

Tax Transparency Report

Financial year ended 30 June 2021



Message from the Chief Financial Officer



32.7%

Effective Tax Rate¹



\$148.5M

Total taxes paid (excl. PAYG Withholding)



99%

Share of tax paid in Australia

Healius is one of Australia's leading healthcare companies providing high quality, accessible and cost-efficient healthcare services through our Pathology, Imaging and Day Hospital businesses.

Healius is committed to delivering excellence in healthcare and leading Australia to a healthier future. Healius' commitment to creating sustainable value for investors, customers and employees is underpinned by our regulatory compliance and reporting obligations.

Consistent with our commitment to strong corporate governance and transparent relations with our stakeholders, we believe the Tax Transparency Report together with the 2021 Annual Report provide comprehensive detail of Healius' tax matters including our tax strategy and approach to tax risk management. In preparing the 2021 Tax Transparency Report, Healius has adopted the disclosure recommendations made by the Board of Taxation in the Voluntary Tax Transparency Code.

A handwritten signature in black ink, appearing to read 'M. Jaquet'.

MAXINE JAQUET
Chief Financial Officer & Chief Operating Officer
October 2022

¹ Excludes under/over provision from prior years which relates to the 2003–2007 tax objections.

Tax Transparency Report for the year ended 30 June 2021

1 Tax contribution summary

Healius pays a significant amount of tax, including corporate income tax, indirect tax and employer taxes. In the financial year ended 30 June 2021, Healius paid a total of \$148.5m in taxes and remitted a further \$168.6m to tax authorities on behalf of Healius' employees.

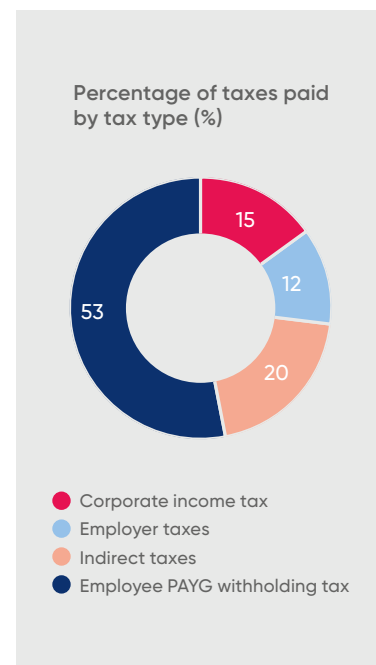
Set out in the diagram to the right is a summary of Australian and foreign taxes paid and collected by Healius for the financial year ended 30 June 2021. The majority of Healius' taxes are paid in Australia to the Australian Taxation Office. The summary excludes property taxes such as land tax and stamp duties.

TAX AUTHORITY	CORPORATE INCOME TAX A\$M	EMPLOYER TAXES ¹ A\$M	INDIRECT TAXES ² A\$M	TOTAL TAXES PAID A\$M	EMPLOYEE PAYG WITHHOLDING A\$M
Australia (Federal)	47.2	0.7	62.1	110.0	168.6
Australia (State)	–	38.2	–	38.2	–
Foreign jurisdictions ³	0.3	–	–	0.3	–
Total	47.5	38.9	62.1	148.5	168.6

1 Fringe benefits tax and payroll tax.

2 GST net of recoveries is (\$22.1m).

3 Income taxes paid in India and the Philippines. The subsidiary companies are treated as Controlled Foreign Companies for Australian income tax purposes and are subject to tax at the Australian corporate tax rate of 30% on any profits generated from activities between Healius and these subsidiary companies.

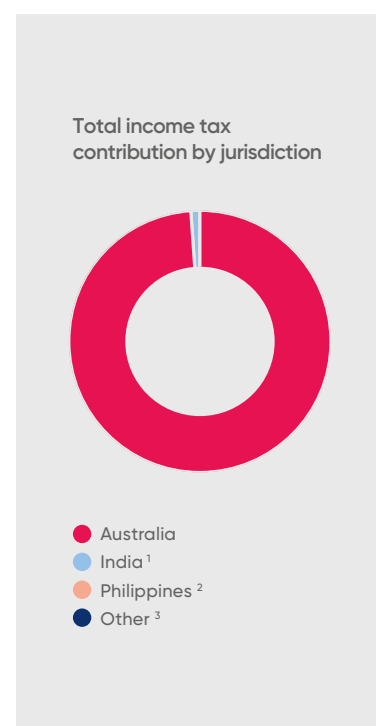


2 International related party dealings

There are limited international related party dealings between Healius and its foreign subsidiaries. These dealings primarily relate to the provision of administrative and data processing services by the Indian and Philippines subsidiaries to Australia. Healius also has presence in the USA, UK, the Netherlands and Singapore, albeit these subsidiaries were dormant for the financial year ended 30 June 2021.

All dealings between related parties reflect the commercial and legal substance of the transactions and are priced on an arm's length basis in accordance with global transfer pricing laws and OECD guidelines. Notably, Healius' international related party dealings do not have a material impact on Healius' Australian tax position. Healius' Australian operations contribute more than 99% of Healius' total income tax paid globally.

The split of income tax contributions by country is illustrated in the diagram to the right.



1 Per India income tax return for the year ended 31 March 2021.

2 Per Philippines income tax return for the year ended 31 December 2020.

3 Other subsidiaries include Healius' dormant subsidiaries in the USA, UK, the Netherlands and Singapore.

3 Tax strategy and governance

Healius pursues a tax strategy that is governed by the following principles endorsed by its Board of Directors:

- Commitment to ensuring integrity in compliance with all statutory obligations, and full disclosure to Revenue Authorities
- Maintenance of documented policies and procedures in relation to tax risk management and sustaining constructive and transparent relations with Revenue Authorities
- Management of tax affairs in a pro-active manner that seeks to enhance shareholder value, while operating in accordance with all taxation laws

The tax strategy is implemented through Healius' Tax Risk Management Framework which is founded on a low risk appetite to all taxation affairs including tax positions adopted in respect of strategic transactions, tax planning activities and compliance and reporting.

Healius' overarching and systematic approach to the management of tax risk involves the proactive assessment, mitigation, monitoring and reporting of identified risks. Healius' tax risks are regularly considered by its Management and Executive Risk Committees and tax is a regular agenda item for Audit Committee meetings with appropriate tax matters reported to the Board. Where appropriate, Healius engages external advisors on complex transactions and for review of compliance activities.

Healius' Tax Risk Management Framework has been documented and approved by its Audit Committee and is aligned with its overall Risk Management Policy and the Australian Taxation Office's Tax Risk Management and Governance Review Guide.



Tax Transparency Report for the year ended 30 June 2021

4 Income tax reported in Healius' 2021 Annual Report

The income tax expense disclosed in the Annual Report for 2021 is calculated based on Australian equivalents to International Financial Reporting Standards. In any year, there are common and typical differences between income tax expense reported in the Annual Report and the amount of cash taxes paid to Revenue Authorities due to factors such as timing differences and other taxes being excluded from income tax expense, such as FBT, payroll tax and employee taxes.

Healius' effective tax rate for the 30 June 2021 year is mainly impacted by the difference in tax and accounting treatment of share related expense and deferred consideration on acquisitions, which are treated as a non-deductible (permanent) difference for the purpose of calculating Healius' income tax expense. The effective tax rate for 2021 has also been impacted by the reversal of prior year income tax benefit recorded in respect to Healius' 2003-2007 objections.

4.1 Reconciliation of accounting profit to income tax expense

Healius' effective tax rate calculated as income tax expense divided by accounting profit before tax was 60.5% for 2021. The effective tax rate for 2021 reduces to 32.7% upon exclusion of the income tax expense in respect of Healius' 2003-2007 objections.

Healius had recognised an income tax benefit and a tax receivable of \$46.6m in its 30 June 2020 accounts based on a favourable decision received from the Federal Court of Australia in respect to its tax objections for the 2003 to 2007 years regarding lump sum payments made to healthcare practitioners during those years. The Commissioner appealed the Federal Court of Australia's decision and on 9 October 2020 the Full Federal Court decided in favour of the Commissioner. On 6 November 2020 Healius applied for special leave to appeal the Full Court's decision, however on 4 March 2021 the High Court of Australia dismissed the special leave application. Healius therefore reversed the income tax benefit and tax receivable of \$46.6m in its 30 June 2021 accounts.

The following table shows the calculation of income tax expense for Healius and the impact of adjustments to the income tax expense and the effective tax rate.

HEALIUS LIMITED	2021		2020	
	A\$M	%	A\$M	%
Profit/(loss) before income tax	167.8		62.8	
Tax at the Australian tax rate of 30%	50.3	30.0	18.8	30.0
Share related expense	4.1	2.4	2.0	3.2
Deferred consideration for acquisitions	1.1	0.6	4.2	6.7
Other items	0.6	0.4	1.0	1.6
Under/(Over) provision in prior years	(1.2)	(0.7)		
2003-2007 tax objections	46.6	27.8	(46.6)	(74.3)
Income tax (benefit)/expense	101.5	60.5	(20.6)	(32.8)

4.2 Reconciliation of income tax expense to cash tax paid

The following table shows the reconciliation of income tax expense to cash income tax paid.

HEALIUS LIMITED	2021 A\$M
Income tax expense on profit before income tax	101.5
Timing differences recognised in deferred tax	12.9
Under/(Over) provision in prior years	1.2
2003-2007 tax objections	(46.6)
Current income tax expense as per 2021 financial statements	69.0
2021 tax not yet paid as at 30 June 2021	(45.2)
Tax payments and adjustments for prior periods in 2021	23.4
Tax receipts from subsidiaries sold in 2021	(1.2)
Cash taxes paid/(received) per cash flow statement	46.0

Tax Transparency Report for the year ended 30 June 2021

5 ATO tax transparency disclosures

In December 2021, the Australian Taxation Office published the following taxation information from Healius' Australian tax consolidated group income tax return for the year ended 30 June 2020:

2020	A\$M
Total income	1,848.8
Taxable/net income	77.2
Total tax payable	22.9

In December 2020, the Australian Taxation Office published the following taxation information from Healius' Australian tax consolidated group income tax return for the year ended 30 June 2019:

2019	A\$M
Total income	1,837.9
Taxable/net income	90.9
Total tax payable	27.0

Taxable income is calculated based on accounting concepts and adjusted for applicable tax timing and permanent difference adjustments required under the Australian taxation laws. Tax payable is calculated as taxable income at the corporate income tax rate (30% for 2019 and 2020), reduced by available tax offsets.

Corporate information

Company's Registered Office

Level 22
161 Castlereagh Street
SYDNEY NSW 2000
(02) 9432 9400

Company's Principal Administrative Office

(and location of Register of Option Holders)

Level 22
161 Castlereagh Street
SYDNEY NSW 2000
(02) 9432 9400

Share Registry

(and location of Register of Rights Holders)

Computershare Investor Services Pty Ltd
Level 4, 60 Carrington Street
SYDNEY NSW 2000
GPO Box 7045
SYDNEY NSW 1115
Sydney Office: (02) 8234 5000
Investor Enquiries: 1300 855 080

Design Communication and Production by ARMSTRONG
Armstrong.Studio

www.healius.com.au

