ASX Announcement (ASX: HLS)

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19 August 2026

Healius announces FY 2026 results in line with guidance

- Underlying EBITDA up 8.1% to $258.6 million
- Underlying EBIT up 76.6% to $30.2 million
- Group revenue up 2.1% to $1.37 billion
- Pathology revenue up 1.8% to $1.33 billion
- Agilex revenue up 14.1% to $43.6 million
- Agilex EBITDA up 67.2% to $10.7 million
- Net debt $32.8 million

	2026 $M UNDERLYING	2025 $M	2026 $M REPORTED	2025 $M
Revenue	1,373.2	1,344.5	1,373.2	1,344.2
Non-underlying items	-	-	(27.1)	(32.0)
Impairment charges	-	-	(332.0)	(495.2)
EBIT	30.2	17.1	(328.9)	(527.0)
NPAT (Reported including discontinued operations)	-	-	(415.6)	(151.2)

Healius Limited (Healius) today released results for the financial year ended 30 June 2026.

FY 2026 was a year of significant operational improvement for Healius, with stronger underlying earnings, improved second-half Pathology margins and disciplined cost management offsetting continued sector volume and labour cost pressures. Healius remains focused on restoring sustainable margin and cash flow performance through revenue quality, network optimisation and technology-enabled productivity.

Group underlying revenue improved 2.1% in FY 2026, supported by fee growth in Pathology and strong revenue growth in Agilex Biolabs. Group underlying EBIT for the year was $30.2 million, up $13.1 million on prior comparative period (pcp).

Healius' strategy to diversify its revenue base and execute cost saving initiatives contributed to margin expansion in FY 2026.

Pathology

Pathology revenues grew by 1.8%, despite a 1.3% reduction in volumes compared to the prior year, supported by pricing and favourable revenue mix. Excluding hospital contracts lost in the year and the addition of new contracts, volumes grew by 0.3% for the year. Strong growth in key segments such as Genomic Diagnostics, Public Hospitals, Veterinary Pathology and B2B including Clinical Trials, contributed to an average fee per episode increase of 4.0% in FY 2026 as well as overall revenue growth.

Volumes were impacted due to a combination of Medicare drivers (changes to B12 and Urine testing criteria introduced in July 2025 and GP attendances reducing by 0.9% vs pcp) and changes in Pathology business (the loss of two material hospital contracts and a significant rationalisation of the Healius ACC footprint which has decreased by 100 to 1,883 at the end of the year).

EBITDA for FY 2026 improved by 6.4% to $247.9 million and EBIT improved significantly in 2H 2026 to $18.6 million, with an EBIT of $23.8 million for FY 2026. The EBIT margin for FY 2026 was 1.8% and improved to 2.8% for 2H 2026.

Cost Management

Cost growth in FY 2026 was contained to 0.8% with labour costs flat year-on-year inclusive of inflation and the impact of the Fair Work Commission (FWC) gender undervaluation determination. Importantly, labour costs reduced by 2.9% in 2H 2026.

A detailed labour optimisation program including productivity measures, has been undertaken and implemented during the year. This resulted in an approximately 5% FTE headcount reduction across the organisation with the flow on benefits showing in the full year labour costs and the significant reduction in these costs in the last quarter.

The lack of any meaningful indexation of Medicare revenues or funding support for additional FWC costs requires constant focus on labour efficiencies, rationalising our collection centre footprint and reducing our regional laboratory footprint where these are not financially viable. We continue to utilise technology where possible to drive efficiency, including the use of artificial intelligence (AI) across tasks such as workforce planning and invoicing, rolling out automation for manual laboratory tasks such as microbiology and reducing other major expenses including logistics and support costs.

Consumable costs have reduced by 3.8% as a result of favourable test mix, procurement benefits and strong cost management initiatives.

Corporate and Support Costs

Healius committed to deliver annualised corporate and support cost savings post the divestment of Lumus Imaging between $15.0 million and $20.0 million by the end of FY 2026. Total annualised net annualised cost savings amounting to $24.4 million have been delivered as at June 2026.

Healius will continue to identify additional cost savings as part of overall cost management.

Digital Technology Investment

Healius has completed the major implementation phase of its digital investment program and has transitioned these capabilities into business as usual operations, with digital costs included in underlying results from 1 January 2026. The focus is now on benefits realisation, with the digital platform expected to support productivity, service quality and margin improvement across the pathology network.

The platform is already changing how patients, referrers and collection centres interact with Healius. The Medway Collections Portal has been rolled out across more than 1,700 collection centres, with over 80% of episodes now processed digitally. Online appointment bookings for special tests and the Patient App, currently in soft-live, are also improving access and convenience.

For referrers and collection centre teams, eReferrals have been integrated with all major practice management software systems, while AI-enabled workflows are reducing downstream manual data entry and errors. A modern payment solution using Square terminals is now in place in all ACCs for out-of-pocket fees, including patient consent at the point of collection.

The next wave of benefits is expected to come from laboratory operations, where Healius has moved the majority of analysers to one national Instrument Manager and continued the rollout of the Pathway Laboratory Portal. These platforms will support shared staffing across States, laboratory specialisation by test category, improved reporting and clinical decision support, higher pathologist productivity and better billing practices.

The genomics module supports Healius' fastest-growing segment by digitising complex DNA sequencing and analysis workflows, with expected benefits in turnaround times and bioinformatic insights for referring doctors, particularly in reproductive and oncology testing.

Together, these capabilities provide the foundation for a more efficient, scalable and digitally-enabled pathology network.

Artificial Intelligence (AI)

Healius continues to invest in AI across multiple areas of the business with a strong focus on productivity and return on investment. AI co-workers have been live throughout 2026, supporting high-volume transaction environments and workforce planning, with both delivering strong results and rapid payback of investment costs. Two additional AI co-workers are now live in production, driving labour efficiencies and accelerating processes. Plans are also underway to expand AI-supported capabilities into other back-office functions, including manual data entry and invoicing, with implementation targeted for FY 2027.

IBEX AI is being used for clinical decision support in complex histopathology and continues to improve turnaround times for referrers across the country.

Fair Work Commission – Gender-Based Undervaluation

The final decision on the classification of all roles and increases for both Pathology Collectors and Health Professionals was finalised by the FWC during the year. Phase one for Pathology Collectors from 1 April 2026 had an impact of $1.8 million in the underlying results.

The full year impact for Collectors, Scientists and Laboratory Technicians is estimated to be approximately $15.0 million in FY 2027 as phase two comes into effect from 1 October 2026.

Healius is working closely with both Australian Pathology and the Department of Health, Disability and Ageing to find a solution to offset these labour cost increases.

Agilex Biolabs

Agilex Biolabs revenues increased by 14.1% to $43.6 million, EBITDA improved 67.2% to $10.7 million, and EBIT grew 137.0% to $6.4 million.

Agilex Biolabs' strategic decision to enhance capabilities and focus on large molecule development work has contributed positively to revenue and earnings growth as the business capitalised on the shift in market demand.

The Brisbane bioanalytical laboratory which opened in August 2025, is a significant milestone in Agilex Biolabs' growth-orientated expansion of its national footprint in major health hubs. With expanded capabilities, Agilex Biolabs has a solid pipeline and is well positioned to secure additional flow cytometry and peripheral blood mononuclear cell work as well as downstream study support opportunities.

Strategic Review of Assets – Agilex Biolabs

As announced on 13 May 2026, following several unsolicited approaches, Healius is exploring a sale of Agilex Biolabs.

The business has received strong interest from potential acquirers and the process remains ongoing. Healius expects to provide shareholders with an update in advance of the Annual General Meeting.

UBS Securities Australia Limited is assisting Healius in the process.

T27 Plan Update

Significant progress has been made in FY 2026 building the foundations for margin improvement despite challenging conditions in the pathology sector. Healius has invested in technology, materially reshaped its cost base, particularly labour costs, and improved the quality of its revenue streams. These initiatives continue to support the Company to achieve mid-to-high single-digit EBIT margins.

The timing of achieving these margins is now expected to extend by approximately 18 months, primarily due to two external factors: the Fair Work gender undervaluation decision, which is expected to increase the FY 2027 cost base by approximately $15.0 million, a reduction in GP attendances and change in mix due to growth in telehealth consults. This timing estimate assumes no additional Government support.

The FY 2026 Scorecard in the Results Presentation demonstrates the significant progress made under the T27 Plan during the year, including technology-led improvements, the Medway suite of products, AI co-workers and workforce efficiencies that have reduced the overall cost base, inclusive of Fair Work impacts.

Impairment and Deferred Taxes

As required by Accounting Standards, a non-cash impairment charge of $332.0 million against goodwill has been recognised in FY 2026. The charge does not impact underlying earnings, cash flow or banking covenants.

Accounting Standards also require that deferred tax assets of $31.5 million relating to carried forward tax losses are derecognised and included within the Group's tax expense for the year ended 30 June 2026. Healius has not recognised $14.0 million of deferred tax assets relating to FY 2026. Although derecognised as a tax asset, the Company retains access to these carried forward tax losses and remains confident that the losses will be used to offset taxable income over coming financial periods.

Capital and Cash Management

Healius ended FY 2026 with net debt of $32.8 million and remains well within its banking covenants as at 30 June 2026 with the gearing ratio at 1.2x (covenant is less than 3.5x) and interest ratio at 8.8x (covenant is greater than 3.0x).

The movement from $11.6 million net cash at 31 December 2025 relates to the final Lumus Imaging sale settlement of $19.5 million and working capital requirements.

Restoring sustainable positive cashflow remains a key priority. Revenue improvement through volume, mix and pricing, together with robust cost rationalisation will be central to achieving this outcome as expected in FY 2027.

Trading and Guidance

Healius expects FY 2027 EBIT to be in line with consensus[1] EBIT of $39.7 million.

Pathology

Healius anticipates volumes to grow in line with MBS on a like-for-like collection centre basis, in addition to a modest increase in profitable sites. Non-MBS volumes are expected to see the benefit of a full year of new commercial and hospital contracts, and continued growth in Genomic Diagnostics, Vetnostics and B2B including Clinical Trials.

Disciplined cost control in Pathology is expected to contain cost growth to 3.5% for FY 2027, inclusive of the impact of Fair Work Commission costs relating to gender undervaluation and the 4.75% increase linked to Modern Awards.

Due to the significant impact of the Fair Work Commission costs and reduced GP attendances, Healius expects to achieve its T27 target of mid to high single-digit EBIT margins by approximately December 2028.

Agilex Biolabs

Agilex Biolabs order book and revenue conversion remains strong and in line with expectations.

Dividend

The Healius Board has resolved not to pay a final dividend for FY 2026.

Webcast

Healius will hold an analyst and investor briefing today to discuss the results. Webcast details are as follows:

Time: 10:30am (AEDT)

Webcast Link: **https://webcast.openbriefing.com/hls-fyr-2026/**

If you would like to dial in via teleconference or ask a question on the phone, please pre-register using this link: **https://s1.c-conf.com/diamondpass/10055767-0ryhq7.html**

This announcement has been authorised for release by the Board.

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[1] EBIT consensus as per Visible Alpha on 18 August 2026.

ENDS

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For over 35 years Healius has been one of Australia's leading healthcare companies, committed to supporting quality, affordable and accessible healthcare for all Australians. Through its unique footprint of centres and its 8,000+ employees, Healius provides Australia-wide specialty pathology services to consumers and their referring practitioners.

Forward looking statements

This announcement may contain forward-looking statements, including statements about expectations, intentions or future outcomes. These statements are subject to risks, uncertainties and assumptions, many beyond Healius' control, and actual results may differ materially. Healius gives no assurance that any forward-looking statement will be achieved and investors should not place undue reliance on them.