cash flow hedges), or;
- hedges of a net investment in a foreign operation (net investment hedges).

The Group documents at the inception of the hedging transaction the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions have been and will continue to be highly effective in offsetting changes in fair values or cash flows of hedged items.

The fair values of various derivative financial instruments used for hedging purposes are disclosed in Note 39. Movements in the hedging reserve in shareholders' equity are shown in Note 28.

i) Fair value hedge

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the Income Statement, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The gain or loss relating to the effective portion of interest rate swaps hedging fixed rate borrowings is recognised in the Income Statement within borrowing costs, together with changes in the fair value of the hedged fixed rate borrowings attributable to interest rate risk. The gain or loss relating to the ineffective portion is recognised in the Income Statement within other income or other expenses.

If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item for which the effective interest method is used is amortised to profit or loss over the period to maturity using a recalculated effective interest rate.

ii) Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated in reserves in equity. The gain or loss relating to the ineffective portion is recognised immediately in the Income Statement within other income or other expenses.

Amounts accumulated in equity are recycled to the Income Statement in the periods when the hedged item will affect profit or loss. The gain or loss relating to the effective portion of interest rate swaps hedging variable rate borrowings is recognised in the Income Statement within borrowing costs.

When a hedging instrument expires or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the Income Statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the Income Statement.

The fair value of the Group's cash flow hedges are determined by external advisors using the present value of estimated future cash flows.

iii) Net investment hedges

Hedges of net investments in foreign operations are accounted for similarly to cash flow hedges.

Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognised in equity. The gain or loss relating to the ineffective portion of the hedge is recognised immediately in the Income Statement within other income or other expenses.

Gains and losses accumulated in equity are included in the Income Statement when the foreign operation is partially disposed of or sold.

iv) Derivatives that do not qualify for hedge accounting

For derivatives that do not qualify for hedge accounting, any gains or losses arising from changes in fair value are taken directly to the Income Statement and are included in other income or other expenses.

q) Employee benefits

i) Wages and salaries, annual leave

Liabilities for wages and salaries and annual leave are recognised and are measured at the amounts expected to be paid when the liabilities are settled.

ii) Long service leave

The liability for long service leave expected to be settled within 12 months of the reporting date is recognised in the current provision for employee benefits and is measured in accordance with (i) above. The liability for long service leave expected to be settled more than 12 months from the reporting date is recognised in the non-current provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on corporate bonds with terms to maturity that match, as closely as possible, the estimated future cash outflows.

iii) Retirement benefit obligations

Certain employees of the Group are entitled to benefits from defined contribution superannuation plans on retirement, disability or death. The defined contribution plans receive fixed contributions from Group companies and the Group's legal or constructive obligation is limited to these contributions.

Contributions to the defined contribution plans are recognised as an expense as they become payable. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

The Group also has defined benefit superannuation plans in relation to certain non-Australian employees, which provide defined lump sum benefits based on years of service and final average salary.

A liability or asset in respect of defined benefit plans is recognised in the Balance Sheet, and is measured as the present value of the defined benefit obligation at the reporting date less the fair value of the superannuation fund's assets at that date. The present value of the defined benefit obligation is based on expected future payments which arise from membership of the fund to the reporting date, calculated annually by independent actuaries using the projected unit credit method.

Consideration is given to expected future wages and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows. In countries where there is a deep market in high-quality corporate bonds, the market rates on those bonds are used rather than government bonds. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, outside profit or loss, directly in the Statement of Comprehensive Income. Past service costs are recognised immediately in the Income Statement.

iv) Profit sharing and bonus plans

A liability for employee benefits in the form of profit sharing and bonus plans is recognised in other creditors when there is no realistic alternative but to settle the liability and at least one of the following conditions is met:

- there are formal terms in the plan for determining the amount of the benefit, or
- the amounts to be paid are determined before the time of completion of the Financial Report, or
- past practice gives clear evidence of the amount of the obligation.

Liabilities for profit sharing and bonus plans are expected to be settled within 12 months and are measured at the amounts expected to be paid when they are settled.

v) Employee benefit on-costs

Employee benefit on-costs, including payroll tax, are recognised and included in employee benefit liabilities and costs when the employee benefits to which they relate are recognised as liabilities.

vi) Equity-based compensation benefits

Equity-based compensation benefits are provided to employees under various plans. Information relating to these plans is set out in Note 35.

The fair value of equity remuneration granted under the various employee plans is recognised as an expense with a corresponding increase in equity. The fair value is measured at grant date and recognised over the period during which the employees become unconditionally entitled to the shares and options ('the vesting period'). The fair value at grant date is determined using a pricing model consistent with the Black Scholes methodology that takes into account the exercise price, the term of the option, the impact of dilution, the non-tradeable nature of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the arrangement.

The fair value of the options and shares granted is adjusted to reflect market vesting conditions (using a Monte Carlo simulation) but excludes the impact of any non-market vesting conditions. Non-market vesting conditions are included in assumptions about the number of shares and options that are expected to vest. At each balance sheet date, the entity revises its estimate of the number of shares and options that are expected to vest. The employee benefit expense recognised each period takes into account the most recent estimate.

No expense is recognised for shares and options that do not ultimately vest due to a failure to meet a non-market vesting condition.

Upon the exercise of options, the balance of the share-based payments reserve relating to those options is transferred to share capital.

The dilutive effect, if any, of outstanding shares and options is reflected as additional share dilution in the calculation of diluted earnings per share.

The Parent Company issues options to employees of subsidiary companies as part of the Group's remuneration strategy. When options are exercised, the subsidiary company reimburses the Parent Company for the excess of the market price at the time of exercise over the exercise price. These amounts are credited to contributed equity in the Parent Company's accounts, and eliminated on consolidation.

vii) Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after balance sheet date are discounted to present value.

r) Borrowing costs

Borrowing costs include:

- interest on bank overdrafts, short-term and long-term borrowings, including amounts paid or received on interest rate swaps,
- amortisation of discounts or premiums relating to borrowings,
- amortisation of ancillary costs incurred in connection with the arrangement of borrowings, and
- lease charges.

Borrowing costs are expensed as incurred unless they relate to qualifying assets. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use. In these circumstances, borrowing costs are capitalised to the cost of the assets using the weighted average interest rate applicable to the entity's outstanding borrowings during the year.

s) Contributed equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. For share buybacks the total cost of purchasing Sonic ordinary shares is deducted from contributed equity.

t) Cash and cash equivalents

Cash and cash equivalents includes cash at bank and in hand, and deposits at call with financial institutions which are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purposes of the cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

u) Earnings per share

i) Basic earnings per share

Basic earnings per share is calculated by dividing net profit after income tax attributable to members of the Parent Company by the weighted average number of ordinary shares on issue during the financial year excluding treasury shares.

ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share by taking into account the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

Notes to the Consolidated Financial Statements

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v) Segment information

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision makers who are responsible for allocating resources and assessing performance of the operating segments have been identified as the Chief Executive Officer and the Board of Directors.

Segment revenues, expenses and results include transfers between segments. Such transfers are priced on an 'arm's-length' basis and are eliminated on consolidation.

w) Dividends

Provision is made for the amount of any dividend declared, determined or publicly recommended by the Directors on or before the end of a financial year but not distributed at balance date.

x) Repairs and maintenance

Plant and equipment, and premises occupied, require repairs and maintenance from time to time in the course of operations. The costs associated with repairs and maintenance are charged as expenses as incurred, except where they relate to an improvement in the useful life of an asset, in which case the costs are capitalised and depreciated in accordance with Note 1(k).

y) Non-current assets (or disposal groups) held for sale

Non-current assets (or disposal groups) are classified as held for sale and stated at the lower of their carrying amount and fair value less costs to sell if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable.

An impairment loss is recognised for any initial or subsequent write down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal group) but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset (or disposal group) is recognised at the date of derecognition.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale.

z) Provisions

Provisions are recognised when the Group has a present legal, equitable or constructive obligation as a result of past transactions or other past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

When there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the balance sheet date. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability. Any increase in the provision due to the passage of time is recognised as borrowing costs expense.

Restructuring provisions are recognised where the Group has completed a business combination where there is a detailed formal plan for the restructure, and a present obligation immediately prior to the business combination and its execution was not conditional upon it being acquired by the Group.

aa) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included within sundry debtors or sundry creditors in the Balance Sheet.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flow.

ab) Rounding of amounts

The Company is of a kind referred to in ASIC Legislation Instrument 2016/191 issued by the Australian Securities & Investments Commission, relating to the 'rounding off' of amounts in the Financial Report. Amounts in the Financial Report have been rounded off in accordance with that Instrument to the nearest thousand dollars, or in certain cases, to the nearest dollar.

ac) Significant accounting estimates and assumptions

The preparation of financial statements requires the use of estimates and assumptions of future events to determine the carrying amounts of certain assets and liabilities.

Key estimates and assumptions used in the preparation of the Financial Report are:

i) Impairment of goodwill and intangibles with indefinite useful lives

The Group determines whether goodwill and intangibles with indefinite useful lives are impaired at least on an annual basis. This requires an estimation of the recoverable amount of the cash-generating units to which the goodwill and intangibles with indefinite useful lives are allocated. The assumptions used in this estimation of recoverable amount and the carrying amount of goodwill and intangibles with indefinite useful lives are discussed in Note 14.

ii) Share-based payment transactions

The Group measures the cost of equity-settled share-based payments at fair value at the grant date using a pricing model consistent with the Black Scholes methodology, taking into account the terms and conditions upon which the instruments were granted, as discussed in Note 35.

iii) Provisional accounting of business combinations

The Group provisionally accounts for certain business combinations where the Group is in the process of ascertaining the fair values of the identifiable assets, liabilities and contingent liabilities acquired. In doing so, the Group has relied on the best estimate of the identifiable assets, liabilities and contingent liabilities as disclosed in Note 30, until the quantification and treatment of items under review is complete.

iv) Pension benefits

The present value of the pension obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. These assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions will impact the carrying amount of pension obligations.

The Group determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the Group considers the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability. Market yields on government bonds are used in countries where there is no deep market in corporate bonds.

Other key assumptions for pension obligations are based in part on current market conditions. Additional information is disclosed in Note 25.

v) Income tax

The Group is subject to income taxes in several jurisdictions around the world. Significant judgement is required in determining the provision for income taxes on a worldwide basis. Where the final tax outcome is different from amounts provided, such differences will impact the current or deferred tax provisions in the period in which such outcome is obtained.

vi) Trade debtors

Accounts receivable assessments require significant judgement in the USA due to contractual allowances, being discounts provided to certain payers against the Company's patient fee schedules. Revenue is billed at the fee schedule rate, but is recognised net of estimated contractual discounts. Adjustments are then made to revenue based on final payments received. Management diligently reviews allowances to ensure that the recoverable amount of debtors is materially accurate.

vii) Determination of the lease term as the non-cancellable term of contracts with renewal options

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group applies judgement in evaluating whether it is reasonably certain to exercise the option to renew. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal including penalties to terminate, the value of leasehold improvements remaining plus current and future expected economic performance from use of the asset. After the commencement date, the Group generally can only make a reasonable certainty assessment within six to twelve months of the exercise of an option or at other times if there is a significant event or change in circumstances that is within its control and affects the ability to exercise (or not to exercise) the option to renew.

viii) Calculation of the incremental borrowing rates

Where the Group cannot readily determine the interest rate implicit in lease contracts the present value of the Group's lease liabilities are estimated using the incremental borrowing rate as if leasing over a similar term the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The Group uses observable inputs such as market interest rates as applicable.

ad) New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not applicable to the Group for the financial year ended 30 June 2024. The Group has elected not to early adopt these new standards and interpretations. These standards are not expected to have a material impact on the entity in the current or future reporting periods or on foreseeable future transactions.

The Group has applied the exception from recognising and disclosing information regarding deferred tax assets and liabilities related to Pillar Two income taxes.

ae) Parent Company financial information

The financial information for the Parent Company, Sonic Healthcare Limited, disclosed in Note 40 has been prepared on the same basis as the consolidated financial statements, except as set out below.

i) Investments in subsidiaries

Investments in subsidiaries are accounted for at cost in the financial statements of Sonic Healthcare Limited.

ii) Tax consolidation legislation

Sonic Healthcare Limited and its wholly-owned Australian controlled entities implemented the tax consolidation legislation with effect from 30 June 2004, and have notified the Australian Taxation Office of this event. The head entity, Sonic Healthcare Limited, and the controlled entities in the tax consolidated group account for their own deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated group continues to be a standalone tax payer in its own right. In addition to its own current and deferred tax amounts Sonic Healthcare Limited, as the head entity in the tax consolidated group, also recognises the current tax liabilities (or assets) assumed from the controlled entities in the tax consolidated group. Under tax sharing and funding agreements amounts receivable or payable between the tax consolidated entities are recognised within current amounts receivable/payable to controlled entities.

The entities have also entered into a tax funding agreement under which the wholly-owned entities fully compensate Sonic Healthcare Limited for any current tax payable assumed and are compensated by Sonic Healthcare Limited for any current tax receivable transferred under the tax consolidation legislation. The funding amounts are determined by reference to the amounts recognised in the wholly-owned entities' financial statements.

iii) Share-based payments

The grant by the Parent Company of options over its equity instruments to the employees of subsidiary undertakings in the Group is treated as a capital contribution to that subsidiary undertaking. The fair value of employee services received, measured by reference to the grant date fair value, is recognised over the vesting period as an increase to investment in subsidiary undertakings, with a corresponding credit to equity.

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 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. In FY2024, this segment includes a gain relating to the sale of the West division in the USA.

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.

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2024	Laboratory	Radiology	Other	Eliminations	Total
	$'000	$'000	$'000	$'000	$'000
Segment revenue (Constant Currency)					
External sales	7,332,893	879,202	448,503	–	8,660,598
Inter-segment sales	1,470	706	4,409	(6,585)	–
Total segment revenue (Constant Currency)	7,334,363	879,908	452,912	(6,585)	8,660,598
Currency exchange rate movements	282,046	–	–	–	282,046
Other income	–	–	32,341	–	32,341
Total segment revenue and other income (Statutory)	7,616,409	879,908	485,253	(6,585)	8,974,985
Interest income					24,761
Total revenue and other income					**8,999,746**
Result					
Segment NPBT (Constant Currency)	735,389	125,037	(64,801)	–	795,625
Currency exchange rate movements	31,901	–	–	–	31,901
Segment NPBT (Statutory)	767,290	125,037	(64,801)	–	827,526
Unallocated interest expense					(96,875)
Profit before tax					**730,651**
Income tax expense					(186,847)
Profit after income tax expense					**543,804**
Allocated interest expense	42,161	5,753	6,558	–	**54,472**
Depreciation and amortisation expense	576,286	87,242	113,777	–	**777,305**
EBITDA	1,367,911	217,490	49,141	–	**1,634,542**
Other non-cash items	(76,789)	4,384	(9,012)	–	**(81,417)**

2023	Laboratory	Radiology	Other	Eliminations	Total
	$'000	$'000	$'000	$'000	$'000
Segment revenue					
External sales	6,975,107	795,468	384,756	–	8,155,331
Inter-segment sales	1,303	641	3,402	(5,346)	–
Total segment revenue	6,976,410	796,109	388,158	(5,346)	8,155,331
Interest income					13,617
Total revenue					8,168,948
Result					
Segment NPBT	951,859	102,595	(75,737)	–	978,717
Unallocated interest expense					(47,529)
Profit before tax					931,188
Income tax expense					(223,257)
Profit after income tax expense					707,931
Allocated interest expense	29,118	5,300	5,078	–	39,496
Depreciation and amortisation expense	511,880	83,141	107,907	–	702,928
EBITDA	1,484,509	190,833	32,182	–	1,707,524
Other non-cash items	14,441	3,706	15,772	–	33,919

Geographical information

	Revenues from sales to external customers+		Non-current assets+^	
	2024	2023	2024	2023
	$'000	$'000	$'000	$'000
Australia	**3,287,867**	3,118,451	**3,696,859**	3,501,397
United States of America	**2,147,450**	2,114,115	**3,368,398**	3,315,127
Germany	**1,769,093**	1,549,544	**2,727,070**	1,934,401
Other	**1,738,234**	1,373,221	**2,416,868**	1,882,359
Total	**8,942,644**	8,155,331	**12,209,195**	10,633,284

+ Note that changes between years are affected by exchange rate movements and the timing of business acquisitions.
^ Note that this includes all non-current assets other than financial instruments and deferred tax assets.

NOTE 3 | REVENUE AND OTHER INCOME

	2024	2023
	$'000	$'000
Services revenue		
Medical services revenue	**8,934,198**	8,144,998
Other		
Interest received or due and receivable	**24,014**	13,089
Finance income on net investment in lease	**747**	528
Income from sub-leasing right-of-use assets	**4,755**	5,009
Other revenue	**3,691**	5,324
	33,207	23,950
Total	**8,967,405**	8,168,948
Other income		
Gain related to sale of West division	**32,341**	–
Disaggregated revenue		
Laboratory		
USA	**2,147,164**	2,113,808
Australia	**1,960,417**	1,938,334
Germany	**1,768,906**	1,549,497
Switzerland	**888,856**	594,677
UK	**669,174**	593,539
Belgium	**146,846**	154,747
New Zealand	**31,774**	28,834
Non-laboratory		
Radiology	**878,929**	795,101
Other (medical centres, occupational health services etc.)	**445,823**	381,785
	8,937,889	8,150,322

Contract asset balances of $3,582,000 (2023: $3,208,000) and $4,392,000 (2023: $5,135,000) have been recognised in current receivables and non-current receivables as at 30 June 2024 relating to upfront doctor payments in the medical centre and occupational health businesses.

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NOTE 4 | EXPENSES

	2024	2023
	$'000	$'000
Profit before income tax includes the following specific expenses		
Finance costs		
Finance charges on capitalised leases	50,758	37,595
Other borrowing costs	100,589	49,430
Total borrowing costs	151,347	87,025
Amortisation of intangibles	82,916	71,630
Depreciation of		
Plant and equipment	289,599	252,422
Buildings	10,314	8,721
Total depreciation	299,913	261,143
Depreciation charge of right-of-use assets		
Buildings	382,230	360,450
Equipment	12,246	9,705
Total right-of-use asset depreciation	394,476	370,155
Lease expense		
Short-term leases	43,429	38,059
Low-value leases	3,938	4,033
Variable leases – Other	18,126	19,527
Total lease expense	65,493	61,619
Defined contribution superannuation expense	185,117	168,494
Bad and doubtful trade debtors	204,752	203,666
Repairs and maintenance	277,918	263,373

NOTE 5 | DIVIDENDS

	2024	2023
	$'000	$'000
Total dividends paid on ordinary shares during the year		
Final dividend for the year ended 30 June 2023 of 62 cents (2022: 60 cents) per share paid on 21 September 2023 (2022: 21 September 2022), franked to 100% (2022: 100%)	293,923	283,382
Interim dividend for the year ended 30 June 2024 of 43 cents (2023: 42 cents) per share paid on 21 March 2024 (2023: 22 March 2023), franked to 0% (2023: 100%)	205,490	196,971
	499,413	480,353
Dividends not recognised at year end		
In addition to the above dividends, since year end the Directors declared a final dividend of 63 cents (2023: 62 cents) per ordinary share, franked to 0% (2023: 100%) based on tax paid at 30%. The aggregate amount of the final dividend paid on 19 September 2024 (2023: 21 September 2023) out of retained earnings at the end of the year, but not recognised as a liability is:	302,655	293,923
Franked dividends		
The 2024 final dividend declared after the year end was 0% franked.		
Franking credits available at the year end for subsequent financial years based on a tax rate of 30%	868	32,672

The consolidated amounts include franking credits that would be available if distributable profits of subsidiaries not part of the Australian tax group were paid as dividends.

Dividend Reinvestment Plan

The Company's Dividend Reinvestment Plan remained suspended for the FY2024 final dividend, as it was throughout the 2024 and 2023 financial years.

NOTE 6 | INCOME TAX

a) Income tax expense

	2024	2023
	$'000	$'000
Current tax	155,620	193,623
Deferred tax	34,650	34,371
Under provision in prior years – deferred tax	8,736	17,123
(Over) provision in prior years – current tax	(12,159)	(21,860)
Income tax expense	186,847	223,257
Deferred income tax expense included in income tax expense comprises		
Decrease/(increase) in deferred tax assets (Note 15)	7,389	(9,373)
Increase in deferred tax liabilities (Note 24)	35,997	60,867
	43,386	51,494

Notes to the Consolidated Financial Statements

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b) Income tax expense on pre-tax accounting profit from operations reconciles to the income tax expense in the financial statements as follows:

	2024	2023
	$'000	$'000
Profit before income tax expense	730,651	931,188
Tax at the Australian tax rate of 30% (2023: 30%)	**219,195**	279,356
Tax effect of amounts which are not deductible/ (taxable) in calculating taxable income		
Difference in overseas tax rates	(30,957)	(27,294)
Potential deductions relating to equity remuneration	10,293	(25,457)
(Over) provision in prior years	(3,423)	(4,737)
Non-taxable gain relating to the sale of West division	(9,702)	–
Other deductible/non-taxable items (net)	1,441	1,389
Income tax expense	**186,847**	223,257

c) Tax (benefit)/expense relating to items of other comprehensive income

	2024	2023
Actuarial (losses)/gains on retirement benefit obligations	(2,633)	520
Fair value (loss)/gain on financial asset	(3,241)	822
Tax (benefit)/expense relating to items of other comprehensive income	**(5,874)**	1,342

d) Amounts recognised directly in equity

	2024	2023
Capital raising costs	**18**	4

e) Tax losses

Deferred tax assets of $35,383,000 (2023: $14,411,000) on the Group's Balance Sheet at 30 June 2024 relate to income tax losses (Note 15) across the Group. Income tax losses for which no deferred tax asset has been recognised total $13,318,000 (2023: $12,591,000).

The benefit of tax losses will only be obtained if:

i) the Group derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deductions for the losses to be realised, or
ii) the losses are transferred to an eligible entity in the Group, and
iii) the Group continues to comply with the conditions for deductibility imposed by tax legislation, and
iv) no changes in tax legislation adversely affect the Group in realising the benefit from the deductions for the losses.

f) Unrecognised temporary differences

	2024	2023
	$'000	$'000
Temporary differences relating to investments in subsidiaries for which deferred tax assets and liabilities have not been recognised		
Foreign currency translation	**118,338**	142,728
Undistributed earnings	**2,687**	2,660
	121,025	145,388

A deferred tax asset has not been recognised in respect of temporary differences arising as a result of the translation of the financial statements of the Group's overseas subsidiaries. The deferred tax asset will only arise in the event of disposal of the subsidiaries, and no such disposals are expected in the foreseeable future.

Certain subsidiaries of Sonic Healthcare Limited have undistributed earnings which, if paid out as dividends, would be unfranked and therefore subject to tax in the hands of the recipient. A taxable temporary difference exists, however no deferred tax liability has been recognised as the Parent Company is able to control the timing of distributions from these subsidiaries and is not expected to distribute these profits in the foreseeable future.

g) Tax consolidation legislation

Sonic Healthcare Limited and its wholly-owned Australian subsidiaries implemented the Australian tax consolidation legislation at 30 June 2004. The accounting policy in relation to this legislation is set out in Note 1(c).

On adoption of the tax consolidation legislation, the entities in the tax consolidated group entered into a tax sharing agreement. In the opinion of the Directors, the tax sharing agreement is a valid agreement under the tax consolidation legislation and limits the joint and several liability of the wholly-owned entities in the case of a default by Sonic Healthcare Limited.

The entities have also entered into a tax funding agreement under which the wholly-owned entities fully compensate Sonic Healthcare Limited for any current tax payable assumed and are compensated by Sonic Healthcare Limited for any current tax receivable and deferred tax assets related to unused tax losses or unused tax credits that are transferred to Sonic Healthcare Limited under the tax consolidation legislation. The funding amounts are determined by reference to the amounts recognised in the wholly-owned entities' financial statements.

The amounts receivable/payable under the tax funding agreement are due upon receipt of the funding advice from the head entity, which is issued as soon as practicable after the end of each financial year. The head entity may also require payment of interim funding amounts to assist with its obligations to pay tax instalments. The funding amounts are recognised as current intercompany receivables or payables.

h) OECD Pillar Two model rules

The OECD has published Pillar Two model rules which seek to apply a 15% minimum global tax to individual jurisdictions across the globe. Pillar Two legislation has been enacted or substantively enacted in certain jurisdictions that Sonic operates in. The legislation will be effective for Sonic's financial year end beginning 1 July 2024.

Sonic Healthcare is within the scope of the Pillar Two model rules and has performed an assessment of its potential exposure to Pillar Two income taxes. Based on this assessment the Group does not expect material exposure to Pillar Two income taxes. The Group has applied the exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes under AASB 2023-2.

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NOTE 7 | RECEIVABLES – CURRENT

	2024	2023
	$'000	$'000
Trade debtors	**1,065,728**	941,962
Less: provision for impairment (a)	**(154,838)**	(170,999)
	910,890	770,963
Accrued revenue	**278,368**	133,499
Amounts owing from other entities and contract assets	**19,467**	4,702
Net investment in finance lease receivables	**6,180**	6,481
Sundry debtors	**147,270**	106,530
	1,362,175	1,022,175

Significant terms and conditions

Trade debtors are generally required to be settled within 30 days.

Sundry debtors generally arise from transactions outside the usual trading activities of the Group. Collateral is not normally obtained.

Transactions outside the usual operating activities of the Group have given rise to amounts owing from other entities. Repayments are specified by agreements.

a) Impaired trade debtors

A provision for impairment loss is recognised using the simplified approach to measuring expected credit losses which uses a lifetime expected credit loss allowance for all trade receivables and adjusts for any known forward-looking issues specific to the debtors and the economic environment. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. As at 30 June 2024 current trade debtors of the Group with a value of $154,838,000 (2023: $170,999,000) were impaired.

Movements in the provision for impairment of receivables were as follows:

	2024	2023
	$'000	$'000
Opening balance at 1 July	**170,999**	174,368
Provisions on acquisition of controlled entities	**11,887**	20
Provision for impairment expensed+	**185,671**	191,737
Foreign exchange movements	**(212)**	7,042
Receivables written off	**(213,507)**	(202,168)
Closing balance at 30 June	**154,838**	170,999

+ Excludes amounts written off directly to the Income Statement.

Amounts charged to the provision account are generally written off when there is no expectation of recovering additional cash in excess of the cost of recovery.

b) Ageing analysis

At 30 June 2024, the ageing analysis and expected credit losses of trade debtors are as follows:

	Gross value		Expected credit losses	
	2024	2023	2024	2023
	$'000	$'000	$'000	$'000
Not past due	**624,689**	513,912	**20,564**	24,674
30-60 days past due	**153,260**	153,297	**22,448**	28,976
60-90 days past due	**86,628**	83,594	**27,131**	32,646
90-120 days past due	**61,362**	62,253	**22,980**	30,142
120 days+ past due	**139,789**	128,906	**61,715**	54,561
Closing balance at 30 June	**1,065,728**	941,962	**154,838**	170,999

All other trade debtors and classes within 'Receivables – current' do not contain impaired assets and are not past due. Based on the credit history of these receivables, it is expected that these amounts will be received when due. The Group does not hold collateral in relation to these receivables.

c) Foreign exchange and interest rate risk

Information about the Group's exposure to foreign currency risk and interest rate risk in relation to trade and other receivables is provided in Note 39. No material carrying amounts of the Group's trade debtors are denominated in a non-functional currency.

d) Fair value and credit risk

Due to the short-term nature of these receivables, the carrying value is assumed to approximate their fair value. The maximum exposure to credit risk at the reporting date is the fair value of each class of receivables mentioned above.

NOTE 8 | INVENTORIES – CURRENT

	2024	2023
	$'000	$'000
Consumable stores at cost	**208,834**	199,201

NOTE 9 | OTHER ASSETS – CURRENT

	2024	2023
	$'000	$'000
Prepayments	**136,985**	113,801

NOTE 10 | RECEIVABLES – NON-CURRENT

	2024	2023
	$'000	$'000
Amounts owing from other entities and contract assets	**11,469**	24,759
Net investment in finance lease receivables	**10,768**	12,980
	22,237	37,739

Undiscounted lease payments receivable

	1 year or less	Over 1 and less than 2 years	Over 2 and less than 3 years	Over 3 and less than 4 years	Over 4 and less than 5 years	Over 5 years	Total	Unearned finance income	Carrying value
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Finance leases	6,708	5,313	3,327	1,491	772	608	18,219	(1,271)	16,948
Operating leases	135	24	–	–	–	–	159		
	6,843	5,337	3,327	1,491	772	608	18,378		

Amounts owing from other entities

Transactions outside the usual operating activities of the Group give rise to these amounts receivable. Interest is charged at commercial rates and repayments are specified by agreements.

Fair values

The carrying value of non-current receivables approximates their fair value.

Credit risk exposures

The credit risk on financial assets of the Group which have been recognised on the Balance Sheet, other than investments in shares, is generally the carrying amount, net of any provisions for impairment. Where entities have a right of set-off and intend to settle on a net basis, this set-off has been reflected in the financial statements in accordance with accounting standards.

None of the non-current receivables are past due or impaired.

NOTE 11 | INVESTMENTS – NON-CURRENT

	2024	2023
	$'000	$'000
Investments accounted for using the equity method	**66,646**	61,667
Other financial assets	**131,702**	114,132
	198,348	175,799

The Group has interests in a number of associates and joint ventures that are accounted for using the equity method. The contribution of these investments is not material to the Group. The most significant amount included within other financial assets is the Group's investment into Harrison.ai which is held at cost.

NOTE 12 | PROPERTY, PLANT AND EQUIPMENT – NON-CURRENT

	Freehold land & buildings	Plant & equipment	Total
	$'000	$'000	$'000
At 30 June 2022			
Cost	351,999	3,079,569	3,431,568
Accumulated depreciation	(93,664)	(2,016,783)	(2,110,447)
Net book amount	258,335	1,062,786	1,321,121
Year ended 30 June 2023			
Opening net book amount	258,335	1,062,786	1,321,121
Additions	54,812	342,873	397,685
Additions through business combinations	–	3,557	3,557
Disposals	(424)	(5,182)	(5,606)
Depreciation (Note 4)	(8,721)	(252,422)	(261,143)
Foreign exchange movements	6,238	49,078	55,316
Closing net book amount	310,240	1,200,690	1,510,930
At 30 June 2023			
Cost	415,624	3,496,813	3,912,437
Accumulated depreciation	(105,384)	(2,296,123)	(2,401,507)
Net book amount	310,240	1,200,690	1,510,930
Year ended 30 June 2024			
Opening net book amount	310,240	1,200,690	1,510,930
Additions	75,227	369,756	444,983
Additions through business combinations (Note 30)	–	48,119	48,119
Disposals	(538)	(8,102)	(8,640)
Transfers	–	(33,495)	(33,495)
Depreciation (Note 4)	(10,314)	(289,599)	(299,913)
Foreign exchange movements	(1,766)	(3,718)	(5,484)
Closing net book amount	**372,849**	**1,283,651**	**1,656,500**
At 30 June 2024			
Cost	487,767	3,848,387	4,336,154
Accumulated depreciation	(114,918)	(2,564,736)	(2,679,654)
Net book amount	**372,849**	**1,283,651**	**1,656,500**

Non-current assets pledged as security

Refer to Note 33 for information on non-current assets pledged as security by the Group.

NOTE 13 | RIGHT-OF-USE ASSETS – NON-CURRENT

	2024	2023
	$'000	$'000
Buildings	**1,381,290**	1,272,246
Equipment	**14,094**	14,930
	1,395,384	1,287,176

Additions to the right-of-use assets during the 2024 financial year comprised $348,039,000 (2023: $170,927,000) of new leases, including those added through business acquisitions, and $217,861,000 (2023: $175,615,000) of remeasured leases (including recognition of option periods).

NOTE 14 | INTANGIBLE ASSETS – NON-CURRENT

	Brand names	Goodwill	Software+	Other	Total
	$'000	$'000	$'000	$'000	$'000
At 30 June 2022					
Cost	187,769	6,949,409	899,445	21,921	8,058,544
Accumulated amortisation and impairment	(53,829)	(96,447)	(536,975)	(9,807)	(697,058)
Net book amount	133,940	6,852,962	362,470	12,114	7,361,486
Year ended 30 June 2023					
Opening net book amount	133,940	6,852,962	362,470	12,114	7,361,486
Acquisition of businesses	–	64,507	14	–	64,521
Additions – externally acquired	–	–	28,709	2,500	31,209
Additions – internally generated	–	–	76,679	–	76,679
Disposals	–	–	(113)	–	(113)
Amortisation charge (Note 4)	–	–	(70,101)	(1,529)	(71,630)
Foreign exchange movements	–	319,960	7,217	290	327,467
Closing net book amount	133,940	7,237,429	404,875	13,375	7,789,619
At 30 June 2023					
Cost	188,493	7,335,616	1,031,525	24,711	8,580,345
Accumulated amortisation and impairment	(54,553)	(98,187)	(626,650)	(11,336)	(790,726)
Net book amount	133,940	7,237,429	404,875	13,375	7,789,619
Year ended 30 June 2024					
Opening net book amount	133,940	7,237,429	404,875	13,375	7,789,619
Acquisition of businesses (Note 30)	–	1,330,069	112,230	–	1,442,299
Additions – externally acquired	–	–	21,574	4,622	26,196
Additions – internally generated	–	–	82,693	–	82,693
Disposals	–	(86,139)	(1,864)	–	(88,003)
Transfers	–	–	33,495	–	33,495
Amortisation charge (Note 4)	–	–	(80,859)	(2,057)	(82,916)
Foreign exchange movements	–	(76,242)	(790)	(87)	(77,119)
Closing net book amount	**133,940**	**8,405,117**	**571,354**	**15,853**	**9,126,264**
At 30 June 2024					
Cost	188,154	8,502,489	1,288,004	29,236	10,007,883
Accumulated amortisation and impairment	(54,214)	(97,372)	(716,650)	(13,383)	(881,619)
Net book amount	**133,940**	**8,405,117**	**571,354**	**15,853**	**9,126,264**

+ Software includes both externally acquired software and capitalised development costs, being an internally generated intangible asset.

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a) Impairment testing of goodwill and intangibles with indefinite useful lives

Goodwill is allocated to the Group's cash-generating units (CGUs) for the purposes of assessing impairment according to business segment and geographic location. A summary of the goodwill allocation is presented below.

2024							
Australia Laboratory	UK Laboratory	USA Laboratory	Germany Laboratory	Switzerland Laboratory	Belgium Laboratory	Radiology	Total
$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
1,030,073	133,006	2,854,998	2,097,265	1,168,709	527,613	593,453	8,405,117

2023							
Australia Laboratory	UK Laboratory	USA Laboratory	Germany Laboratory	Switzerland Laboratory	Belgium Laboratory	Radiology	Total
$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
1,024,988	133,793	2,844,637	1,405,252	697,231	538,075	593,453	7,237,429

The carrying value of brand names of $133,940,000 at 30 June 2024 relates solely to the Australia Laboratory CGU and the recoverable amounts are assessed as part of the recoverable amount of the CGU.

The recoverable amount of a CGU is measured as the higher of value in use ('VIU') or fair value less costs of disposal ('FVLCD').

VIU calculations use cash flow projections based on financial budgets/forecasts approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using the terminal growth rates stated below. The growth rate does not exceed the long-term average growth rate for the business in which the CGU operates.

FVLCD is based on a market participant approach and is estimated using assumptions that a market participant would use when pricing the CGU.

The recoverable amount of the Belgium Laboratory CGU for 30 June 2024 was determined based on the FVLCD discounted cash flow model. In the prior year the recoverable amount was higher under the VIU methodology. This change followed a fee cut to the Government fee schedule effective from 1 January 2024.

b) Key assumptions used

The recoverable amount of each cash-generating unit is the net present value of the future cash flows of the cash-generating unit. Recoverable amounts have been assessed using management's best estimates of:

- FY2025 Board and management approved profit and loss and cash flow budgets for each cash-generating unit;
- forecast earnings growth factors (pre-tax) consistent with historical growth rates, current performance and expected changes;
- prevailing market based pre-tax discount rates taking into account the interest rate environment of different geographies; and
- assessments of terminal growth rates, predominantly based on long term inflation rates.

2024	Australia Laboratory	UK Laboratory	USA Laboratory	Germany Laboratory	Switzerland Laboratory	Belgium Laboratory	Radiology
Average earnings growth rate	~11%	~15%	~10%*	~8%	~13%	~6%	~9%
Discount rate	10.5%	9.9%	10.0%	9.5%	8.6%	11.0%	10.5%
Terminal growth rate	3.0%	3.0%	3.0%	2.2%	1.0%	2.5%	3.0%

2023	Australia Laboratory	UK Laboratory	USA Laboratory	Germany Laboratory	Switzerland Laboratory	Belgium Laboratory	Radiology
Average earnings growth rate	~7%	~7%	~8%*	~5%	~5%	~6%	~8%
Discount rate	11.8%	11.6%	10.2%	10.8%	6.7%	9.7%	11.8%
Terminal growth rate	2.7%	3.0%	2.6%	2.5%	0.5%	2.5%	2.7%

*The USA Laboratory average earnings growth rate shown above excludes the modelled expected benefits of an enhanced revenue collection system (~US$66m p.a.) which is now being rolled out nationally.

In calculating the FVLCD of the Belgium Laboratory CGU future forecast cash flows represent a market participant's view of the future cash flows that would be available to them. The measurement of this CGU is classified as a level 3 fair value.

After performing sensitivity analysis, management believes that any reasonably possible change in the key assumptions on which the recoverable amount has been assessed would not cause the carrying amount to exceed the recoverable amount in any of the cash-generating units other than potentially for the Belgium and USA Laboratory CGUs.

Belgium

- If a market participant did not believe they would be able to increase earnings margins by ~15 percentage points through cost synergies this may result in the recoverable amount being equal to or less than the carrying value for the Belgium Laboratory CGU. A market participant's view is subjective and dependent on their required rate of return which is likely to differ from the Group's cost of capital.

USA

- An increase in the pre-tax discount rate of 70 basis points, a decrease in the terminal growth rate of 60 basis points or if the majority of the US$66m p.a. of expected benefits noted above fail to materialise, and other management actions taken and/or business performance do not mitigate the impact of any such change, the carrying value of the US cash-generating unit would be in excess of the recoverable amount under the value in use valuation approach. In the circumstances described above, the Company would apply the fair value less costs of disposal methodology.

NOTE 15 | DEFERRED TAX ASSETS – NON-CURRENT

	2024	2023
	$'000	$'000
Deferred tax assets	65,936	72,375
The balance comprises temporary differences attributable to		
Amounts recognised in profit or loss		
Doubtful debts	34,830	50,144
Employee benefits	91,779	90,410
Sundry accruals	46,719	67,868
Unrealised foreign exchange movements	169	2,015
Lease liability	421,674	393,869
Tax losses	35,383	14,411
	630,554	618,717
Amounts recognised directly in equity/other comprehensive income		
Share issue costs incurred in prior years	221	7
Deferred tax assets	630,775	618,724
Less: amounts offset against deferred tax liabilities (Note 24)	(564,839)	(546,349)
Net deferred tax assets	65,936	72,375
Movements		
Opening balance at 1 July	72,375	68,991
(Charged)/credited to the Income Statement (Note 6)	(7,389)	9,373
Acquisition/disposal of subsidiaries	(951)	(323)
Foreign exchange movements	1,901	(5,666)
Closing balance at 30 June	65,936	72,375

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NOTE 16 | OTHER ASSETS – NON-CURRENT

	2024	2023
	$'000	$'000
Prepayments	8,810	7,820

NOTE 17 | PAYABLES – CURRENT

	2024	2023
	$'000	$'000
Trade creditors	313,538	255,799
Sundry creditors and accruals	926,948	704,193
	1,240,486	959,992

Fair value and risk exposure

Due to the short-term nature of these payables, the carrying value is assumed to approximate their fair value. Information about the Group's exposure to foreign currency exchange rate risk is provided in Note 39.

NOTE 18 | INTEREST-BEARING LIABILITIES – CURRENT

	2024	2023
	$'000	$'000
Unsecured		
Bank loans	206	–
USPP notes (Note 23(a))	297,284	–
	297,490	–

NOTE 19 | LEASE LIABILITIES

	2024	2023
	$'000	$'000
Current	363,540	346,791
Non-current	1,163,938	1,080,228
	1,527,478	1,427,019

NOTE 20 | TAX LIABILITIES – CURRENT

	2024	2023
	$'000	$'000
Income tax	**27,494**	220,608

NOTE 21 | PROVISIONS – CURRENT

	2024	2023
	$'000	$'000
Employee benefits	**366,865**	342,608
Lease exit costs	**379**	114
	367,244	342,722

The lease exit costs represent future payments for leased premises under non-cancellable operating leases. Movements in lease exit costs during the financial year are set out below:

	Total
	$'000
Carrying amount at 1 July 2023	22,983
Additional provisions recognised	319
Acquisition of businesses	1,006
Foreign exchange movements	(150)
Carrying amount at 30 June 2024	24,158
Representing lease exit costs:	
Current	379
Non-current (Note 25)	23,779
	24,158

NOTE 22 | OTHER LIABILITIES – CURRENT

	2024	2023
	$'000	$'000
Unsecured		
Amounts owing to vendors	**25,654**	7,817
Other	**286**	413
	25,940	8,230

The amounts owing to vendors comprise deferred consideration for business acquisitions made in the current and prior periods (refer Note 30). Amounts owing to vendors and other loans are non-interest bearing. The carrying value of these amounts approximates their fair value.

NOTE 23 | INTEREST-BEARING LIABILITIES – NON-CURRENT

	2024	2023
	$'000	$'000
Unsecured		
Bank loans	**1,335,274**	3,278
USPP notes (a)	**1,355,126**	1,670,183
	2,690,400	1,673,461

Details of the fair values and interest rate risk exposure relating to each of these liabilities are set out in Note 39.

a) USPP notes

In November 2014 Sonic issued €110M of notes with a tenor of 10 years to investors in the United States Private Placement market. In June 2016 and November 2016 Sonic issued €45M and €200M of notes with tenors of 10 years. In October 2017 Sonic issued €75M and €85M of notes with tenors of 7 and 15 years respectively. In January 2020 Sonic issued a further US$300M, US$150M and US$100M of notes with tenors of 10,12 and 15 years respectively.

b) Financing facilities available

At 30 June 2024, the following financing facilities were available:

2024	Total facilities at 30 June 2024	Facilities used at 30 June 2024	Facilities unused at 30 June 2024
	000's	000's	000's
Bank overdraft	A$18,018	A$0	A$18,018
Bank loans			
Syndicated facilities multicurrency Euro limits	€589,000	€206,490	€382,510
Syndicated facilities multicurrency CHF limits	CHF125,000	CHF125,000	CHF0
Syndicated facilities multicurrency AUD limits	A$407,000	A$250,788	A$156,212
Syndicated facilities multicurrency USD limits	US$100,000	US$57,000	US$43,000
Bilateral facilities multicurrency Euro limits	€285,000	€285,000	€0
Notes held by USA investors – USD	US$550,000	US$550,000	US$0
Notes held by USA investors – Euro	€515,000	€515,000	€0
Minor debt, leasing and hire purchase facilities	A$16,878	A$6,904	A$9,974

2023	Total facilities at 30 June 2023	Facilities used at 30 June 2023	Facilities unused at 30 June 2023
	000's	000's	000's
Bank overdraft	A$4,647	A$0	A$4,647
Bank loans			
Syndicated facilities multicurrency Euro limits	€343,990	€2,000	€341,990
Syndicated facilities multicurrency CHF limits	CHF125,000	CHF0	CHF125,000
Syndicated facilities multicurrency AUD limits	A$157,000	A$0	A$157,000
Syndicated facilities multicurrency USD limits	US$100,000	US$0	US$100,000
Bilateral facilities multicurrency Euro limits	€165,000	€0	€165,000
Notes held by USA investors – USD	US$550,000	US$550,000	US$0
Notes held by USA investors – Euro	€515,000	€515,000	€0
Leasing and hire purchase facilities	A$15,873	A$10,873	A$5,000

Facilities used at 30 June 2024 total A$2,993,924,000 (2023: A$1,684,334,000).

NOTE 24 | DEFERRED TAX LIABILITIES – NON-CURRENT

	2024	2023
	$'000	$'000
Deferred tax liabilities	362,588	332,731
The balance comprises temporary differences attributable to		
Amounts recognised in profit or loss		
Prepayments and sundry debtors	12,756	21,145
Inventories	16,981	15,291
Accrued revenue	28,316	21,099
Right-of-use assets	379,857	357,585
Intangibles	378,525	346,704
Property, plant and equipment	110,871	115,968
Capitalised costs	121	1,288
	927,427	879,080
Less: amounts offset against deferred tax assets (Note 15)	(564,839)	(546,349)
Net deferred tax liabilities	362,588	332,731
Movements		
Opening balance at 1 July	332,731	264,240
Charged to the Income Statement (Note 6)	35,997	60,867
(Credited)/charged to other comprehensive income	(5,874)	1,342
Amounts recognised directly in equity	(18)	(4)
Foreign exchange movements	(248)	6,286
Closing balance at 30 June	362,588	332,731

NOTE 25 | PROVISIONS – NON-CURRENT

	2024	2023
	$'000	$'000
Employee benefits	57,645	33,871
Retirement benefit obligations	62,789	47,121
Lease exit costs	23,779	22,869
	144,213	103,861

a) Retirement benefit obligations

Certain employees of the Group are entitled to benefits from superannuation plans on retirement, disability or death. The Group contributes to defined contribution plans for the majority of employees. The defined contribution plans receive fixed contributions from Group companies and the Group's legal or constructive obligation is limited to these contributions. The Group has defined benefit plans in relation to certain non-Australian employees. The defined benefit plans provide lump sum benefits based on years of service and final average salary.

The following sets out details in respect of defined benefit plans only.

b) Balance Sheet amounts

The amounts recognised in the Balance Sheet are determined as follows:

	2024	2023
	$'000	$'000
Present value of the defined benefit plan obligations	771,255	432,768
Fair value of defined benefit plan assets	(708,466)	(385,647)
Net liability in the Balance Sheet	62,789	47,121

The Group has no legal obligation to settle this liability with an immediate contribution or additional one-off contributions. The Group intends to continue to contribute to the Sonic Suisse defined benefit plans at a percentage of insured salaries (2.4% to 12.3% dependent on the employee's age bracket) in line with the actuary's latest recommendations and Swiss laws. No contributions are required to be made by the Group to the Bioscientia Healthcare Group defined benefit plan as future benefits are paid directly by Bioscientia and not from a separate plan asset pool.

c) Categories of plan assets

The major categories of plan assets as a percentage of total plan assets are as follows:

	2024	2023
	%	%
Cash – quoted	2.6	1.4
Mortgages – quoted	0.8	1.4
Real estate – quoted	19.6	16.0
Bonds – quoted	37.4	38.2
Equities – quoted	33.2	37.2
Alternative investments – quoted	6.4	5.8
	100.0	100.0

d) Reconciliations

	2024	2023
	$'000	$'000
Reconciliation of the present value of the defined benefit obligation, which is partly funded		
Balance at the beginning of the year	432,768	366,388
Current service cost	19,009	9,840
Past service cost	(1,467)	1,846
Interest cost	11,844	7,972
Actuarial losses/(gains)	34,230	(237)
Benefits paid	(11,630)	(5,274)
Member contributions	18,640	10,892
Additions through business combinations	271,034	15,957
Other	6,680	(14,528)
Foreign exchange movements	(9,853)	39,912
Balance at the end of the year	771,255	432,768
Reconciliation of the fair value of plan assets		
Balance at the beginning of the year	385,647	322,003
Interest income	11,531	7,471
Actuarial gains/(losses)	17,996	(1,171)
Contributions by Group companies	22,522	13,423
Benefits paid	(10,352)	(4,134)
Member contributions	18,640	10,892
Additions through business combinations	264,691	16,008
Other	6,680	(14,528)
Foreign exchange movements	(8,889)	35,683
Balance at the end of the year	708,466	385,647

e) Amounts recognised in Income Statement

	2024	2023
	$'000	$'000
Current service cost	**19,009**	9,840
Past service cost	**(1,467)**	1,846
Net interest expense	**313**	501
Total included in the employee benefit expense	**17,855**	12,187

f) Amounts recognised in Statement of Comprehensive Income

Actuarial (losses) recognised in the year	**(13,601)**	(1,454)
Cumulative actuarial (losses) recognised in the Statement of Comprehensive Income	**(15,855)**	(2,254)

g) Principal actuarial assumptions

The principal actuarial assumptions used (expressed as weighted averages) were as follows:

	2024	2023
	%	%
Discount rate	**1.4**	2.1
Future salary increases	**1.4**	1.4

If the discount rate had increased/decreased by 100 basis points (2023: 100 basis points), the impact on the net defined benefit obligation would have been a decrease of 109.0%/increase of 135.4% (2023: decrease of 85.6%/increase of 94.3%). The sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the Balance Sheet.

h) Employer contributions

Sonic Suisse defined benefit plans

Employer contributions to the defined benefit plans are based on recommendations by the plan's actuary. Actuarial assessments are made on a yearly basis.

The objective of funding is to ensure that the benefit entitlements of members and other beneficiaries are fully funded by the time they become payable. To achieve this objective, the actuary has adopted a method of funding which seeks to have benefits funded by means of a total contribution which is expected to be a percentage of members' insured salaries over their working lifetimes.

Using the funding method described above and actuarial assumptions, the actuary recommended in the latest actuarial review the payment of employer contributions varying from 2.4% to 12.3% (2023: 2.4% to 10.3%) of the insured salaries of employees based on the employee age bracket and in accordance with Swiss laws.

Total employer contributions expected to be paid by Group companies for the year ending 30 June 2025 are based on the 2024 rates and are estimated at $24,190,000 (2023: $14,780,000).

The weighted average duration of the defined benefit obligation is 13.5 years (2023: 13.3 years).

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i) Experience adjustments

	2024	2023
	$'000	$'000
Experience adjustments arising on plan liabilities	(920)	(4,130)
Experience adjustments arising on plan assets	17,996	(1,171)

NOTE 26 | OTHER LIABILITIES – NON-CURRENT

	2024	2023
	$'000	$'000
Unsecured		
Amounts owing to vendors	67,730	23,915
Other	286	228
	68,016	24,143

The amounts owing to vendors comprises deferred consideration for business acquisitions made in current and prior periods (refer Note 30). These amounts are non-interest bearing. The carrying amount approximates their fair value.

NOTE 27 | CONTRIBUTED EQUITY

a) Share capital

	2024	2023	2024	2023
	Shares	Shares	$'000	$'000
Fully paid ordinary shares	480,403,973	470,805,824	4,147,497	3,842,423
Other equity securities				
Treasury shares	(200,176)	–	(6,586)	–
	480,203,797	470,805,824	4,140,911	3,842,423

b) Movements in ordinary share capital

Date	Details	Number of shares	Issue price	Total
2023				$'000
1/7/22	Opening balance of the Group	471,798,972		3,866,850
Various	Own shares acquired during buyback	(4,288,073)		(134,100)
Various	Shares issued following exercise of employee options/rights	3,294,925	Various	100,763
Various	Transfers from equity remuneration reserve	–		8,917
Various	Costs of share transactions net of tax	–		(7)
30/6/23	Balance of the Group	470,805,824		3,842,423

Date	Details	Number of shares	Issue price	Total
2024				$'000
1/7/23	Opening balance of the Group	470,805,824		3,842,423
22/3/24	Shares issued as part consideration for Dr Risch business combination	1,864,163		51,728
Various	Shares issued following exercise of employee options	7,733,986	Various	229,401
Various	Transfers from equity remuneration reserve	–		23,986
Various	Costs of share transactions net of tax	–		(41)
30/6/24	**Balance of the Group**	**480,403,973**		**4,147,497**

c) Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of shares held. On a show of hands every holder of ordinary shares present at a meeting in person or by proxy is entitled to one vote, and upon a poll each share is entitled to one vote.

d) Options and performance rights

Details of options and performance rights issued, exercised and forfeited during the financial year and options and performance rights outstanding at the end of the financial year are set out in Note 35.

e) Dividend Reinvestment Plan

The Company's DRP remained suspended.

f) Treasury shares

Treasury shares are shares in Sonic Healthcare Limited that are held by the Sonic Healthcare Limited Employee Share Trust (SHEST) for the purpose of providing shares under selected Group equity plans.

Date	Details	Number of shares	Total
2023			$'000
1/7/22	Opening balance	162,347	5,902
29/7/22	Own shares acquired during buyback but not cancelled	(95,765)	(3,167)
Various	Subscription for unissued shares by SHEST	1,667,925	57,183
Various	Transfer of shares to employees to satisfy exercise of options/rights	(1,734,507)	(59,918)
30/6/23	Balance of the Group	–	–

Date	Details	Number of shares	Total
2024			$'000
1/7/23	Opening balance	–	–
22/8/23	On-market purchase of treasury shares by SHEST	303,934	10,000
Various	Subscription for unissued shares by SHEST	4,621,986	146,039
Various	Transfer of shares to employees to satisfy exercise of options/rights	(4,725,744)	(149,453)
30/6/24	**Balance of the Group**	**200,176**	**6,586**

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NOTE 28 | RESERVES AND RETAINED EARNINGS

a) Reserves

		2024	2023
		$'000	$'000
Equity remuneration reserve	(i)	(148,499)	(123,199)
Foreign currency translation reserve	(ii)	394,459	475,760
Share option reserve	(iii)	16,427	16,427
Revaluation reserve	(iv)	3,272	3,272
Financial assets at FVOCI reserve	(v)	(5,641)	1,921
Transactions with minority interests	(vi)	(35,583)	(34,297)
		224,435	339,884
Movements			
Equity remuneration reserve			
Balance 1 July		(123,199)	(113,512)
Share-based payments		27,032	18,453
Employee share scheme issue		(28,346)	(19,223)
Transfer to share capital (options/rights exercised)		(23,986)	(8,917)
Balance 30 June		(148,499)	(123,199)
Foreign currency translation reserve			
Balance 1 July		475,760	166,967
Net exchange movement on translation of foreign subsidiaries		(81,301)	308,793
Balance 30 June		394,459	475,760
Share option reserve			
Balance 1 July		16,427	16,427
Movement		–	–
Balance 30 June		16,427	16,427
Revaluation reserve			
Balance 1 July		3,272	3,272
Movement		–	–
Balance 30 June		3,272	3,272
Financial assets at FVOCI reserve			
Balance 1 July		1,921	–
Fair value (loss)/gain in period		(7,562)	1,921
Balance 30 June		(5,641)	1,921
Transactions with minority interests			
Balance 1 July		(34,297)	(11,982)
Acquisition of minority interests		(1,514)	(21,125)
Net exchange movement		228	(1,190)
Balance 30 June		(35,583)	(34,297)

i) Equity remuneration reserve

The equity remuneration reserve reflects the fair value of equity-settled share-based payments. Fair values are determined using a pricing model consistent with the Black Scholes methodology and recognised over the service period up to the vesting date. When shares are issued or options are exercised the associated fair values are transferred to share capital.

ii) Foreign currency translation reserve

Exchange differences arising on translation of the foreign subsidiaries are taken to the foreign currency translation reserve as described in accounting policy Note 1(d)(iii).

iii) Share option reserve

The share option reserve reflects the value of options issued as part of consideration for business combinations. The value of the options represents the assessed fair value at the date they were granted and has been determined using a pricing model consistent with the Black Scholes methodology that takes into account the exercise price, the term of the option, the impact of dilution, the non-tradeable nature of the option, the current price and expected volatility of the underlying share, the expected dividend yield, and the risk-free interest rate for the term of the option.

iv) Revaluation reserve

The revaluation reserve is used to record increments and decrements on the initial revaluation of non-current assets.

v) Financial assets at Fair Value through Other Comprehensive Income (FVOCI) reserve

This reserve is used to measure the fair value movements in equity securities which are not held for trading and which the Group has irrevocably elected at initial recognition to recognise in this category. These are strategic investments and the Group considers this classification to be the most appropriate.

vi) Transactions with minority interests

This reserve is used to record the differences described in Note 1(b) which may arise as a result of transactions with minority interests that do not result in a loss of control in addition to transfers from the minority interests account on disposal of a subsidiary.

b) Retained earnings

	2024	2023
	$'000	$'000
Retained earnings at the beginning of the financial year	**3,554,197**	3,351,020
Net profit attributable to members of Sonic Healthcare Limited	**511,094**	684,984
Dividends paid in the year (Note 5)	**(499,413)**	(480,353)
Actuarial (losses) on retirement benefit obligations (Note 25)	**(13,601)**	(1,454)
Retained earnings at the end of the financial year	**3,552,277**	3,554,197

NOTE 29 | DEED OF CROSS GUARANTEE

The 'Closed Group' (refer Note 30) are parties to a Deed of Cross Guarantee dated 25 May 2022 under which each company guarantees the debts of the others. By entering into the deed, the wholly-owned entities which are large proprietary companies have been relieved from the requirements of the *Corporations Act 2001* to prepare and lodge a financial report, directors' report and auditor's report under ASIC Corporations (Wholly-owned Companies) Instrument 2016/785.

The companies represent a 'Closed Group' for the purposes of the Instrument, and as there are no other parties to the Deed of Cross Guarantee that are controlled by Sonic Healthcare Limited, they also represent the 'Extended Closed Group'.

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a) Consolidated Income Statement of the Extended Closed Group

	2024 $'000	2023 $'000
Revenue	**3,602,095**	3,561,635
Labour and related costs	**(1,774,056)**	(1,661,100)
Consumables used	**(355,181)**	(344,243)
Depreciation	**(374,801)**	(363,568)
Utilities	**(79,872)**	(75,678)
Borrowing costs	**(66,833)**	(52,004)
Amortisation of intangibles	**(39,295)**	(34,934)
Transportation	**(25,956)**	(24,159)
Other expenses from ordinary activities	**(283,464)**	(311,578)
Profit before income tax expense	**602,637**	694,371
Income tax expense	**(85,953)**	(91,625)
Net profit attributable to members of the Extended Closed Group	**516,684**	602,746

b) Consolidated Statement of Comprehensive Income of the Extended Closed Group

Profit from ordinary activities after income tax expense	**516,684**	602,746
Other comprehensive income		
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	**(54)**	2,279
Items that will not be reclassified to profit or loss		
Fair value (loss)/gain on financial asset	**(7,562)**	1,921
Other comprehensive income for the period, net of tax	**(7,616)**	4,200
Total comprehensive income for the period	**509,068**	606,946

c) Reconciliation of retained earnings

Retained earnings at the beginning of the financial year	**1,065,589**	943,196
Profit from ordinary activities after income tax expense	**516,684**	602,746
Dividends paid during the year	**(499,413)**	(480,353)
Retained earnings at the end of the financial year	**1,082,860**	1,065,589

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d) Consolidated Balance Sheet of the Extended Closed Group

	2024	2023
	$'000	$'000
Current assets		
Cash and cash equivalents	109,492	141,954
Receivables	1,319,997	1,180,154
Inventories	55,453	56,355
Other	33,753	30,010
Total current assets	1,518,695	1,408,473
Non-current assets		
Receivables	13,107	31,289
Investments	3,534,129	3,255,876
Property, plant and equipment	759,852	688,691
Right-of-use assets	688,644	689,617
Intangible assets	1,920,594	1,888,420
Deferred tax assets	8,943	29,807
Other	63	63
Total non-current assets	6,925,332	6,583,763
Total assets	8,444,027	7,992,236
Current liabilities		
Payables	1,134,471	639,057
Lease liabilities	235,454	234,356
Current tax liabilities	–	106,186
Provisions	272,773	266,603
Other	45	495
Total current liabilities	1,642,743	1,246,697
Non-current liabilities		
Interest-bearing liabilities	1,052,579	1,276,198
Lease liabilities	517,019	517,534
Provisions	27,840	24,905
Deferred tax liabilities	3,906	24,954
Other	605	605
Total non-current liabilities	1,601,949	1,844,196
Total liabilities	3,244,692	3,090,893
Net assets	5,199,335	4,901,343
Equity		
Parent Company interest		
Contributed equity	4,234,953	3,921,317
Reserves	(118,478)	(85,563)
Retained earnings	1,082,860	1,065,589
Total equity	5,199,335	4,901,343

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NOTE 30 | INVESTMENTS IN SUBSIDIARIES

Details of significant subsidiaries of Sonic Healthcare Limited	Country of incorporation	Class of share	Beneficial interest	Beneficial interest
			2024	2023
			%	%
A.C.N. 002 889 545 Pty Ltd (i)	Australia	Ord	100	100
A.C.N. 094 980 944 Pty Limited (i)	Australia	Ord	100	100
Artisan Aesthetics Group Pty Ltd	Australia	Ord	100	100
Canberra X-Ray Pty Ltd (i)	Australia	Ord	100	100
Capital Pathology Pty Ltd (i)	Australia	Ord	100	100
Castlereagh Co Pty Limited (i)	Australia	Ord	100	100
Castlereagh Services Pty Limited (i)	Australia	Ord	100	100
Clinipath Pathology Pty Ltd (i)	Australia	Ord	100	100
Clinpath Laboratories Pty. Ltd. (i)	Australia	Ord	100	100
Consultant Pathology Services Pty. Limited (i)	Australia	Ord	100	100
Cosmedcloud Pty Ltd	Australia	Ord	100	100
Diagnostic Services Pty. Ltd. (i)	Australia	Ord	100	100
Douglass Hanly Moir Pathology Pty Limited (i)	Australia	Ord	100	100
Epworth Medical Imaging Pty Ltd	Australia	Ord	80	80
Epworth Pathology	Australia		50.1	50.1
Gemini Medical Services Pty Ltd (i)	Australia	Ord	100	100
Hanly Moir Pathology Pty. Limited (i)	Australia	Ord	100	100
Hunter Imaging Group Pty Limited (i)	Australia	Ord	100	100
IPN Clinics Victoria Pty Ltd (i)	Australia	Ord	100	100
IPN Healthcare (VIC) Pty Ltd (i)	Australia	Ord	100	100
IPN Healthcare Pty Limited (i)	Australia	Ord	100	100
IPN Medical Centres (NSW) Pty Ltd (i)	Australia	Ord	100	100
IPN Medical Centres (QLD) Pty Ltd (i)	Australia	Ord	100	100
IPN Medical Centres (VIC) Pty Ltd (i)	Australia	Ord	100	100
IPN Medical Centres Pty Ltd (i)	Australia	Ord	100	100
IPN Medical Victoria Pty Ltd (i)	Australia	Ord	100	100
IRG Co Pty Limited (i)	Australia	Ord	100	100
L. & A. Services Pty. Ltd. (i)	Australia	Ord	100	100
Matrix Skin Cancer Clinics Pty Ltd (i)	Australia	Ord	100	100
Medihelp Services Pty. Ltd. (i)	Australia	Ord	100	100
Melbourne Pathology Cabrini Pty Ltd	Australia	Ord	50.1	50.1
Melbourne Pathology Pty Limited (i)	Australia	Ord	100	100
Melbourne Pathology Services Pty Limited	Australia	Ord	100	100
Northern Pathology Pty Ltd (i)	Australia	Ord	100	100
Pacific Medical Imaging Pty Limited (i)	Australia	Ord	100	100
Paedu Pty Limited (i)	Australia	Ord	100	100
Prime Health Group Pty Limited (i)	Australia	Ord	100	100

(i) These subsidiaries comprise the 'Closed Group' under the Deed of Cross Guarantee. By entering into the deed wholly-owned entities which are large proprietary companies have been granted relief from the necessity to prepare a financial report, directors' report and auditor's report in accordance with ASIC Corporations (Wholly-owned Companies) Instrument 2016/785. For further information see Note 29.

Details of significant subsidiaries of Sonic Healthcare Limited	Country of incorporation	Class of share	Beneficial interest 2024 %	Beneficial interest 2023 %
Queensland X-Ray Pty Ltd (i)	Australia	Ord	100	100
Radiology Victoria Pty Ltd	Australia	Ord	100	100
San Pathology Pty Ltd (i)	Australia	Ord	100	100
SKG Radiology Pty Ltd (i)	Australia	Ord	100	100
Sonic Clinical Services Pty Ltd (i)	Australia	Ord	100	100
Sonic Clinical Trials Pty Limited	Australia	Ord	100	100
Sonic Healthcare Australia Pathology Pty Limited (i)	Australia	Ord	100	100
Sonic Healthcare Australia Radiology Pty Limited (i)	Australia	Ord	100	100
Sonic Healthcare International Pty Limited (i)	Australia	Ord	100	100
Sonic Healthcare Services Pty Limited (i)	Australia	Ord	100	100
Sonic HealthPlus Pty Ltd (i)	Australia	Ord	100	100
Sonic Medlab Holdings Australia Pty Limited (i)	Australia	Ord	100	100
Sonic Pathology (Queensland) Pty Limited (i)	Australia	Ord	100	100
Sonic Pathology (Victoria) Pty Limited (i)	Australia	Ord	100	100
Southern Pathology Services Pty Limited (i)	Australia	Ord	100	100
Sullivan Nicolaides Pty Ltd (i)	Australia	Ord	100	100
Sunton Pty Limited (i)	Australia	Ord	100	100
Vita Group Pty Limited	Australia	Ord	100	100
A.M.L. BV	Belgium	Ord	100	100
A.M.L. WEST BV	Belgium	Ord	100	100
Klinisch Labo Rigo BV	Belgium	Ord	100	100
Medvet BV	Belgium	Ord	100	100
Sonic Healthcare Benelux NV	Belgium	Ord	100	100
Bioscientia Institut für medizinische Diagnostik GmbH	Germany	Ord	100	100
biovis Diagnostik MVZ GmbH	Germany	Ord	100	100
Dr. Staber & Kollegen GmbH	Germany	Ord	100	100
GLP medical GmbH	Germany	Ord	–	100
GLP medical services GmbH	Germany	Ord	100	–
LabKom Biochemische Dienstleistungen GmbH	Germany	Ord	100	100
Labor 28 GmbH	Germany	Ord	100	100
Labor Augsburg MVZ GmbH	Germany	Ord	100	100
Labor Deutscher Platz Leipzig MVZ GmbH	Germany	Ord	100	100
Labor Dr. von Froreich GmbH	Germany	Ord	100	100
Med-Lab GmbH Kassel	Germany	Ord	–	100
Med-Lab Med. Dienstleistungs GmbH	Germany	Ord	100	100
MVZ Bioscientia Labor Duisburg GmbH	Germany	Ord	100	100
MVZ diagnosticum GmbH	Germany	Ord	100	–
MVZ für Histologie, Zytologie und molekulare Diagnostik Düren GmbH	Germany	Ord	100	100
MVZ für Histologie, Zytologie und molekulare Diagnostik Trier GmbH	Germany	Ord	100	100

(i) These subsidiaries comprise the 'Closed Group' under the Deed of Cross Guarantee. By entering into the deed wholly-owned entities which are large proprietary companies have been granted relief from the necessity to prepare a financial report, directors' report and auditor's report in accordance with ASIC Corporations (Wholly-owned Companies) Instrument 2016/785. For further information see Note 29.

Details of significant subsidiaries of Sonic Healthcare Limited	Country of incorporation	Class of share	Beneficial interest 2024 %	Beneficial interest 2023 %
MVZ für Laboratoriumsmedizin und Mikrobiologie Würzburg GmbH	Germany	Ord	100	–
MVZ Labor für Cytopathologie Dr. Steinberg GmbH	Germany	Ord	100	100
MVZ Labor im Sommershof GmbH	Germany	Ord	100	–
MVZ Medizinische Laboratorien Düsseldorf GmbH	Germany	Ord	100	–
MVZ Medizinisches Labor Bremen GmbH	Germany	Ord	100	100
MVZ Medizinisches Labor Celle GmbH	Germany	Ord	100	100
MVZ Medizinisches Labor Nord GmbH	Germany	Ord	100	100
MVZ Medizinisches Labor Nord MLN GmbH	Germany	Ord	100	100
MVZ Medizinisches Labor Oldenburg Dr. Müller GmbH	Germany	Ord	100	100
MVZ Pathologie & Zytologie Rhein-Sieg GmbH	Germany	Ord	100	–
MVZ Pathologie Berlin Berger Fietze Linke Nadjari GmbH	Germany	Ord	100	100
Sonic Healthcare Germany GmbH & Co. KG	Germany		100	100
Medlab Central Limited (i)	New Zealand	Ord	100	100
Aurigen SA	Switzerland	Ord	100	100
Bioanalytica AG	Switzerland	Ord	100	100
Bioexam AG	Switzerland	Ord	100	100
Dianalabs SA	Switzerland	Ord	99.8	99.8
DIANAPATH SA	Switzerland	Ord	100	100
Dr Risch arc lémanique SA	Switzerland	Ord	100	–
Dr. Risch AG	Switzerland	Ord	100	–
Dr. Risch Ostschweiz AG	Switzerland	Ord	100	–
Dr. Risch Ticino SA	Switzerland	Ord	100	–
Ecobion SA	Switzerland	Ord	100	100
Imagerie du Flon SA	Switzerland	Ord	78.8	78.8
LABORATOIRES BBV S.A.	Switzerland	Ord	100	100
MCL Medizinische Laboratorien AG	Switzerland	Ord	100	100
Medica Ärztebedarf AG	Switzerland	Ord	100	100
MEDICA Medizinische Laboratorien AG	Switzerland	Ord	100	100
MEDISYN AG	Switzerland	Ord	100	–
Medizinische Laboratorien Dr. Toggweiler AG	Switzerland	Ord	100	100
Ortho-Analytic AG	Switzerland	Ord	100	100
Pathologie Institut Enge AG	Switzerland	Ord	100	–
Polyanalytic S.A.	Switzerland	Ord	90	90
Proxilab analyses médicales SA	Switzerland	Ord	100	100
Sonic Suisse Labs SA	Switzerland	Ord	100	100
Health Services Laboratories LLP	United Kingdom		51	51
HSL (Analytics) LLP	United Kingdom		51	51
HSL (FM) LLP	United Kingdom		51	51
HSL (Nominee) Ltd	United Kingdom	Ord	51	51
HSL PATHOLOGY LLP	United Kingdom		51	51

(i) These subsidiaries comprise the 'Closed Group' under the Deed of Cross Guarantee. By entering into the deed wholly-owned entities which are large proprietary companies have been granted relief from the necessity to prepare a financial report, directors' report and auditor's report in accordance with ASIC Corporations (Wholly-owned Companies) Instrument 2016/785. For further information see Note 29.

Details of significant subsidiaries of Sonic Healthcare Limited	Country of incorporation	Class of share	Beneficial interest 2024	Beneficial interest 2023
			%	%
LABex Analytics LLP	United Kingdom		100	100
LABex Facilities LLP	United Kingdom		100	100
SH Euro Finance PLC	United Kingdom	Ord	100	100
Sonic Healthcare Holding Company	United Kingdom	Ord	100	100
TDL Genetics Limited	United Kingdom	Ord	100	100
The Doctors Laboratory Limited	United Kingdom	Ord	100	100
American Esoteric Laboratories, Inc.	United States	Ord	100	100
Aurora Diagnostics, LLC	United States		100	100
Aurora Research Institute, LLC	United States		100	100
Bernhardt Laboratories, Inc.	United States	Ord	100	100
BMHSI/AEL Microbiology Laboratory, GP	United States		74.6	74.6
CBLPath, Inc.	United States	Ord	100	100
Cleveland Skin Pathology Laboratory, Inc.	United States	Ord	100	100
Clinical Laboratories of Hawaii, LLP	United States		100	100
Clinical Pathology Laboratories, Inc.	United States	Ord	100	100
Connecticut Laboratory Partnership, LLC	United States		51	51
Consultants in Laboratory Medicine of Greater Toledo, Inc.	United States	Ord	100	100
Cytopath, Inc.	United States	Ord	100	100
DermDX New England, LLC	United States		100	100
Dermpath New England, LLC	United States		100	100
East Side Clinical Laboratory, Inc.	United States	Ord	100	100
Greensboro Pathology, LLC	United States		100	100
Memphis Pathology Laboratory	United States		100	100
Pacific Point Laboratories, Inc.	United States	Ord	100	100
Pan Pacific Pathologists, LLC	United States		100	100
Pathology Laboratories, Inc.	United States	Ord	100	100
Pathology Solutions, LLC	United States		100	100
Pathology Watch, Inc.	United States	Ord	100	–
ProPath Services, LLC	United States		100	100
Richard Bernert, LLC	United States		100	100
Seacoast Pathology, Inc.	United States	Ord	100	100
Sonic Healthcare USA Investments, Inc.	United States	Ord	100	100
Sonic Healthcare USA, Inc.	United States	Ord	100	100
Sunrise Medical Laboratories, Inc.	United States	Ord	100	100
Twin Cities Dermatopathology, LLC	United States		100	100

Business combinations

a) Acquisition of subsidiaries/business assets

Acquisitions of subsidiaries/business assets in the period included:

- German laboratory practice located in Düsseldorf, Medical Laboratories Düsseldorf (acquired July 2023)
- Eastern Germany located laboratories business, Diagnosticum Laboratory Group (October 2023)
- Swiss laboratory business, Medisyn (formerly Synlab Suisse) (July 2023)
- Swiss anatomical pathology practice located in Zurich, Pathologie Enge (January 2024)
- Swiss and Liechtenstein based clinical laboratories, Dr Risch Group (March 24)
- US proprietary digital dermatopathology platform provider, PathologyWatch (January 2024)
- A number of smaller healthcare acquisitions.

The contribution the acquisitions made to the Group's revenue and profit during the period was immaterial individually and in aggregate. The approximate annual revenues of the acquisitions are set out in the Operating and Financial Review section of the Directors' Report. The acquisition accounting for the Medical Laboratories Düsseldorf, Diagnosticum Laboratory Group and Medisyn business combinations has been finalised at the date of this report. The acquisition accounting for the other business combinations remains preliminary.

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

	Diagnosticum Laboratory Group	Medical Laboratories Düsseldorf	Medisyn	Other	Total
	$'000	$'000	$'000	$'000	$'000
Consideration – cash paid	317,171	298,954	269,336	515,683	1,401,144
Less: cash of entities acquired	(4,465)	(4,703)	(31,578)	(31,964)	(72,710)
	312,706	294,251	237,758	483,719	1,328,434
Equity consideration for acquisition of Dr Risch Group	–	–	–	51,728	51,728
Deferred consideration	–	–	–	70,367	70,367
Total consideration	312,706	294,251	237,758	605,814	1,450,529
Fair value of identifiable net assets of businesses acquired					
Debtors and other receivables	17,056	11,284	25,499	47,573	101,412
Prepayments	707	167	2,952	7,470	11,296
Inventory	1,965	1,385	5,063	6,242	14,655
Property, plant and equipment	9,602	2,466	9,287	26,764	48,119
Right-of-use assets	5,410	2,054	15,109	50,179	72,752
Identifiable intangibles	–	–	1,874	110,356	112,230
Deferred tax assets	–	503	810	16,393	17,706
Trade creditors	(2,538)	(2,446)	(4,821)	(20,142)	(29,947)
Sundry creditors and accruals	(11,396)	(3,555)	(21,525)	(26,393)	(62,869)
Lease liabilities	(5,410)	(2,054)	(15,109)	(50,179)	(72,752)
Current tax liabilities	(47)	–	(363)	(1,631)	(2,041)
Deferred tax liabilities	–	–	–	(22,868)	(22,868)
Borrowings	–	–	–	(937)	(937)
Provisions	(1,371)	(1,281)	(10,146)	(53,498)	(66,296)
	13,978	8,523	8,630	89,329	120,460
Goodwill	298,728	285,728	229,128	516,485	1,330,069

The goodwill arising from the business acquisitions 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. $667,007,000 of the purchased goodwill recognised is expected to be deductible for income tax purposes over a 15 year period.

Acquisition related costs of $14,297,000 are included in other expenses in the Income Statement.

The fair value of acquired debtors and other receivables is $101,412,000. The gross contractual amount due is $113,299,000 of which $11,887,000 is expected to be uncollectible.

b) Reconciliation of cash paid to Cash Flow Statement

	2024	2023
	$'000	$'000
Cash consideration for acquisitions in the financial year	1,401,144	61,375
Cash consideration for acquisition of minority interests in the financial year	–	9,501
Acquisition costs	12,314	883
Cash consideration paid to vendors for acquisitions in previous financial years	5,291	18,480
Less: cash of entities acquired	(72,710)	(7,849)
Payment for purchase of controlled entities, net of cash acquired	1,346,039	82,390

NOTE 31 | COMMITMENTS FOR EXPENDITURE

Capital commitments

	2024	2023
	$'000	$'000
Commitments for the acquisition of property, plant and equipment contracted for at the reporting date but not recognised as liabilities, payable		
Within one year	116,288	69,136

NOTE 32 | CONTINGENT LIABILITIES

Sonic Healthcare Limited and certain subsidiaries, as disclosed in Note 30, are parties to a Deed of Cross Guarantee under which each company guarantees the debts of the others.

The Group has provided guarantees in respect of workers compensation insurance of $15,353,000 (2023: $13,625,000) and for the performance of certain contracts by subsidiary entities. It is not expected that these guarantees will be called upon.

The Group presently has litigation (including in relation to medical malpractice claims) and other claims for which the timing of resolution and potential economic outflow are uncertain. Obligations assessed as having probable future economic outflows capable of reliable measurement are provided at reporting date. Individually significant matters, including narrative on potential future exposures incapable of reliable measurement have not been disclosed so as to not prejudice the Group.

NOTE 33 | SECURED BORROWINGS

Lease liabilities are effectively secured as the rights to the leased assets recognised in the financial statements revert to the lessor in the event of a default. Refer to Notes 13 and 19 for details of the carrying value of leased assets and liabilities.

NOTE 34 | REMUNERATION OF AUDITORS

	2024	2023
	$	$
PricewaterhouseCoopers – Australian firm		
Audit and review of financial reports of Group entities	**1,908,330**	1,729,777
Other assurance services	**27,655**	–
Other services	**111,950**	–
Total audit and other services	**2,047,935**	1,729,777
Related practices of PricewaterhouseCoopers Australian firm (including overseas PricewaterhouseCoopers firms)		
Audit and review of financial reports of Group entities	**1,603,314**	1,341,485
Non-PricewaterhouseCoopers audit firms		
Audit and review of financial reports of Group entities	**879,570**	334,823

The non-audit services provided were not considered to be of a nature that could give rise to a conflict of interest or loss of independence for the external auditors.

NOTE 35 | SHARE-BASED PAYMENTS

The Group has several equity-settled share-based compensation plans for executives and employees. The fair value of equity remuneration granted under the various plans is recognised as an expense with a corresponding increase in equity. The fair value is measured at grant date and recognised over the period during which the employees become unconditionally entitled to shares and options ('the vesting period'). Details of the pricing model and the measurement inputs utilised to determine the fair value of shares and options granted are disclosed in Note 1(q) to the financial statements.

a) Sonic Healthcare Limited Employee Option Plan

Options are granted under the Sonic Healthcare Limited Employee Option Plan for no consideration. Options granted are able to be exercised subject to the following vesting periods unless otherwise specified:

- Up to 50% may be exercised after 30 months from the date of grant.
- Up to 75% may be exercised after 42 months from the date of grant.
- Up to 100% may be exercised after 54 months from the date of grant.

Options granted under the plan expire after 58 months (unless otherwise specified) and carry no dividend or voting rights. When exercisable, each option is convertible into one ordinary share. No option holder has any right under the options to participate in any other share issue of the Company or of any other entity.

The grants of options on 5 December 2019, 22 May 2020, 19 November 2021, 26 October 2022, 22 May 2023, 29 November 2023 and 31 May 2024 are subject to different vesting and expiry periods with 100% becoming exercisable three years after grant date until expiry one year later, subject to vesting conditions.

The following options and performance rights+ were granted under executive Long-Term Incentive (LTI) arrangements and are also subject to different vesting and expiry periods. Vesting is subject to challenging performance conditions, details of which are set out in the relevant annual Remuneration Report. The percentage of the options and rights which met the performance conditions is shown in the table below.

Grant date	Options	Performance rights+	Earliest vesting date^	Performance conditions measurement period	% meeting performance conditions	Expiry date
22 November 2017	675,145	87,762	22 November 2020	3 years to 30 June 2020	70.9%	22 November 2022
21 November 2018	667,787	87,560	21 November 2021	3 years to 30 June 2021	100.0%	21 November 2023
19 November 2019	588,894	64,907	19 November 2022	3 years to 30 June 2022	100.0%	19 November 2024
18 November 2020	527,191	69,624	18 November 2023	3 years to 30 June 2023	84.3%	18 November 2025
18 November 2021	343,367	54,427	18 November 2024	3 years to 30 June 2024	25.0%	18 November 2026
17 November 2022	377,504	66,371	17 November 2025	3 years to 30 June 2025	tbd	17 November 2027
29 November 2023	444,508	84,747	29 November 2026	3 years to 30 June 2026	tbd	29 November 2028

+ See b) below for details of the Performance Rights Plan.
^ Options can only vest when the market price of Sonic shares is higher than the exercise price.

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Sonic Healthcare ordinary shares to be awarded on exercise/conversion of the options and performance rights may be satisfied by the issue of new shares or the purchase of shares on-market.

Set out below are summaries of options granted under the Sonic Healthcare Limited Employee Option Plan.

2024

Grant date	Expiry date	Exercise price	Balance at start of the year	Granted during the year	Forfeited during the year	Exercised during the year	Expired during the year	Balance at end of the year	Exercisable at end of the year	Balance at date of this report
			Number	Number	Number	Number	Number	Number	Number	Number
21/11/18	21/11/23	$21.69	667,787	–	–	(667,787)	–	–	–	–
14/12/18	14/10/23	$21.83	804,000	–	–	(804,000)	–	–	–	–
21/02/19	21/12/23	$24.30	407,500	–	–	(407,500)	–	–	–	–
19/11/19	19/11/24	$29.26	588,894	–	–	–	–	588,894	588,894	588,894
05/12/19	05/12/23	$28.58	2,573,199	–	–	(2,165,699)	(407,500)	–	–	–
22/05/20	22/05/24	$27.28	4,643,500	–	–	(3,689,000)	(954,500)	–	–	–
18/11/20	18/11/25	$34.21	527,191	–	(82,984)	–	–	444,207	444,207	444,207
18/11/21	18/11/26	$38.90	343,367	–	–	–	–	343,367	–	85,841
19/11/21	19/11/25	$39.75	4,616,633	–	(10,000)	–	–	4,606,633	–	4,606,633
26/10/22	26/10/26	$31.59	4,602,206	–	(20,000)	–	–	4,582,206	–	4,582,206
17/11/22	17/11/27	$32.79	377,504	–	–	–	–	377,504	–	377,504
22/05/23	22/05/27	$35.93	100,000	–	–	–	–	100,000	–	100,000
29/11/23	29/11/27	$28.91	–	6,970,745	–	–	–	6,970,745	–	6,970,745
29/11/23	29/11/28	$28.89	–	444,508	–	–	–	444,508	–	444,508
31/05/24	31/05/28	$24.00	–	6,970,745	–	–	–	6,970,745	–	6,970,745
Total			20,251,781	14,385,998	(112,984)	(7,733,986)	(1,362,000)	25,428,809	1,033,101	25,171,283
Weighted average exercise price			$31.39	$26.53	$34.24	$26.44	$27.67	$30.33	$31.39	

2023

Grant date	Expiry date	Exercise price	Balance at start of the year	Granted during the year	Forfeited during the year	Exercised during the year	Expired during the year	Balance at end of the year	Exercisable at end of the year
			Number	Number	Number	Number	Number	Number	Number
22/11/17	22/11/22	$21.64	478,846	–	–	(478,846)	–	–	–
21/11/18	21/11/23	$21.69	667,787	–	–	–	–	667,787	667,787
14/12/18	14/10/23	$21.83	1,280,000	–	–	(476,000)	–	804,000	804,000
21/02/19	21/12/23	$24.30	725,000	–	(105,000)	(212,500)	–	407,500	195,000
19/11/19	19/11/24	$29.26	588,894	–	–	–	–	588,894	588,894
05/12/19	05/12/23	$28.58	4,286,199	–	(40,000)	(1,673,000)	–	2,573,199	2,573,199
22/05/20	22/05/24	$27.28	5,120,000	–	(90,000)	(386,500)	–	4,643,500	4,643,500
18/11/20	18/11/25	$34.21	527,191	–	–	–	–	527,191	–
18/11/21	18/11/26	$38.90	343,367	–	–	–	–	343,367	–
19/11/21	19/11/25	$39.75	4,656,633	–	(40,000)	–	–	4,616,633	–
26/10/22	26/10/26	$31.59	–	4,602,206	–	–	–	4,602,206	–
17/11/22	17/11/27	$32.79	–	377,504	–	–	–	377,504	–
22/05/23	22/05/27	$35.93	–	100,000	–	–	–	100,000	–
Total			18,673,917	5,079,710	(275,000)	(3,226,846)	–	20,251,781	9,472,380
Weighted average exercise price			$30.33	$31.76	$28.15	$26.12	–	$31.39	$26.84

The weighted average share price at the date of exercise for options exercised in the 2024 year was $31.49 (2023: $34.35). The weighted average remaining contractual life of share options on issue at the end of the year was 2.9 years (2023: 1.9 years).

Fair value of options granted

The average assessed fair value of options granted during the year ended 30 June 2024 was $3.13 per option (2023: $4.75). The valuation model inputs for options granted during the years ended 30 June 2024 and 30 June 2023 included:

Grant date	Expiry date	Exercise price	Share price at time of grant	Expected life (years from date of issue)	Share price volatility (based on 3 year historic prices)	Risk free rate	Dividend yield
26/10/22	26/10/26	$31.59	$31.59	3.5	22.6%	3.5%	3.2%
17/11/22	17/11/27	$32.79	$32.79	4.0	21.0%	3.4%	3.3%
22/05/23	22/05/27	$35.93	$35.93	3.5	18.7%	3.3%	3.1%
29/11/23	29/11/27	$28.91	$28.91	3.5	19.1%	4.0%	3.8%
29/11/23	29/11/28	$28.89	$28.91	4.0	19.1%	4.0%	3.8%
31/05/24	31/05/28	$24.00	$24.00	3.5	16.7%	4.1%	4.1%

A Monte Carlo simulation was applied to fair value the relative Total Shareholder Return (TSR) performance condition element of options granted. The model simulated Sonic's TSR and compared it against the peer group over the vesting periods.

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b) Sonic Healthcare Limited Performance Rights Plan

Performance rights are granted under the Sonic Healthcare Limited Performance Rights Plan for no consideration and carry no dividend or voting rights. When exercisable, each performance right is convertible into one ordinary share. No rights holder has any right to participate in any other share issue of the Company or of any other entity.

2024										
Grant date	Expiry date	Exercise price	Balance at start of the year	Granted during the year	Forfeited during the year	Exercised during the year	Expired during the year	Balance at end of the year	Exercisable at end of the year	Balance at date of this report
			Number	Number	Number	Number	Number	Number	Number	Number
18/11/20	18/11/25	Nil	69,624	–	(10,959)	(58,665)	–	–	–	–
23/09/21	See below*	Nil	30,057	–	(1,881)	(14,083)	–	14,093	–	–
18/11/21	18/11/26	Nil	54,427	–	–	–	–	54,427	–	13,606
21/09/22	01/10/23	Nil	11,815	–	–	(11,815)	–	–	–	–
17/11/22	17/11/27	Nil	66,371	–	–	–	–	66,371	–	66,371
26/09/23	01/10/24	Nil	–	16,080	–	(16,080)	–	–	–	–
29/11/23	01/10/24	Nil	–	3,115	–	(3,115)	–	–	–	–
29/11/23	29/11/28	Nil	–	84,747	–	–	–	84,747	–	84,747
02/09/24	02/09/25	Nil	–	–	–	–	–	–	–	17,558
Total			**232,294**	**103,942**	**(12,840)**	**(103,758)**	**–**	**219,638**	**–**	**182,282**

2023									
Grant date	Expiry date	Exercise price	Balance at start of the year	Granted during the year	Forfeited during the year	Exercised during the year	Expired during the year	Balance at end of the year	Exercisable at end of the year
			Number	Number	Number	Number	Number	Number	Number
19/11/19	19/11/24	Nil	64,907	–	–	(64,907)	–	–	–
18/11/20	18/11/25	Nil	69,624	–	–	–	–	69,624	–
23/09/21	See below*	Nil	52,911	–	(7,831)	(15,023)	–	30,057	–
18/11/21	18/11/26	Nil	54,427	–	–	–	–	54,427	–
21/09/22	01/10/23	Nil	–	63,374	–	(51,559)	–	11,815	11,815
17/11/22	01/10/23	Nil	–	3,172	–	(3,172)	–	–	–
17/11/22	17/11/27	Nil	–	66,371	–	–	–	66,371	–
Total			241,869	132,917	(7,831)	(134,661)	–	232,294	11,815

*One third would have expired on 01/09/22, one third on 01/09/23 and one third on 01/09/24.

The weighted average remaining contractual life of performance rights on issue at the end of the year was 3.3 years (2023: 2.9 years).

Fair value of rights granted

The average assessed fair value of rights granted during the year ended 30 June 2024 was $18.19 per right (2023: $25.64). The valuation model inputs for performance rights granted during the years ended 30 June 2024 and 30 June 2023 included:

Grant date	Expiry date	Exercise price	Share price at time of grant	Expected life (years from date of issue)	Share price volatility (based on 3 year historic prices)	Risk free rate	Dividend yield
17/11/22	01/10/23	Nil	$32.79	0.3	21.0%	3.1%	3.3%
17/11/22	17/11/27	Nil	$32.79	3.0	21.0%	3.2%	3.3%
29/11/23	01/10/24	Nil	$28.91	0.3	19.1%	4.3%	3.8%
29/11/23	29/11/28	Nil	$28.91	3.0	19.1%	4.0%	3.8%

A Monte Carlo simulation was applied to fair value the TSR performance condition element of performance rights granted. The model simulated Sonic's TSR and compared it against the peer group over the vesting periods.

c) Expenses arising from share-based payment transactions

Total expenses arising from equity-settled share-based payment transactions recognised during the period as part of employee benefit expense were as follows:

	2024	2023
	$'000	$'000
Equity remuneration	**27,032**	18,453

d) Shares issued on the exercise of options/rights up to the date of this report

i) Sonic Healthcare Limited Employee Option Plan

A total of 7,733,986 ordinary shares of Sonic were issued during the year ended 30 June 2024 under the Sonic Healthcare Limited Employee Option Plan. No options have been exercised since that date. The amounts paid on issue of those shares were:

Number of options exercised	Amounts paid (per share)
667,787	$21.69
804,000	$21.83
407,500	$24.30
3,689,000	$27.28
2,165,699	$28.58
7,733,986	**$26.44**

ii) Sonic Healthcare Limited Performance Rights Plan

A total of 103,758 performance rights were exercised during the year ended 30 June 2024 under the Sonic Healthcare Limited Performance Rights Plan, satisfied by 103,758 shares purchased on-market. 11,822 performance rights have been exercised since 30 June 2024 and up to the date of this report, satisfied by shares purchased on-market. No amounts were payable on issue of those shares.

e) Options and rights granted to officers

During the year nil options or rights were issued to the five highest remunerated officers of the Company who are not already disclosed as key management personnel.

NOTE 36 | RELATED PARTIES

a) Parent entities and subsidiaries

Sonic Healthcare Limited is the ultimate Parent Company in the Group comprising the Company and its subsidiaries as detailed in Note 30.

b) Key management personnel compensation

Details of remuneration of key management personnel and transactions with them have been disclosed in the Remuneration Report within the Directors' Report. The aggregate remuneration of the key management personnel is shown below:

	2024	2023
	$	$
Short-term employee benefits	6,165,557	6,615,811
Long-term employee benefits	57,330	87,660
Post-employment benefits	233,655	218,846
Share-based payments	3,202,006	3,936,513
Total compensation	9,658,548	10,858,830

c) Transactions and outstanding balances with associates

	2024	2023
	$'000	$'000
Provision of services to associates	106,172	99,804
Provision of services from associates	2,205	1,837
Interest income	173	146
Current payables	4,873	7,102
Current receivables	15,338	11,544
Loans receivable	1,153	2,153

NOTE 37 | EARNINGS PER SHARE

	2024	2023
	Cents	Cents
Basic earnings per share	**107.3**	145.8
Diluted earnings per share	**107.2**	145.0

	2024	2023
Weighted average number of ordinary shares used as the denominator	Shares	Shares
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	**476,100,803**	469,768,140
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share	**476,988,506**	472,443,512

Options and performance rights over ordinary shares are considered to be potential ordinary shares and have been included in the determination of diluted earnings per share to the extent to which they are dilutive. The options and rights have not been included in the determination of basic earnings per share.

Details of the options and rights exercised, forfeited and issued in the period between the reporting date and the date of this report are detailed in Note 35.

	2024	2023
Reconciliations of earnings used in calculating earnings per share	$'000	$'000
Net profit	**543,804**	707,931
Net (profit) attributable to minority interests	**(32,710)**	(22,947)
Earnings used in calculating basic and diluted earnings per share	**511,094**	684,984

NOTE 38 | STATEMENT OF CASH FLOWS

a) Cash at bank and on hand

	2024	2023
	$'000	$'000
Cash at bank and on hand	**645,001**	797,994

Cash balances bear interest rates of between 0.00% – 5.49% (2023: 0.00% – 4.71%).

b) Reconciliation of net cash inflow from operating activities to operating profit after income tax

	2024	2023
	$'000	$'000
Operating profit after income tax	**543,804**	707,931
Add non-cash items	**736,412**	722,389
Add/(less) changes in assets and liabilities during the financial year		
(Increase)/decrease in sundry debtors and prepayments	**(44,871)**	2,606
(Increase)/decrease in trade debtors and accrued revenue	**(207,836)**	244,257
(Increase)/decrease in inventories	**(18)**	27,465
(Increase)/decrease in deferred tax assets	**32,179**	(2,366)
Increase/(decrease) in trade creditors and accrued expenses	**205,753**	(128,824)
Increase/(decrease) in deferred tax liabilities	**10,526**	55,645
Increase/(decrease) in current tax liabilities	**(187,912)**	(165,201)
Increase/(decrease) in other provisions	**3,243**	333
Increase/(decrease) in other liabilities	**200**	(394)
Increase/(decrease) in provision for employee entitlements	**(19,968)**	7,192
Net cash inflow from operating activities	**1,071,512**	1,471,033

c) Non-cash financing and investing activities

The following non-cash financing and investing activities occurred during the year and are not reflected in the Cash Flow Statement:

- Acquisition of right-of-use assets (Note 13)
- Options and rights issued to employees for no cash consideration (Note 35)
- Shares issued for $51,728,000 as part consideration for Dr Risch acquisition (Note 27)

d) Reconciliation of liabilities arising from financing activities

	Balance at 1 July 2023	Cash flows	Acquisition/ (disposal)	Other non-cash movements	Foreign exchange adjustments	Balance at 30 June 2024
	$'000	$'000	$'000	$'000	$'000	$'000
Lease liabilities	1,427,019	(389,753)	72,752	425,566	(8,106)	1,527,478
Bank loans	3,278	1,347,089	937	–	(15,824)	1,335,480
USPP notes	1,670,183	–	–	–	(17,773)	1,652,410
Total	**3,100,480**	**957,336**	**73,689**	**425,566**	**(41,703)**	**4,515,368**

NOTE 39 | FINANCIAL RISK MANAGEMENT

The Group is exposed to the following categories of financial risks as part of its overall capital structure; market risk (including currency risk and interest rate risk), credit risk and liquidity risk. The Group's risk management program addresses the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group.

The Group has adopted the following philosophies towards financial risk management:

- to take a proactive approach in identifying and managing material treasury risks;
- not to take speculative derivative positions;
- to structure hedging to reflect underlying business objectives; and
- to reduce volatility and provide more certainty of earnings.

Financial risk management is carried out by a central treasury department ('Group Treasury') which identifies, evaluates and hedges financial risks to support the Group's strategic and operational objectives. Group Treasury operates within the parameters of a Board-approved Treasury Policy and is overseen by Sonic's Treasury Management Committee, which comprises Sonic's CEO, CFO, Deputy CFO, Treasurer, and an expert external consultant.

The Treasury Policy provides written principles for overall financial risk management as well as policies covering specific areas, such as liquidity, funding and interest rate risk, foreign exchange risk, credit risk and operational treasury risk. One of the key responsibilities of Group Treasury is the management of the Group's debt facilities.

a) Capital risk management

The Group's objectives when managing capital are to safeguard the consolidated entity's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The capital structure of the Group is proactively managed by issuing new shares by way of institutional placements, shareholder purchase plans, rights issues, as part consideration for acquisitions, or activation from time to time of the Company's Dividend Reinvestment Plan; by utilising the SHEST to buy Sonic's shares on market; by conducting on-market share buybacks; or by varying the amount of dividends paid to shareholders.

The capital structure of the Group is mainly monitored on the basis of the Net Debt to Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) Ratio, which is also a covenant under Sonic's senior debt facilities (with a maximum permitted level of 3.5 times). Other ratios considered are the Gearing Ratio and Interest Cover Ratio, which are also covenants under senior debt facilities. Each covenant is calculated excluding the impact of AASB 16 *Leases*. Future compliance with these debt covenants is modelled by reference to a rolling 5-year financial forecast model.

During FY2023 and FY2024 the Group maintained a Net Debt to EBITDA ratio of between 0.3 to 1.9 times. The Company's pre-pandemic history demonstrates Net Debt to EBITDA being conservatively and consistently managed around the middle of a 2 to 3 times range.

The Net Debt to EBITDA ratio is calculated as Net (of cash) Interest Bearing Debt divided by EBITDA. EBITDA is normalised for acquisitions made during a period, equity remuneration expense (a non-cash item) and for acquisition-related costs which are expensed under AASB 3 *Business Combinations.* Net Interest Bearing Debt is adjusted for currency rate fluctuations.

The Gearing Ratio is calculated as Net Interest Bearing Debt divided by Net Interest Bearing Debt plus Equity (per the Balance Sheet excluding the impacts of AASB 16), and must be maintained below 55% under certain of the Company's USPP note agreements. The Gearing Ratio is not a covenant under the Company's bank debt facilities and the 2019 and 2024 USPP note agreements.

The Group is required to maintain an Interest Cover Ratio greater than 3.25 times under the debt facilities, calculated as EBITA divided by Net Interest Expense. EBITA is normalised for equity remuneration expense and acquisition-related costs.

These three ratios are the only financial undertakings under Sonic's debt facilities.

The ratios calculated using the facility definitions, which exclude the impact of AASB 16, at 30 June 2024 and 30 June 2023 were as follows:

	2024	2023
Net Debt to EBITDA (times)	**1.9**	0.6
Gearing	**22.3%**	9.9%
Interest Cover (times)	**12.0**	29.4

b) Market risk

i) Foreign currency risk

Foreign currency risk refers to the risk that the value of a financial commitment, recognised asset or liability will fluctuate due to changes in foreign currency rates.

Foreign currency risk arising on the translation of the net assets of the Group's foreign controlled entities, which have a different functional currency, is managed at the Group level. The Group manages this foreign exchange translation risk by 'natural' balance sheet hedges, i.e. having borrowings denominated in the same functional currencies of the foreign controlled entities. The foreign currency gains or losses arising from this risk are recorded through the foreign currency translation reserve. As Sonic's foreign currency earnings grow, interest rates change and debt is repaid, the natural hedge becomes less effective, so AUD reported earnings do fluctuate. The underlying earnings in foreign currency however are not affected. Capital hedging is not undertaken given the cash flow implications of ongoing hedging and the long-term nature of investments.

The Group is not significantly exposed to transactional foreign currency risk associated with receipts and payments that are required to be settled in foreign currencies. These transactions are limited in number; therefore the exposure is typically identified and managed on a case-by-case basis, usually by the spot or forward purchase of foreign currencies.

The carrying amount of the Group's bank loans and USPP notes are denominated in the following currencies (amounts in AUD):

	2024	2023
	$'000	$'000
USD	**910,318**	826,198
EURO	**1,618,237**	847,263
AUD	**129,000**	–
CHF	**330,335**	–
	2,987,890	1,673,461

Hedge of net investments in foreign operations

Of the total bank loans and USPP notes of $2,987,890,000 (2023: $1,673,461,000), $910,318,000 (2023: $826,198,000) are denominated in USD and qualify as a hedge of the Group's net investment in operations in the United States. In addition, $330,335,000 (2023: nil) are denominated in CHF and qualify as a hedge of the Group's net investment in operations in Switzerland. Gains or losses on retranslation of these borrowings are transferred to equity to offset any gains or losses on translation of the net investment in these operations. The ineffectiveness recognised in the Income Statement from net investment hedges was $nil (2023: $nil).

The remaining bank loans and USPP notes of $1,618,237,000 (2023: $847,263,000) denominated in EUR (2023: EUR) are in the same functional currency as Sonic's operations in Germany and Belgium (2023: Germany and Belgium) and act as a 'natural' balance sheet hedge against foreign currency earnings fluctuations.

Sensitivity analysis

Based on the financial instruments held at 30 June 2024, had the Australian dollar weakened/strengthened by 10% (2023: 10%) against all relevant currencies, the Group's post-tax profit would have been $nil higher/$nil lower (2023: $nil higher/$nil lower), as a result of having minimal exposure to foreign currency denominated financial instruments. Other components of equity would have been $nil lower/higher (2023: $nil lower/higher).

ii) Interest rate risk

Sonic Healthcare Limited and certain subsidiaries are party (from time to time) to derivative financial instruments such as interest rate swaps in the normal course of business in order to hedge exposure to fluctuations in interest rates. Derivatives are exclusively used for hedging purposes i.e. not as trading or speculative instruments. The Group's fixed rate borrowings are carried at amortised cost. They are therefore not subject to interest rate risk as defined in AASB 7.

Interest rate swap contracts – cash flow hedge

The Group's main interest rate risk arises from bank loans that are subject to variable interest rates (relevant loans totalling 2024: $1,335,480,000; 2023: $3,278,000). It is the Group's policy to protect against increasing interest rates by maintaining a level of fixed rate debt instruments such as USPP notes, which represented over 55% of total bank loans and USPP notes in 2024 (2023: 99%), and/or by entering into interest rate swap contracts under which it is obliged to receive interest at variable rates and to pay interest at fixed rates.

The Group's policy is to ensure exposure to increases in floating interest rates does not impact annual net profit after tax over a 3-year period by more than a specified percentage as defined within the hedging parameters of the Group's Treasury Policy, and will not result in a breach of the Interest Cover Ratio covenant under the Group's debt facilities. Hedging is undertaken as and when required to ensure exposure to interest rate risk is managed within these parameters.

There were no fixed interest rate swaps in place during the year or at balance sheet date in the current or previous financial year. There was no ineffective portion of swaps during either the current or previous financial year.

Interest rate swap contracts – fair value hedge

The Group's strategy is to minimise interest expense and ensure exposure to movements in market interest rates are managed in line with the Treasury Policy. The Group enters into interest rate swap contracts from time to time under which it is obliged to receive interest at fixed rates and to pay interest at variable rates. The contracts are settled on a net basis. There were no contracts of this nature in place during 2024 and 2023.

Interest rate risk exposures

The Group's exposure to interest rate risk and the effective weighted average interest rate by maturity periods is set out in the following tables.

Fixed interest rate maturities

	Notes	1 year or less	Over 1 year and less than 2 years	Over 2 years and less than 3 years	Over 3 years and less than 4 years	Over 4 years and less than 5 years	Over 5 years	Non-interest bearing	Total
30 June 2024		$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Assets									
Cash and deposits		18,961	–	–	–	–	–	43,910	62,871
Trade debtors	7	–	–	–	–	–	–	1,065,728	1,065,728
Accrued revenue	7	–	–	–	–	–	–	278,368	278,368
Sundry debtors	7	–	–	–	–	–	–	147,270	147,270
Amounts owing from other entities	7, 10	1,283	2,729	1,304	568	1,528	949	8,575	16,936
Net investment in finance leases	7, 10	6,180	4,986	3,123	1,390	722	547	–	16,948
Investments	11	–	–	–	–	–	–	198,348	198,348
Total assets		26,424	7,715	4,427	1,958	2,250	1,496	1,742,199	1,786,469
Liabilities									
Trade and other creditors	17	–	–	–	–	–	–	1,240,486	1,240,486
Amounts owing to vendors	22, 26	–	–	–	–	–	–	93,384	93,384
Other liabilities	22, 26	–	–	–	–	–	–	572	572
Lease liabilities	19	363,540	287,364	203,466	149,254	105,054	418,800	–	1,527,478
USPP notes	18,23	297,284	72,312	321,389	–	–	961,425	–	1,652,410
Total liabilities		660,824	359,676	524,855	149,254	105,054	1,380,225	1,334,442	4,514,330
30 June 2023		$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Assets									
Cash and deposits		–	–	–	–	–	–	26,890	26,890
Trade debtors	7	–	–	–	–	–	–	941,962	941,962
Accrued revenue	7	–	–	–	–	–	–	133,499	133,499
Sundry debtors	7	–	–	–	–	–	–	106,530	106,530
Amounts owing from other entities	7, 10	1,164	1,122	3,109	537	364	493	8,672	15,461
Net investment in finance leases	7, 10	6,481	5,061	4,096	2,357	903	563	–	19,461
Investments	11	–	–	–	–	–	–	175,799	175,799
Total assets		7,645	6,183	7,205	2,894	1,267	1,056	1,393,352	1,419,602
Liabilities									
Trade and other creditors	17	–	–	–	–	–	–	959,992	959,992
Amounts owing to vendors	22, 26	–	–	–	–	–	–	31,732	31,732
Other liabilities	22, 26	–	–	–	–	–	–	641	641
Lease liabilities	19	346,791	275,089	195,880	137,142	104,140	367,977	–	1,427,019
USPP notes	23	–	303,179	73,746	327,761	–	965,497	–	1,670,183
Total liabilities		346,791	578,268	269,626	464,903	104,140	1,333,474	992,365	4,089,567

Floating interest rate maturities

	Notes	1 year or less	Over 1 year and less than 2 years	Over 2 years and less than 3 years	Over 3 years and less than 4 years	Over 4 years and less than 5 years	Over 5 years	Total	Weighted average interest rate
30 June 2024		$'000	$'000	$'000	$'000	$'000	$'000	$'000	%
Assets									
Cash and deposits		582,130	–	–	–	–	–	582,130	2.18
Amounts owing from other entities	7	14,000	–	–	–	–	–	14,000	6.31
Total assets		596,130	–	–	–	–	–	596,130	
Liabilities									
Bank loans	18,23	206	438,783	325,497	265,310	165	305,519	1,335,480	4.34
Total liabilities		206	438,783	325,497	265,310	165	305,519	1,335,480	
30 June 2023		$'000	$'000	$'000	$'000	$'000	$'000	$'000	%
Assets									
Cash and deposits		771,104	–	–	–	–	–	771,104	1.07
Amounts owing from other entities	10	–	–	14,000	–	–	–	14,000	6.31
Total assets		771,104	–	14,000	–	–	–	785,104	
Liabilities									
Bank loans	23	–	–	–	3,278	–	–	3,278	4.67
Total liabilities		–	–	–	3,278	–	–	3,278	

Sensitivity analysis

If interest rates in all relevant currencies applied to financial instruments held at 30 June 2024 had changed by -100/+100 basis points (2023: -100/+100 basis points) for the financial year with all other variables held constant, the Group's post-tax profit for the year would have been $5,169,000/$5,169,000 higher/lower mainly as a result of lower/higher interest expense from bank loans (2023: $5,441,000/$5,395,000 lower/higher mainly as a result of lower/higher interest income from cash and deposits). Other components of equity would have been $5,169,000/$5,169,000 higher/lower as a result of a decrease/increase in interest expense (2023: $5,441,000/$5,395,000 lower/higher as a result of a decrease/increase in interest income). The impacts on profit and equity of either change in rates are higher in 2024 due to the higher balance of floating rate bank loans.

iii) Other price risk

The Group does not have significant exposure to fluctuations in the fair values or future cash flows of financial instruments associated with changes in market prices.

c) Credit risk

The credit risk on financial assets of the Group which have been recognised on the Balance Sheet, other than investment in shares, is generally the carrying amount, net of any provisions for impairment. Where entities have a right of set-off and intend to settle on a net basis, this set-off has been reflected in the financial statements in accordance with accounting standards.

The Group does not have any material exposure to any individual customer or counterparty other than certain government or statutory funded bodies in the countries in which the Group operates. There are no other significant concentrations of credit risk within the Group.

Receivable balances and ageing analysis are monitored on an ongoing basis. In order to minimise the Group's exposure to bad debts, rigorously enforced processes are in place to send reminder notices, demands for repayments and ultimately to refer to debt collection agencies. Credit limits are imposed and monitored for commercial customers. See Note 7 for further analysis of credit risk for receivable balances.

The Group has not renegotiated any material collection/repayment terms of any financial assets in the current or previous financial year.

Credit risk in the treasury context is defined as the risk of sustaining a loss as a result of a counterparty that has accepted a deposit from the Group and/or entered into a financial transaction with the Group related to the management of treasury related risks. Group Treasury seeks to only enter into transactions with counterparties who are senior lenders to the Group.

d) Liquidity risk

The Group is exposed to funding and liquidity risks including the risk that in refinancing its debt, the Group may be exposed to an increased credit spread (the credit spread is the margin that must be paid over the equivalent government or risk free rate or swap rate) and the risk of not being able to refinance debt obligations or meet other cash outflow obligations at a reasonable cost when required.

The Group's strong cash flows and Balance Sheet are a major mitigator of this type of risk, along with the dynamics of the medical diagnostic services market. The Group seeks to further mitigate these risks by structuring its debt with a spread of maturities, maintaining excellent relationships with a number of leading Australian and international banks, diversifying funding sources by accessing the private placement bond market in the USA and the syndicated bank loan market in Europe, and keeping sufficient committed credit lines available for short- to medium-term needs (balanced against the cost of maintaining such lines) in accordance with Sonic's Treasury Policy.

The tables below analyse the Group's financial liabilities and net-settled derivative financial instruments into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows including interest (other than in the 'carrying value' column). The table ignores the maturities of undrawn credit lines. For interest rate swaps the cash flows are estimated using forward interest rates applicable at the reporting date.

Contractual maturities of financial liabilities

	Notes	1 year or less	Over 1 year and less than 2 years	Over 2 years and less than 5 years	Over 5 years	Total contractual cash flows	Carrying value
30 June 2024		$'000	$'000	$'000	$'000	$'000	$'000
Liabilities							
Trade and other creditors	17	1,240,486	–	–	–	1,240,486	1,240,486
Amounts owing to vendors	22, 26	25,654	3,595	59,054	5,081	93,384	93,384
Bank loans	18,23	58,974	486,335	661,243	305,715	1,512,267	1,335,480
USPP notes	18,23	336,638	108,227	410,256	1,036,505	1,891,626	1,652,410
Other liabilities	22, 26	286	286	–	–	572	572
Lease liabilities	19	411,795	321,989	524,926	493,488	1,752,198	1,527,478
Financial guarantee contracts		15,353	–	–	–	15,353	–
Total liabilities		2,089,186	920,432	1,655,479	1,840,789	6,505,886	5,849,810
30 June 2023		$'000	$'000	$'000	$'000	$'000	$'000
Liabilities							
Trade and other creditors	17	959,992	–	–	–	959,992	959,992
Amounts owing to vendors	22, 26	7,817	20,979	2,936	–	31,732	31,732
Bank loans	23	156	155	3,562	–	3,873	3,278
USPP notes	23	43,179	342,852	498,128	1,069,705	1,953,864	1,670,183
Other liabilities	22, 26	413	228	–	–	641	641
Lease liabilities	19	384,451	301,770	489,332	424,911	1,600,464	1,427,019
Financial guarantee contracts		13,625	–	–	–	13,625	–
Total liabilities		1,409,633	665,984	993,958	1,494,616	4,564,191	4,092,845

The financial guarantee contracts relate to guarantees given by the Group in respect of workers compensation insurance. The guarantees are the maximum amounts allocated to the earliest period in which the guarantees could be called. The Group does not expect these payments to eventuate.

There have been no material breaches and no defaults of loans in the current or preceding reporting periods.

e) Net fair value of financial assets and liabilities

The net fair value of cash and cash equivalents and non-interest bearing monetary financial assets and financial liabilities of the Group approximates their carrying amounts.

The net fair value of other monetary financial assets and financial liabilities is based upon market prices where a market exists or by discounting the expected future cash flows by the current interest rates for assets and liabilities with similar risk profiles.

For non-traded equity investments, the net fair value is determined using valuation techniques (Note 1(j)).

Notes to the Consolidated Financial Statements

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f) Fair values

The carrying amounts of financial assets and liabilities on the Consolidated Group Balance Sheet approximate their fair values except for fixed rate long-term borrowings which had a fair value of $1,508,984,000.

Fair value hierarchy

AASB 7 *Financial Instruments*: *Disclosures* requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

i) quoted prices (unadjusted) in active markets for identified assets or liabilities (level 1),
ii) inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (level 2), and
iii) inputs for the asset or liability that are not based on observable market value (unobservable inputs) (level 3).

Level 1 includes an equity investment in a listed Australian entity which has been valued based on a quoted price in an active market. Level 3 includes amounts owing to vendors which are recognised based on the assessed fair value using the contractual nature of the terms and conditions of the deferred consideration.

There were no transfers between fair value hierarchies or changes to valuation techniques for recurring fair value measurements in the period.

NOTE 40 | PARENT COMPANY FINANCIAL INFORMATION

a) Summary financial information

The individual financial statements for the Parent Company show the following aggregate amounts:

	2024	2023
Balance sheet	$'000	$'000
Current assets	4,251,886	3,994,985
Total assets	8,144,186	7,754,980
Current liabilities	3,260,291	3,178,846
Total liabilities	3,355,804	3,277,762
Shareholders' equity		
Contributed equity	4,275,726	3,961,543
Reserves		
Equity remuneration reserve	(147,501)	(122,202)
Share option reserve	16,427	16,427
Retained earnings	643,730	621,450
Total equity	4,788,382	4,477,218
Profit for the year	521,693	563,362
Total comprehensive income	521,693	563,362

b) Guarantees entered into by the Parent Company

The Parent Company is a party to the Deed of Cross Guarantee as disclosed in Note 29. No liabilities have been assumed by the Parent Company in relation to this guarantee as it is expected the parties to the Deed of Cross Guarantee will continue to generate positive cash flows. The Parent Company has further provided guarantees of $157,756,000 (2023: $147,183,000) in respect of property leases and workers compensation insurance for subsidiary entities. In addition the Parent Company has provided guarantees of the performance of certain contracts by subsidiary entities. No liability was recognised by the Parent Company or the Consolidated Group in relation to these guarantees, as their fair values are immaterial.

c) Contingent liabilities of the Parent Company

The Parent Company had no contingent liabilities as at 30 June 2024 or 30 June 2023 other than as described in (b) above.

d) Contractual commitments for the acquisition of property, plant or equipment

The Parent Company had contractual commitments for the acquisition of property, plant or equipment as at 30 June 2024 of $87,875,000.

NOTE 41 | 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, other than the issuance of €400 million of notes in the United States private placement market. The proceeds of the note issue were initially used to repay bank debt in revolving facilities, and will effectively refinance the €185 million of notes which mature in November 2024.

Consolidated Entity Disclosure Statement

30 JUNE 2024

BASIS OF PREPARATION

This Consolidated Entity Disclosure Statement (CEDS) has been prepared in accordance with the *Corporations Act 2001* and includes information for each entity that was part of the Group as at 30 June 2024 in accordance with AASB 10 *Consolidated Financial Statements*.

DETERMINATION OF TAX RESIDENCY

Section 295 (3A)(vi) of the *Corporations Act 2001* defines tax residency as having the meaning in the *Income Tax Assessment Act 1997*. The determination of tax residency involves judgement as there are different interpretations that could be adopted, and which could give rise to a different conclusion on residency.

In determining tax residency, Sonic has applied the following interpretations:

- **Australian tax residency:** Sonic has applied current legislation and judicial precedent, including having regard to the Tax Commissioner's public guidance in Tax Ruling TR 2018/5; and
- **Foreign tax residency:** where necessary, Sonic has ensured compliance with applicable foreign tax legislation.

PARTNERSHIPS AND TRUSTS

Australian tax law generally does not contain corresponding residency tests for partnerships and trusts and these entities are typically taxed on a flow-through basis. Additional disclosures on the tax status of partnerships and trusts have been provided where relevant.

Consolidated Entity Disclosure Statement

30 JUNE 2024

Entity name	Body corporate, partnership or trust	Place incorporated/ formed	% of share capital held directly or indirectly by the Company in the body corporate	Australian or Foreign tax resident	Jurisdiction for Foreign resident
A.C.N. 002 889 545 Pty Ltd	Body corporate	Australia	100%	Australian	n/a
A.C.N. 094 980 944 Pty Limited	Body corporate	Australia	100%	Australian	n/a
ACE Radiology Pty Ltd	Body corporate	Australia	100%	Australian	n/a
Advance Physiotherapy Services Pty Ltd	Body corporate	Australia	100%	Australian	n/a
Alliance Imaging Pty Ltd (i)	Body corporate	Australia	100%	Australian	n/a
Alliance Imaging Unit Trust	Trust	Australia	N/A	Australian	n/a
Artisan Aesthetics Group Pty Ltd	Body corporate	Australia	100%	Australian	n/a
Auburn Road Family Medical Centre Pty Limited	Body corporate	Australia	100%	Australian	n/a
Azalea Holdings Pty Ltd	Body corporate	Australia	100%	Australian	n/a
Beachhead Holdings Pty Ltd	Body corporate	Australia	100%	Australian	n/a
Canberra X-Ray Pty Ltd	Body corporate	Australia	100%	Australian	n/a
Capital Pathology Pty Ltd (i)	Body corporate	Australia	100%	Australian	n/a
Capital Pathology Trust	Trust	Australia	N/A	Australian	n/a
Castlereagh Co Pty Limited	Body corporate	Australia	100%	Australian	n/a
Castlereagh Services Pty Limited (i)	Body corporate	Australia	100%	Australian	n/a
Castlereagh Unit Trust	Trust	Australia	N/A	Australian	n/a
Chisham Avenue Medical Foundation Unit Trust	Trust	Australia	N/A	Australian	n/a
Clinipath Pathology Pty Ltd	Body corporate	Australia	100%	Australian	n/a
Clinmed Pty Limited	Body corporate	Australia	100%	Australian	n/a
Clinpath Laboratories Pty. Ltd.	Body corporate	Australia	100%	Australian	n/a
Communique Holdings Pty Ltd	Body corporate	Australia	100%	Australian	n/a
Consultant Pathology Services Pty. Limited	Body corporate	Australia	100%	Australian	n/a
Continuous Care Doctor Training Pty. Ltd.	Body corporate	Australia	100%	Australian	n/a
Cosmedcloud Pty Ltd	Body corporate	Australia	100%	Australian	n/a
Cubiko Holdings Pty Ltd	Body corporate	Australia	53.4%	Australian	n/a
Cubiko Pty Ltd	Body corporate	Australia	53.4%	Australian	n/a
Daraban Pty. Ltd.	Body corporate	Australia	100%	Australian	n/a
Delta Health Pty Ltd	Body corporate	Australia	100%	Australian	n/a
Denberry Pty. Ltd.	Body corporate	Australia	100%	Australian	n/a
Diagnostic Pathology Pty Limited	Body corporate	Australia	100%	Australian	n/a
Diagnostic Services Pty. Ltd.	Body corporate	Australia	100%	Australian	n/a
Douglass Hanly Moir Pathology Pty Limited	Body corporate	Australia	100%	Australian	n/a
Dr Deputising NSW Pty Ltd	Body corporate	Australia	100%	Australian	n/a
Dr Deputising QLD Pty Ltd	Body corporate	Australia	100%	Australian	n/a
Dr Deputising Pty Ltd (i)	Body corporate	Australia	100%	Australian	n/a
Dr Deputising WA Pty Ltd	Body corporate	Australia	100%	Australian	n/a
Edanade Nominees Pty Ltd (i)	Body corporate	Australia	100%	Australian	n/a

(i) This entity is a trustee of a trust within the consolidated entity.
(ii) This entity is a partner of a partnership within the consolidated entity.

Consolidated Entity Disclosure Statement

30 JUNE 2024

Entity name	Body corporate, partnership or trust	Place incorporated/ formed	% of share capital held directly or indirectly by the Company in the body corporate	Australian or Foreign tax resident	Jurisdiction for Foreign resident
Edenlea Properties Pty Ltd	Body corporate	Australia	100%	Australian	n/a
Edgecliff Medical Centre No.2 Pty Limited	Body corporate	Australia	100%	Australian	n/a
Epworth Medical Imaging Pty Ltd	Body corporate	Australia	80%	Australian	n/a
Epworth Pathology	Partnership	Australia	N/A	Australian	n/a
Evmar Holdings Pty. Limited (i)	Body corporate	Australia	100%	Australian	n/a
Evmar Unit Trust	Trust	Australia	N/A	Australian	n/a
Formulab International Pty Ltd	Body corporate	Australia	100%	Australian	n/a
Gainsby Pty Ltd	Body corporate	Australia	100%	Australian	n/a
Geek Squad Pty Ltd	Body corporate	Australia	100%	Australian	n/a
Gemini Medical Services Pty Ltd	Body corporate	Australia	100%	Australian	n/a
Hanly Moir Pathology Pty. Limited (i)	Body corporate	Australia	100%	Australian	n/a
Health Essentials Pty Ltd	Body corporate	Australia	100%	Australian	n/a
Hunter Imaging Group Pty Limited	Body corporate	Australia	100%	Australian	n/a
Hunter Valley X-Ray Pty Ltd	Body corporate	Australia	100%	Australian	n/a
IPN Clinics Victoria Pty Ltd	Body corporate	Australia	100%	Australian	n/a
IPN Franchise Developments Pty Ltd	Body corporate	Australia	100%	Australian	n/a
IPN Healthcare (VIC) Pty Ltd	Body corporate	Australia	100%	Australian	n/a
IPN Healthcare Pty Limited	Body corporate	Australia	100%	Australian	n/a
IPN Learning Pty Ltd	Body corporate	Australia	100%	Australian	n/a
IPN Medical Centres (NSW) Pty Ltd	Body corporate	Australia	100%	Australian	n/a
IPN Medical Centres (QLD) Pty Ltd	Body corporate	Australia	100%	Australian	n/a
IPN Medical Centres (VIC) Pty Ltd	Body corporate	Australia	100%	Australian	n/a
IPN Medical Centres Pty Ltd	Body corporate	Australia	100%	Australian	n/a
IPN Medical Victoria Pty Ltd	Body corporate	Australia	100%	Australian	n/a
IPN Ophthalmology Pty Ltd	Body corporate	Australia	100%	Australian	n/a
IPN Services Pty Ltd	Body corporate	Australia	100%	Australian	n/a
IRG Co Pty Limited	Body corporate	Australia	100%	Australian	n/a
Joodie Holdings No. 2 Pty Limited	Body corporate	Australia	100%	Australian	n/a
Kedron Park 24 Hour Medical Centre Pty Ltd	Body corporate	Australia	100%	Australian	n/a
Kinetikos Services Pty Ltd	Body corporate	Australia	100%	Australian	n/a
L. & A. Services Pty. Ltd. (i)	Body corporate	Australia	100%	Australian	n/a
Lifescreen Australia Pty Limited	Body corporate	Australia	100%	Australian	n/a
LUMC Pty Ltd	Body corporate	Australia	100%	Australian	n/a
Maga Pty Ltd (i)	Body corporate	Australia	100%	Australian	n/a
Margmax Pty Ltd	Body corporate	Australia	100%	Australian	n/a
Mark Edelman Pty Ltd	Body corporate	Australia	100%	Australian	n/a
Marrickville Medical Centre No.2 Pty Limited	Body corporate	Australia	100%	Australian	n/a

(i) This entity is a trustee of a trust within the consolidated entity.
(ii) This entity is a partner of a partnership within the consolidated entity.

Consolidated Entity Disclosure Statement

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Entity name	Body corporate, partnership or trust	Place incorporated/ formed	% of share capital held directly or indirectly by the Company in the body corporate	Australian or Foreign tax resident	Jurisdiction for Foreign resident
Matrix Skin Cancer Clinics Pty Ltd	Body corporate	Australia	100%	Australian	n/a
Medical Control Centre Unit Trust	Trust	Australia	N/A	Australian	n/a
Medihelp (Brackenridge) Pty Ltd (i)	Body corporate	Australia	100%	Australian	n/a
Medihelp Brackenridge Unit Trust	Trust	Australia	N/A	Australian	n/a
Medihelp BWMG Pty Ltd	Body corporate	Australia	100%	Australian	n/a
Medihelp General Practice Pty Limited	Body corporate	Australia	100%	Australian	n/a
Medihelp Services Pty. Ltd.	Body corporate	Australia	100%	Australian	n/a
Medihelp Sunshine Coast Pty Ltd	Body corporate	Australia	100%	Australian	n/a
Melbourne Pathology Cabrini Pty Ltd (i)	Body corporate	Australia	50.1%	Australian	n/a
Melbourne Pathology Pty Limited (ii)	Body corporate	Australia	100%	Australian	n/a
Melbourne Pathology Service Trust	Trust	Australia	N/A	Australian	n/a
Melbourne Pathology Services Pty Limited (i)	Body corporate	Australia	100%	Australian	n/a
Metford PET CT Pty Ltd	Body corporate	Australia	50.1%	Australian	n/a
Newcastle Diagnostic Imaging Pty Ltd	Body corporate	Australia	100%	Australian	n/a
Next Byte Holdings Pty Ltd	Body corporate	Australia	100%	Australian	n/a
Next Byte Pty Ltd (i)	Body corporate	Australia	100%	Australian	n/a
Next Byte Unit Trust	Trust	Australia	N/A	Australian	n/a
Northern Pathology Pty Ltd	Body corporate	Australia	100%	Australian	n/a
Nuclear Medicine Co Pty Limited	Body corporate	Australia	100%	Australian	n/a
O.B. King & Associates Pty Ltd	Body corporate	Australia	100%	Australian	n/a
OCP (QLD) Pty Ltd	Body corporate	Australia	100%	Australian	n/a
Pacific Medical Imaging Pty Limited (i)	Body corporate	Australia	100%	Australian	n/a
Paedu Pty Limited (i)	Body corporate	Australia	100%	Australian	n/a
Paedu Unit Trust	Trust	Australia	N/A	Australian	n/a
Penrith Medical Centre No. 2 Pty Limited	Body corporate	Australia	100%	Australian	n/a
Physiotherapy International Pty Ltd	Body corporate	Australia	100%	Australian	n/a
Pilates Edge Pty Ltd	Body corporate	Australia	100%	Australian	n/a
Practice Management Pty Ltd	Body corporate	Australia	100%	Australian	n/a
Precedence Health Care Pty Ltd	Body corporate	Australia	100%	Australian	n/a
Preston Property Pty. Ltd.	Body corporate	Australia	100%	Australian	n/a
Prime Health Group Pty Limited	Body corporate	Australia	100%	Australian	n/a
Queensland X-Ray Pty Ltd	Body corporate	Australia	100%	Australian	n/a
Radiology Victoria Pty Ltd	Body corporate	Australia	100%	Australian	n/a
Redcliffe Peninsula Medical Service Pty. Ltd.	Body corporate	Australia	100%	Australian	n/a
Redlands X-Ray Services Pty Ltd	Body corporate	Australia	100%	Australian	n/a
Redwood Park Medical Centre Pty Ltd	Body corporate	Australia	100%	Australian	n/a
Re-Start Services Pty Limited	Body corporate	Australia	100%	Australian	n/a

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(ii) This entity is a partner of a partnership within the consolidated entity.

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Entity name	Body corporate, partnership or trust	Place incorporated/ formed	% of share capital held directly or indirectly by the Company in the body corporate	Australian or Foreign tax resident	Jurisdiction for Foreign resident
Royal Brisbane Place Medical Centre Pty. Limited	Body corporate	Australia	100%	Australian	n/a
San Pathology Pty Ltd	Body corporate	Australia	100%	Australian	n/a
Silverspoon Holdings Pty Ltd	Body corporate	Australia	100%	Australian	n/a
SKG Radiology Pty Ltd	Body corporate	Australia	100%	Australian	n/a
Sonic AI Holdings Pty Limited	Body corporate	Australia	100%	Australian	n/a
Sonic AI IP Pty Limited	Body corporate	Australia	100%	Australian	n/a
Sonic Clinical Services (SCS) Nursing Pty Ltd	Body corporate	Australia	100%	Australian	n/a
Sonic Clinical Services Pty Ltd	Body corporate	Australia	100%	Australian	n/a
Sonic Clinical Trials Pty Limited	Body corporate	Australia	100%	Australian	n/a
Sonic Healthcare (UK) Pty Ltd	Body corporate	Australia	100%	Australian	n/a
Sonic Healthcare Australia Pathology Pty Limited	Body corporate	Australia	100%	Australian	n/a
Sonic Healthcare Australia Radiology Pty Limited	Body corporate	Australia	100%	Australian	n/a
Sonic Healthcare Genetics Pty Ltd	Body corporate	Australia	100%	Australian	n/a
Sonic Healthcare International Pty Limited	Body corporate	Australia	100%	Australian	n/a
Sonic Healthcare Limited Employee Share Trust	Trust	Australia	N/A	Australian	n/a
Sonic Healthcare Limited (ii)	Body corporate	Australia	100%	Australian	n/a
Sonic Healthcare Pathology Pty Limited	Body corporate	Australia	100%	Australian	n/a
Sonic Healthcare Services Pty Limited	Body corporate	Australia	100%	Australian	n/a
Sonic HealthPlus Pty Ltd	Body corporate	Australia	100%	Australian	n/a
Sonic Medlab Holdings Australia Pty Limited	Body corporate	Australia	100%	Australian	n/a
Sonic Nurse Connect Pty Ltd	Body corporate	Australia	100%	Australian	n/a
Sonic Pathology (Queensland) Pty Limited	Body corporate	Australia	100%	Australian	n/a
Sonic Pathology (Victoria) Pty Limited	Body corporate	Australia	100%	Australian	n/a
Sonic Pathology AI Holdings Pty Limited	Body corporate	Australia	100%	Australian	n/a
Southcare Physiotherapy Pty Ltd	Body corporate	Australia	100%	Australian	n/a
Southern Pathology Services Pty Limited	Body corporate	Australia	100%	Australian	n/a
Sports Imaging Co Pty Limited	Body corporate	Australia	100%	Australian	n/a
Sports Medicine Centres of Victoria Pty Ltd	Body corporate	Australia	100%	Australian	n/a
Sports MRI Australia Pty. Limited	Body corporate	Australia	100%	Australian	n/a
SQDGlobal Pty Ltd	Body corporate	Australia	100%	Australian	n/a
Stratum Medical Services Pty Ltd	Body corporate	Australia	100%	Australian	n/a
Sullivan Nicolaides Pty Ltd	Body corporate	Australia	100%	Australian	n/a
Sunshine Employment Pty. Limited	Body corporate	Australia	100%	Australian	n/a
Sunton Pty Limited (i)	Body corporate	Australia	100%	Australian	n/a
System 7 Laboratories Pty Ltd	Body corporate	Australia	100%	Australian	n/a
Taringa 24 Hour Medical Centre Pty Ltd	Body corporate	Australia	100%	Australian	n/a
The Bradley Services Unit Trust	Trust	Australia	N/A	Australian	n/a

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(ii) This entity is a partner of a partnership within the consolidated entity.

Consolidated Entity Disclosure Statement

30 JUNE 2024

Entity name	Body corporate, partnership or trust	Place incorporated/ formed	% of share capital held directly or indirectly by the Company in the body corporate	Australian or Foreign tax resident	Jurisdiction for Foreign resident
The Hanly Moir Pathology Trust	Trust	Australia	N/A	Australian	n/a
The Hunter Imaging Services Unit Trust	Trust	Australia	N/A	Australian	n/a
The Melbourne Pathology Cabrini Trust	Trust	Australia	N/A	Australian	n/a
The Mobile Phone Shop Pty. Ltd.	Body corporate	Australia	100%	Australian	n/a
The Pacific Medical Imaging Unit Trust	Trust	Australia	N/A	Australian	n/a
The Sprague Kam Unit Trust	Trust	Australia	N/A	Australian	n/a
The Ultrarad 2 Unit Trust	Trust	Australia	N/A	Australian	n/a
Todd Silbert Pty Ltd	Body corporate	Australia	100%	Australian	n/a
Tribal Accessories Pty Ltd	Body corporate	Australia	100%	Australian	n/a
Ultrarad Holdings Pty Ltd	Body corporate	Australia	99.9%	Australian	n/a
Ultrarad Pty. Ltd. (i)	Body corporate	Australia	100%	Australian	n/a
United Healthcare Medical Centre Pty Ltd	Body corporate	Australia	100%	Australian	n/a
Vita Group Pty Limited	Body corporate	Australia	100%	Australian	n/a
VTG Artisan Pty Ltd	Body corporate	Australia	100%	Australian	n/a
VTG CC Pty Ltd	Body corporate	Australia	100%	Australian	n/a
Woch Nominees Pty Ltd (i)	Body corporate	Australia	100%	Australian	n/a
Woch Services Unit Trust	Trust	Australia	N/A	Australian	n/a
A.M.L. BV	Body corporate	Belgium	100%	Foreign	Belgium
A.M.L. WEST BV	Body corporate	Belgium	100%	Foreign	Belgium
Klinisch Labo Rigo BV	Body corporate	Belgium	100%	Foreign	Belgium
Medvet BV	Body corporate	Belgium	100%	Foreign	Belgium
Sonic Healthcare Benelux NV	Body corporate	Belgium	100%	Foreign	Belgium
aptus 2305. GmbH	Body corporate	Germany	100%	Foreign	Germany
aptus 2306. GmbH	Body corporate	Germany	100%	Foreign	Germany
Aqua Control Diagnosticum GmbH	Body corporate	Germany	100%	Foreign	Germany
Bioscientia Healthcare GmbH	Body corporate	Germany	100%	Foreign	Germany
Bioscientia Institut für medizinische Diagnostik GmbH	Body corporate	Germany	100%	Foreign	Germany
Bioscientia Logistik GmbH	Body corporate	Germany	100%	Foreign	Germany
Bioscientia MVZ Jena GmbH	Body corporate	Germany	100%	Foreign	Germany
Bioscientia MVZ Labor Karlsruhe GmbH	Body corporate	Germany	100%	Foreign	Germany
Bioscientia MVZ Labor Mittelhessen GmbH	Body corporate	Germany	100%	Foreign	Germany
Bioscientia MVZ Labor Saar GmbH	Body corporate	Germany	100%	Foreign	Germany
Bioscientia MVZ Saarbrücken GmbH	Body corporate	Germany	100%	Foreign	Germany
Bioscientia Real Estate GmbH	Body corporate	Germany	100%	Foreign	Germany
biovis Diagnostik MVZ GmbH	Body corporate	Germany	100%	Foreign	Germany
ComSSys - Computer und Software Systeme GmbH	Body corporate	Germany	100%	Foreign	Germany

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Consolidated Entity Disclosure Statement

30 JUNE 2024

Entity name	Body corporate, partnership or trust	Place incorporated/ formed	% of share capital held directly or indirectly by the Company in the body corporate	Australian or Foreign tax resident	Jurisdiction for Foreign resident
Dr. Staber & Kollegen GmbH	Body corporate	Germany	100%	Foreign	Germany
GLP medical services GmbH	Body corporate	Germany	100%	Foreign	Germany
GMD – Gesellschaft für medizinische Dienstleistungen mbH	Body corporate	Germany	100%	Foreign	Germany
Klinik an der Weißenburg GmbH	Body corporate	Germany	100%	Foreign	Germany
LabKom Biochemische Dienstleistungen GmbH	Body corporate	Germany	100%	Foreign	Germany
Labor 28 GmbH	Body corporate	Germany	100%	Foreign	Germany
Labor 28 Potsdam MVZ GmbH	Body corporate	Germany	100%	Foreign	Germany
Labor an der Salzbruecke MVZ GmbH	Body corporate	Germany	100%	Foreign	Germany
Labor Augsburg Administration GmbH	Body corporate	Germany	100%	Foreign	Germany
Labor Augsburg MVZ GmbH	Body corporate	Germany	100%	Foreign	Germany
Labor Deutscher Platz Leipzig MVZ GmbH	Body corporate	Germany	100%	Foreign	Germany
Labor Dr. von Froreich GmbH	Body corporate	Germany	100%	Foreign	Germany
Labor Hamburg-Luebeck MVZ GmbH	Body corporate	Germany	100%	Foreign	Germany
Labor Hannover MVZ GmbH	Body corporate	Germany	100%	Foreign	Germany
Labor Mainz MVZ GmbH	Body corporate	Germany	100%	Foreign	Germany
LUT Fahrzeughandel GmbH	Body corporate	Germany	100%	Foreign	Germany
Med-Lab Med. Dienstleistungs GmbH	Body corporate	Germany	100%	Foreign	Germany
MVZ Bioscientia Labor Duisburg GmbH	Body corporate	Germany	100%	Foreign	Germany
MVZ diagnosticum GmbH	Body corporate	Germany	100%	Foreign	Germany
MVZ für Dermatologie, Dermapathologie und Pathologie Tibarg/Papenreye GmbH	Body corporate	Germany	100%	Foreign	Germany
MVZ für Histologie, Zytologie und molekulare Diagnostik Düren GmbH	Body corporate	Germany	100%	Foreign	Germany
MVZ für Histologie, Zytologie und molekulare Diagnostik Trier GmbH	Body corporate	Germany	100%	Foreign	Germany
MVZ für Laboratoriumsmedizin und Mikrobiologie Würzburg GmbH	Body corporate	Germany	100%	Foreign	Germany
MVZ für Pathologie Würselen-Aachen GmbH	Body corporate	Germany	100%	Foreign	Germany
MVZ Labor Bochum MLB GmbH	Body corporate	Germany	100%	Foreign	Germany
MVZ Labor für Cytopathologie Dr. Steinberg GmbH	Body corporate	Germany	100%	Foreign	Germany
MVZ Labor im Sommershof GmbH	Body corporate	Germany	100%	Foreign	Germany
MVZ Medizinische Laboratorien Düsseldorf GmbH	Body corporate	Germany	100%	Foreign	Germany
MVZ Medizinisches Labor Bremen GmbH	Body corporate	Germany	100%	Foreign	Germany
MVZ Medizinisches Labor Celle GmbH	Body corporate	Germany	100%	Foreign	Germany
MVZ Medizinisches Labor Nord GmbH	Body corporate	Germany	100%	Foreign	Germany
MVZ Medizinisches Labor Nord MLN GmbH	Body corporate	Germany	100%	Foreign	Germany
MVZ Medizinisches Labor Oldenburg Dr. Müller GmbH	Body corporate	Germany	100%	Foreign	Germany

(i) This entity is a trustee of a trust within the consolidated entity.
(ii) This entity is a partner of a partnership within the consolidated entity.

Entity name	Body corporate, partnership or trust	Place incorporated/ formed	% of share capital held directly or indirectly by the Company in the body corporate	Australian or Foreign tax resident	Jurisdiction for Foreign resident
MVZ Pathologie & Zytologie Rhein-Sieg GmbH	Body corporate	Germany	100%	Foreign	Germany
MVZ Pathologie Berlin Berger Fietze Linke Nadjari GmbH	Body corporate	Germany	100%	Foreign	Germany
MVZ Pathologie, Zytologie und Molekularpathologie Neuss GmbH	Body corporate	Germany	100%	Foreign	Germany
MVZ Rheumazentrum Saalebogen GmbH	Body corporate	Germany	100%	Foreign	Germany
MVZ Zentrum für Pathologie & Zytologie Düsseldorf GmbH	Body corporate	Germany	100%	Foreign	Germany
Orthopädietechnik Mayer & Behnsen GmbH	Body corporate	Germany	100%	Foreign	Germany
Sanovis Healthcare GmbH	Body corporate	Germany	100%	Foreign	Germany
Sonic Healthcare Automation GmbH	Body corporate	Germany	100%	Foreign	Germany
Sonic Healthcare Europe GmbH (ii)	Body corporate	Germany	100%	Foreign	Germany
Sonic Healthcare Germany GmbH	Body corporate	Germany	100%	Foreign	Germany
Sonic Healthcare Germany GmbH & Co. KG	Partnership	Germany	N/A	Foreign	Germany
Sonic Healthcare Germany Six GmbH	Body corporate	Germany	100%	Foreign	Germany
Sonic Healthcare Investments GmbH	Body corporate	Germany	100%	Foreign	Germany
Sonic Healthcare Real Estate München GmbH	Body corporate	Germany	100%	Foreign	Germany
Sonic Healthcare Seven GmbH	Body corporate	Germany	100%	Foreign	Germany
Supra Rhenum GmbH	Body corporate	Germany	100%	Foreign	Germany
Medlab Pathology Limited	Body corporate	Ireland	100%	Foreign	Ireland
Sonic Healthcare (Ireland) Limited	Body corporate	Ireland	100%	Foreign	Ireland
Sonic Healthcare Continental Europe GmbH (ii)	Body corporate	Italy	100%	Foreign	Italy
Dr. Risch AG	Body corporate	Liechtenstein	100%	Foreign	Liechtenstein
Medlab Central Ltd	Body corporate	New Zealand	100%	Foreign	New Zealand
Aerztelabor Dr. Kurt Furrer GmbH	Body corporate	Switzerland	100%	Foreign	Switzerland
Aurigen SA	Body corporate	Switzerland	100%	Foreign	Switzerland
Bioanalytica Aareland AG	Body corporate	Switzerland	100%	Foreign	Switzerland
Bioanalytica AG	Body corporate	Switzerland	100%	Foreign	Switzerland
Bioexam AG	Body corporate	Switzerland	100%	Foreign	Switzerland
Chinon Holding SA	Body corporate	Switzerland	96.7%	Foreign	Switzerland
CPMA SA	Body corporate	Switzerland	88.9%	Foreign	Switzerland
Dianalabs Mittelland AG	Body corporate	Switzerland	100%	Foreign	Switzerland
Dianalabs SA	Body corporate	Switzerland	99.8%	Foreign	Switzerland
Dianalabs Valais SA	Body corporate	Switzerland	100%	Foreign	Switzerland
DIANAPATH SA	Body corporate	Switzerland	100%	Foreign	Switzerland
Dr Risch arc lémanique SA	Body corporate	Switzerland	100%	Foreign	Switzerland
Dr Risch Genève SA	Body corporate	Switzerland	100%	Foreign	Switzerland
Dr. Risch AG	Body corporate	Switzerland	100%	Foreign	Switzerland

(i) This entity is a trustee of a trust within the consolidated entity.
(ii) This entity is a partner of a partnership within the consolidated entity.

Consolidated Entity Disclosure Statement

30 JUNE 2024

Entity name	Body corporate, partnership or trust	Place incorporated/ formed	% of share capital held directly or indirectly by the Company in the body corporate	Australian or Foreign tax resident	Jurisdiction for Foreign resident
Dr. Risch Holding AG	Body corporate	Switzerland	100%	Foreign	Switzerland
Dr. Risch Ostschweiz AG	Body corporate	Switzerland	100%	Foreign	Switzerland
Dr. Risch Services AG	Body corporate	Switzerland	100%	Foreign	Switzerland
Dr. Risch Shared Services AG	Body corporate	Switzerland	100%	Foreign	Switzerland
Dr. Risch Ticino SA	Body corporate	Switzerland	100%	Foreign	Switzerland
Ecobion SA	Body corporate	Switzerland	100%	Foreign	Switzerland
Fertas SA	Body corporate	Switzerland	88.9%	Foreign	Switzerland
FLONMED SA	Body corporate	Switzerland	100%	Foreign	Switzerland
Genesupport SA	Body corporate	Switzerland	100%	Foreign	Switzerland
Imagerie du Flon SA	Body corporate	Switzerland	78.8%	Foreign	Switzerland
Institut Arnaboldi AG	Body corporate	Switzerland	100%	Foreign	Switzerland
Institut Virion GmbH	Body corporate	Switzerland	100%	Foreign	Switzerland
Labor Prof. Krech und Partner GmbH	Body corporate	Switzerland	100%	Foreign	Switzerland
LABORATOIRES BBV S.A.	Body corporate	Switzerland	100%	Foreign	Switzerland
Labormed Medizinische Laboratorien GmbH	Body corporate	Switzerland	100%	Foreign	Switzerland
LB Medizinisches Labor Solothurn GmbH	Body corporate	Switzerland	100%	Foreign	Switzerland
MCL Medizinische Laboratorien AG	Body corporate	Switzerland	100%	Foreign	Switzerland
Medica Ärztebedarf AG	Body corporate	Switzerland	100%	Foreign	Switzerland
MEDICA Medizinische Laboratorien AG	Body corporate	Switzerland	100%	Foreign	Switzerland
Medi-Centre SA	Body corporate	Switzerland	65%	Foreign	Switzerland
Medigenome SA	Body corporate	Switzerland	60%	Foreign	Switzerland
Medisoutien Holding SA	Body corporate	Switzerland	100%	Foreign	Switzerland
MEDISYN AG	Body corporate	Switzerland	100%	Foreign	Switzerland
Medizinische Laboratorien Dr. Toggweiler AG	Body corporate	Switzerland	100%	Foreign	Switzerland
Medizinisches Institut R. Rondez GmbH	Body corporate	Switzerland	100%	Foreign	Switzerland
Mikrogen Labor GmbH	Body corporate	Switzerland	100%	Foreign	Switzerland
one-provide ag	Body corporate	Switzerland	100%	Foreign	Switzerland
Ortho-Analytic AG	Body corporate	Switzerland	100%	Foreign	Switzerland
Pathologie Dr. Noll AG	Body corporate	Switzerland	100%	Foreign	Switzerland
Pathologie Institut Enge AG	Body corporate	Switzerland	100%	Foreign	Switzerland
Polyanalytic S.A.	Body corporate	Switzerland	90%	Foreign	Switzerland
Proxilab analyses médicales SA	Body corporate	Switzerland	100%	Foreign	Switzerland
selftesting.ch GmbH	Body corporate	Switzerland	100%	Foreign	Switzerland
Serolife GmbH	Body corporate	Switzerland	100%	Foreign	Switzerland
Sonic Suisse Labs SA	Body corporate	Switzerland	100%	Foreign	Switzerland
Sonic Suisse SSD SA	Body corporate	Switzerland	100%	Foreign	Switzerland
Virion Labordiagnostik GmbH	Body corporate	Switzerland	100%	Foreign	Switzerland

(i) This entity is a trustee of a trust within the consolidated entity.
(ii) This entity is a partner of a partnership within the consolidated entity.

Consolidated Entity Disclosure Statement

30 JUNE 2024

Entity name	Body corporate, partnership or trust	Place incorporated/ formed	% of share capital held directly or indirectly by the Company in the body corporate	Australian or Foreign tax resident	Jurisdiction for Foreign resident
Health Services Laboratories LLP (ii)	Partnership	United Kingdom	N/A	Foreign	United Kingdom
HSL (Analytics) LLP	Partnership	United Kingdom	N/A	Foreign	United Kingdom
HSL (FM) LLP	Partnership	United Kingdom	N/A	Foreign	United Kingdom
HSL (Nominee) Limited (ii)	Body corporate	United Kingdom	51%	Foreign	United Kingdom
HSL PATHOLOGY LLP	Partnership	United Kingdom	N/A	Foreign	United Kingdom
LABex Analytics LLP	Partnership	United Kingdom	N/A	Foreign	United Kingdom
LABex Facilities LLP	Partnership	United Kingdom	N/A	Foreign	United Kingdom
NWLHT Analytical LLP	Partnership	United Kingdom	N/A	Foreign	United Kingdom
NWLHT Facilities LLP	Partnership	United Kingdom	N/A	Foreign	United Kingdom
SH Euro Finance PLC (ii)	Body corporate	United Kingdom	100%	Foreign	United Kingdom
Sonic Healthcare Holding Company	Body corporate	United Kingdom	100%	Foreign	United Kingdom
TDL Genetics Limited (ii)	Body corporate	United Kingdom	100%	Foreign	United Kingdom
The Doctors Laboratory Limited (ii)	Body corporate	United Kingdom	100%	Foreign	United Kingdom
AEL of Memphis, LLC (ii)	Body corporate	United States	100%	Foreign	United States
Aeos Labs, Inc.	Body corporate	United States	100%	Foreign	United States
American Esoteric Laboratories, Inc.	Body corporate	United States	100%	Foreign	United States
Aurora Diagnostics, LLC	Body corporate	United States	100%	Foreign	United States
Aurora Greensboro, LLC	Body corporate	United States	100%	Foreign	United States
Aurora LMC, LLC	Body corporate	United States	100%	Foreign	United States
Aurora Massachusetts, LLC	Body corporate	United States	100%	Foreign	United States
Aurora Michigan, LLC	Body corporate	United States	100%	Foreign	United States
Aurora New Hampshire, LLC	Body corporate	United States	100%	Foreign	United States
Aurora Research Institute, LLC	Body corporate	United States	100%	Foreign	United States
Bernhardt Laboratories, Inc.	Body corporate	United States	100%	Foreign	United States
Biopsy Diagnostics, LLC	Body corporate	United States	100%	Foreign	United States
BMHSI/AEL Microbiology Laboratory, GP	Partnership	United States	N/A	Foreign	United States
CBLPath Holdings Corporation	Body corporate	United States	100%	Foreign	United States
CBLPath Transport, Inc.	Body corporate	United States	100%	Foreign	United States
CBLPath, Inc.	Body corporate	United States	100%	Foreign	United States
Cleveland Skin Pathology Laboratory, Inc.	Body corporate	United States	100%	Foreign	United States
Clinical Laboratories of Hawaii, LLP	Partnership	United States	N/A	Foreign	United States
Clinical Pathology Laboratories, Inc.	Body corporate	United States	100%	Foreign	United States
Connecticut Laboratory Partnership, LLC	Body corporate	United States	51%	Foreign	United States
Consultants in Laboratory Medicine of Greater Toledo, Inc.	Body corporate	United States	100%	Foreign	United States
Cunningham Pathology, LLC	Body corporate	United States	100%	Foreign	United States
Cytopath, Inc.	Body corporate	United States	100%	Foreign	United States

(i) This entity is a trustee of a trust within the consolidated entity.
(ii) This entity is a partner of a partnership within the consolidated entity.

Consolidated Entity Disclosure Statement

30 JUNE 2024

Entity name	Body corporate, partnership or trust	Place incorporated/ formed	% of share capital held directly or indirectly by the Company in the body corporate	Australian or Foreign tax resident	Jurisdiction for Foreign resident
DermDx New England, LLC	Body corporate	United States	100%	Foreign	United States
Dermpath New England, LLC	Body corporate	United States	100%	Foreign	United States
East Side Clinical Laboratory, Inc.	Body corporate	United States	100%	Foreign	United States
Greensboro Pathology, LLC	Body corporate	United States	100%	Foreign	United States
Laboratory of Dermatopathology ADX, LLC	Body corporate	United States	100%	Foreign	United States
Mark & Kambour Holdings, Inc.	Body corporate	United States	100%	Foreign	United States
Mark & Kambour, LLC	Body corporate	United States	100%	Foreign	United States
Medford Clinical Laboratory, LLC	Body corporate	United States	100%	Foreign	United States
Memphis Pathology Holdings, LLC (ii)	Body corporate	United States	100%	Foreign	United States
Memphis Pathology Laboratory	Partnership	United States	N/A	Foreign	United States
Mid-Atlantic Pathology Services, Inc.	Body corporate	United States	100%	Foreign	United States
Mill Creek Medical Laboratory, LLC	Body corporate	United States	100%	Foreign	United States
MPL Holdings, Inc. (ii)	Body corporate	United States	100%	Foreign	United States
Pacific Point Laboratories, Inc.	Body corporate	United States	100%	Foreign	United States
Pan Pacific Pathologists, LLC	Body corporate	United States	100%	Foreign	United States
Pathology Associates of Sebring, LLC	Body corporate	United States	100%	Foreign	United States
Pathology Laboratories, Inc.	Body corporate	United States	100%	Foreign	United States
Pathology Solutions, LLC	Body corporate	United States	100%	Foreign	United States
Pathology Watch, Inc.	Body corporate	United States	100%	Foreign	United States
ProPath Holdings, LLC	Body corporate	United States	100%	Foreign	United States
ProPath Services, LLC	Body corporate	United States	100%	Foreign	United States
Richard Bernert, LLC	Body corporate	United States	100%	Foreign	United States
Seacoast Pathology, Inc.	Body corporate	United States	100%	Foreign	United States
Sonic Digital Pathology Holdings, Inc.	Body corporate	United States	100%	Foreign	United States
Sonic Hawaii Holdings, Inc. (ii)	Body corporate	United States	100%	Foreign	United States
Sonic Healthcare USA Investments, Inc.	Body corporate	United States	100%	Foreign	United States
Sonic Healthcare USA, Inc.	Body corporate	United States	100%	Foreign	United States
Sonic Land Holdings, LLC	Body corporate	United States	100%	Foreign	United States
Sonic Reference Laboratory, Inc.	Body corporate	United States	100%	Foreign	United States
Sonic USA Holdings, Inc. (ii)	Body corporate	United States	100%	Foreign	United States
Sunrise Medical Laboratories, Inc.	Body corporate	United States	100%	Foreign	United States
Texas Pathology, LLC	Body corporate	United States	100%	Foreign	United States
Twin Cities Dermatopathology, LLC	Body corporate	United States	100%	Foreign	United States
West Georgia Pathology, LLC	Body corporate	United States	100%	Foreign	United States

(i) This entity is a trustee of a trust within the consolidated entity.
(ii) This entity is a partner of a partnership within the consolidated entity.

Directors' Declaration

FOR THE YEAR ENDED 30 JUNE 2024

In the Directors' opinion:

a) the financial statements and Notes set out on pages 66 to 143 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 Group's financial position as at 30 June 2024 and of its performance for the financial year ended on that date; and

b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable

c) the Consolidated Entity Disclosure Statement on pages 144 to 154 is true and correct; and

d) at the date of this declaration, there are reasonable grounds to believe that the members of the Extended Closed Group identified in Note 30 will be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the Deed of Cross Guarantee described in Note 29.

Note 1(a) confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The Directors have been given the declarations by the Managing Director and Finance Director required by section 295A of the *Corporations Act 2001*.

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

Dr C.S. Goldschmidt
Director

C.D. Wilks
Director

Sydney
27 September 2024

Independent auditor's report

To the members of Sonic Healthcare Limited

Report on the audit of the financial report

Our opinion

In our opinion:

The accompanying financial report of Sonic Healthcare Limited (the Company) and its controlled entities (together the Group) is in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the Group's financial position as at 30 June 2024 and of its financial performance for the year then ended

(b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

What we have audited

The financial report comprises:

- the consolidated balance sheet as at 30 June 2024
- the consolidated statement of comprehensive income for the year then ended
- the consolidated statement of changes in equity for the year then ended
- the consolidated cash flow statement for the year then ended
- the consolidated income statement for the year then ended
- the notes to the consolidated financial statements, including material accounting policy information and other explanatory information
- the consolidated entity disclosure statement as at 30 June 2024
- the directors' declaration.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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 our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

PricewaterhouseCoopers, ABN 52 780 433 757
One International Towers Sydney, Watermans Quay, Barangaroo, GPO BOX 2650, SYDNEY NSW 2001
T: +61 2 8266 0000, F: +61 2 8266 9999

Our audit approach

An audit is designed to provide reasonable assurance about whether the financial report is free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial report as a whole, taking into account the geographic and management structure of the Group, its accounting processes and controls and the industry in which it operates.

Audit Scope

Our audit focused on where the Group made subjective judgements; for example, significant accounting estimates involving assumptions and inherently uncertain future events.

The audit comprised of the Group auditor and component auditors. Where audit work was performed by component auditors, we determined the level of involvement we needed to have in their audit work to be able to conclude whether sufficient appropriate audit evidence had been obtained as a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the current period.

The key audit matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Further, any commentary on the outcomes of a particular audit procedure is made in that context. We communicated the key audit matters to the Audit Committee.

Key audit matter	*How our audit addressed the key audit matter*
Estimated recoverable amount of Goodwill and Brand Names *Refer to note 14* Under Australian Accounting Standards, the Group is required to test indefinite lived intangible assets annually for impairment. This assessment is inherently complex and requires judgement in forecasting the operational cash flows of the cash generating units (“CGU”) and determining pre-tax discount rates and terminal growth rates used in the discounted cash flow models used to assess impairment (the ‘models’). The recoverable amount of goodwill and brand names was considered a key audit matter given the: • financial significance of the indefinite-life intangible assets on the consolidated balance	Assisted by PwC valuation experts in aspects of our work, our audit procedures included, amongst others: • assessing the identification of CGUs and the allocation of carrying value of assets, liabilities and cash flows to those CGUs; • assessing whether the models applied by the Group for impairment testing were prepared in accordance with the requirements of Australian Accounting Standards; • assessing the appropriateness of cash flow forecasts included in the models with reference to historical earnings and budget accuracy, Board and/or management approved budgets and forecasts, future strategic plans, and other market information; • testing the mathematical calculations, on a

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Key audit matter	How our audit addressed the key audit matter
sheet; and • judgement applied by the Group in performing the impairment assessments.	sample basis, within the models; • assessing the appropriateness of the pre-tax discount rates and terminal growth rates applied in the models; • performing sensitivity analyses over the key assumptions used in the models to understand the impact of reasonably possible changes to key assumptions; and • assessing reasonableness of the related financial statement disclosures in light of the requirements of Australian Accounting Standards requirements.
Lease accounting *Refer to note 13 & 19* Lease accounting was a key audit matter due to the: • financial significance of lease liabilities and right-of-use assets to the consolidated balance sheet; and • significant judgements required by the Group such as determining the lease term and the incremental borrowing rate.	Our audit procedures included, amongst others: • for a sample of new lease arrangements, we agreed key inputs used in calculating the Group's lease liability and right-of-use asset, to underlying supporting documentation; • evaluating and testing the appropriateness of the Group's assumptions relating to the determination of the lease terms; • assessing the appropriateness of incremental borrowing rates applied to discount future lease payments; • testing the mathematical accuracy of the Group's lease calculations on a sample basis; and • assessing reasonableness of the related financial statement disclosures in light of the requirements of Australian Accounting Standards requirements.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report for the year ended 30 June 2024, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon through our opinion on the financial report. We have issued a separate opinion on the remuneration report.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor’s report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial report

The directors of the Company are responsible for the preparation of the financial report in accordance with Australian Accounting Standards and the *Corporations Act 2001*, including giving a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor’s responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf. This description forms part of our auditor's report.

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Report on the remuneration report

Our opinion on the remuneration report

We have audited the remuneration report included in the directors' report for the year ended 30 June 2024.

In our opinion, the remuneration report of Sonic Healthcare Limited for the year ended 30 June 2024 complies with section 300A of the *Corporations Act 2001.*

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of *the Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

PricewaterhouseCoopers

Aishwarya Chandran
Partner

Sydney
27 September 2024


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Shareholders' Information

1. INFORMATION RELATING TO SHAREHOLDERS

a) Distribution schedule as at 13 September 2024

		No. of holders ordinary shares
1–1,000		63,315
1,001–5,000		28,804
5,001–10,000		2,463
10,001–100,000		1,062
100,001 and over		93
		95,737
Voting rights	– on a show of hands	1/member
	– on a poll	1/share
Percentage of total shares held by the twenty largest registered holders		69.6%
Number of holders holding less than a marketable parcel		1,778

b) Substantial shareholders as at 13 September 2024

The Company has received substantial shareholding notices to 13 September 2024 in respect of the following holdings:

	No. of securities	Percentage held
State Street Corporation and its subsidiaries	35,419,922	7.37%
BlackRock Group (including 761,907 American Depositary Receipts)	29,440,945	6.13%
The Vanguard Group, Inc. and its controlled entities (including 18,414 American Depositary Receipts)	24,058,158	5.01%

Shareholders' Information

1. INFORMATION RELATING TO SHAREHOLDERS

c) Names of the 20 largest registered holders of equity securities as at 13 September 2024

	No. of securities	Percentage held
HSBC Custody Nominees (Australia) Limited	161,840,103	33.69%
J P Morgan Nominees Australia Pty Limited	60,610,409	12.62%
Citicorp Nominees Pty Limited	42,296,322	8.80%
Jardvan Pty Ltd	15,109,474	3.15%
BNP Paribas Nominees Pty Ltd <Agency Lending A/C>	8,796,938	1.83%
BNP Paribas Noms Pty Ltd	6,701,631	1.39%
BNP Paribas Nominees Pty Ltd <HUB24 Custodial Serv Ltd>	5,284,606	1.10%
National Nominees Limited	4,967,870	1.03%
Argo Investments Limited	3,726,053	0.78%
Netwealth Investments Limited <Wrap Services A/C>	3,565,479	0.74%
HSBC Custody Nominees (Australia) Limited <NT-Comnwlth Super Corp A/C>	3,461,262	0.72%
Australian Foundation Investment Company Limited	3,159,672	0.66%
Washington H Soul Pattinson and Company Limited	2,326,857	0.48%
IOOF Investment Services Limited <IPS Superfund A/C>	1,914,028	0.40%
Gerhard Risch	1,864,163	0.39%
Blaise Mentha	1,850,000	0.39%
Polly Pty Ltd <A/C Patterson Family>	1,817,416	0.38%
Citicorp Nominees Pty Limited <Colonial First State INV A/C>	1,713,397	0.36%
Quintal Pty Ltd <Harken Family A/C>	1,587,908	0.33%
Netwealth Investments Limited <Super Services A/C>	1,569,741	0.33%
	334,163,329	**69.56%**

d) Securities subject to voluntary escrow

1,864,163 ordinary shares are subject to voluntary escrow with an expiry date of 22 March 2025.

Shareholders' Information

2. UNQUOTED EQUITY SECURITIES AS AT 13 SEPTEMBER 2024

	No. on issue	No. of holders
Options over unissued ordinary shares	25,428,809	379
Performance rights	223,103	94

3. SHARE REGISTRY

Computershare Investor Services Pty Limited

Registered address: Level 5, 115 Grenfell Street, Adelaide, SA 5000
Postal address: GPO Box 1903, Adelaide, SA 5001
Enquiries within Australia: 1300 556 161
Fax within Australia: 1300 534 987
Enquiries outside Australia: 61 3 9415 4000
Fax outside Australia: 61 3 9473 2408
Email: www.investorcentre.com/contact

Shareholders with enquiries should email, telephone or write to the Share Registry.

Separate shareholdings may be consolidated by advising the Share Registry in writing or by completing a Request to Consolidate Holdings form which can be found online at the above website.

Shareholders who are issuer-sponsored holders should notify the Share Registry of a change of address without delay. Shareholders who are broker-sponsored on the CHESS sub-register must notify their sponsoring broker of a change of address.

For Australian and New Zealand shareholders direct payment of dividends into a nominated Australian or New Zealand account must be arranged with the Share Registry. Shareholders should complete a payment instruction form online or advise the Share Registry in writing with particulars.

The Annual Report is produced for your information. However, should you receive more than one, or wish to be removed from the mailing list for the Annual Report, please advise the Share Registry. Unless you have elected to receive a hard copy of our Annual Report or you have not provided us with your email address, you will continue to receive an electronic copy in accordance with the Corporations Act, until Sonic Healthcare receives a written election from you.

Supporting the environment through electronic communication

With your support of electronic communication channels, Sonic Healthcare has significantly decreased its shareholder communication print production. Less than 2% of Sonic's shareholders still request a hard copy Annual Report, and more than 64% of shareholders receive communications electronically. The result is a reduction in energy and water resources associated with paper production.

4. ANNUAL GENERAL MEETING

The 2024 Annual General Meeting (AGM) will be held at the Fullerton Hotel, 1 Martin Place, Sydney at 10.00am on Tuesday 19 November 2024. In addition there will be an option to attend virtually.

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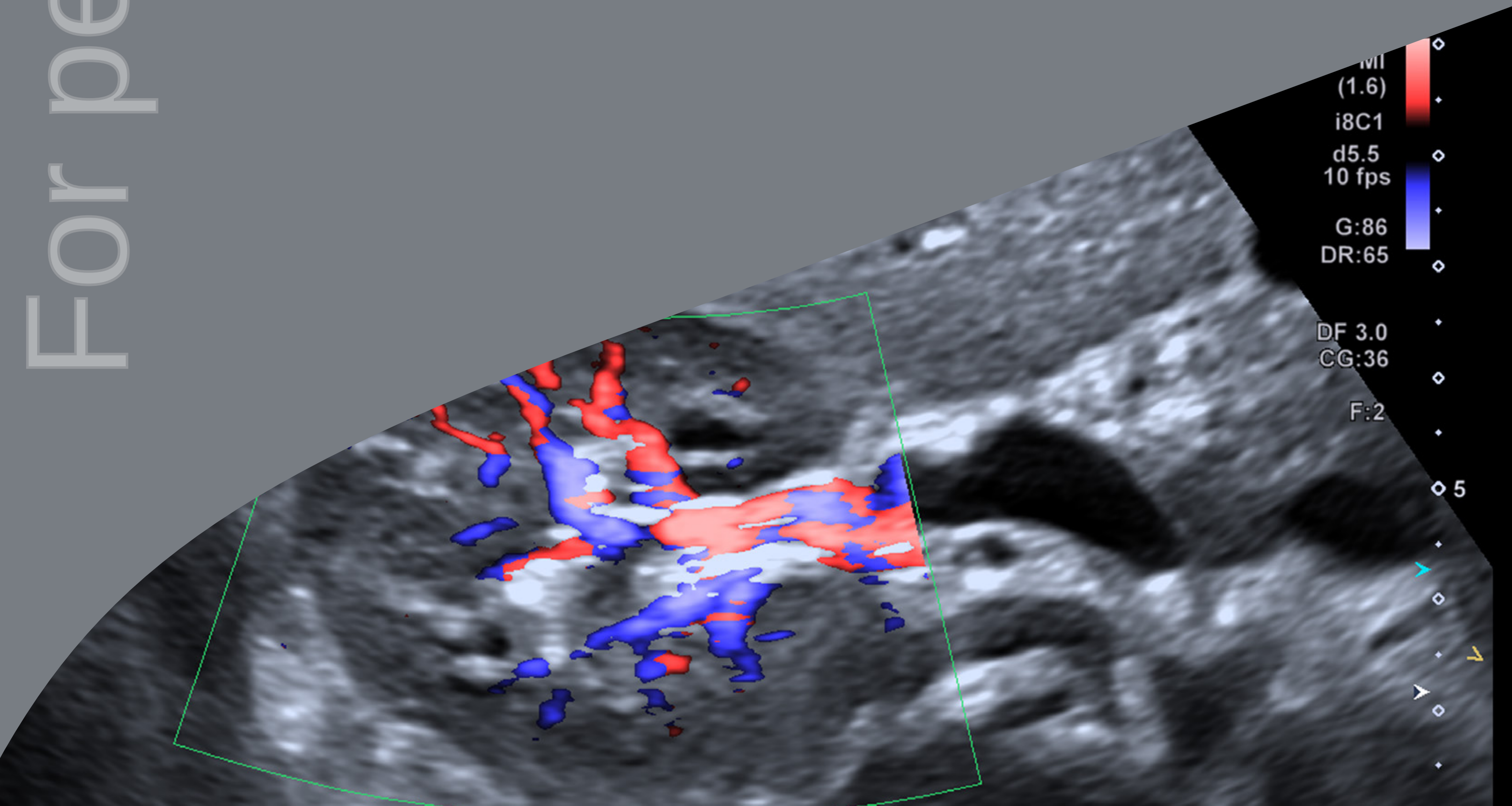
MI
(1.6)
i8C1
d5.5
10 fps
G:86
DR:65
DF 3.0
CG:36
F:2
5

Inset
Assoc. Prof. Pramit Phal,
Radiologist and CEO
Epworth Medical Imaging/
Radiology Victoria,
Melbourne, Australia

supporting sustainable healthcare
Printed on recycled paper

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LIMITED