Ramsay
Health Care

People caring for people

Annual Report 2022

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About this report

This report has been designed to be read in its entirety. Key aspects of the Directors Report are found throughout the document, including Section 5 Key Risks, Section 6 Operating and Financial Review, Section 9 Remuneration Report, and Section 8 Corporate Governance Statement. This information should be read in conjunction with the Financial Statements in Section 11.

This is the first year that the Annual Report has been prepared with reference to the Value Reporting Foundation's Integrated Reporting <IR> Framework. We have used this framework to outline the key value drivers of the business performance, the Company's strategy and the key trends driving it and the risks and opportunities around achieving the strategy.

Ramsay is committed to progressing the United Nations Sustainable Development Goals (SDGs) and, where possible in this report, we have mapped our activities to priority goals.

Further information on our sustainability performance is contained in our FY22 Impact Report, which is published in October.

Sustainable Development Goals

We are committed to driving action toward the Sustainable Development Goals (SDGs), as adopted in 2015 by the United Nations and member countries.

For more information about our reporting suite, visit our website

→ ramsayhealth.com/Investors/Annual-and-Financial-Reports

1.

Introduction

Who We Are

Our Purpose

"People caring for people"

Our Vision

"To be a leading healthcare provider of the future"

Our Mission

"To change what is possible for your health"

The Ramsay Way

People are at the heart of our success. As 'people caring for people' there are three key ways we approach our work every day.

We value strong relationships

Healthy working relationships lead to positive outcomes for all. We look out for the people we work with and we respect and recognise them. Strong healthy relationships are the foundation of our stakeholder loyalty.

We aim to constantly improve

We do things the right way. We enjoy our work and take pride in our achievements. We are not afraid to challenge the status quo to find better ways.

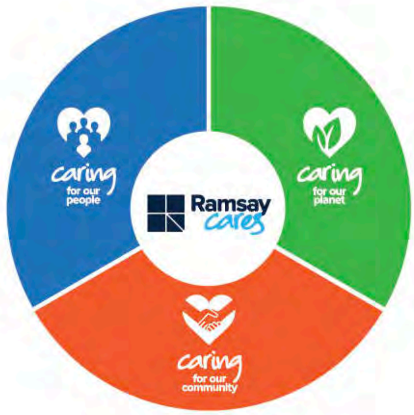
We seek to grow sustainably

Maintaining sustainable levels of profitability are only part of our success. We prioritise long term success over short term financial gains because we care about our people, our community and our planet.

Ramsay Cares

The Ramsay Cares Sustainability Strategy unites our global businesses in a shared vision for sustainability. Ramsay Cares focuses on fostering healthier people, stronger communities and a thriving planet. It reaffirms that we are here to have a positive impact for current and future generations.

Ramsay Cares has three sustainability pillars:



Learn more about our Ramsay Cares Sustainability Strategy online >

2.

Highlights

In FY22, we maintained focus on our medium to long term strategy **- investing to optimise our world class hospital network for future demand, while entering into new and adjacent services**. To support this, we are investing in our people, our digital and data roadmap and have continued Ramsay's long standing commitment to research and clinical trials. These investments place Ramsay in a strong position to benefit from the growth in demand for healthcare services.

Financial

Ramsay's financial performance was impacted by the disruption to activity and higher costs flowing from the increase in COVID cases in the community across all regions.

116.1cps

Fully diluted EPS per share declined 39.7% on FY21

97.0cps

Dividend per share declined 36% on FY21

$2.2bn

Invested in organic and inorganic growth strategies over the fiscal year

Caring for People

- **46%** of **senior leadership** and **43%** of **non-executive directors** are women.
- **Hundreds** of participants in new leadership, nursing and allied health advancement programs.
- Approx. **300 people** now trained in Mental Health First Aid.

25,000+

Ramsay Santé employees in France covered by a landmark 'Quality of Life & Working Conditions' agreement.

Caring for Planet

- Group-wide commitment to **net zero greenhouse gas emissions by 2040.**
- **Avoided or replaced** more than **38 million single-use plastics.**
- 2,650kw rooftop **solar system rollout** in Australia.

100%

Ramsay UK and Elysium switched to 100% renewable electricity.

Caring for Community

- **Enabling >1,000** clinical research projects.
- **Supporting 23 start-ups** and **7 community associations** working in preventative healthcare.
- **Supported communities in need** in each region.

25%

More than a quarter of Ramsay suppliers (by share of spend) completed corporate social responsibility assessments through an independent compliance scheme.

3.

Chairman & Managing Director's Review

Dear Fellow Shareholder,

We are really proud of what our people have achieved over the last few years and the ongoing role Ramsay has played in supporting the response to the COVID-19 (COVID) pandemic.

Our people and doctors have continued to assist governments across all our regions through the treatment of COVID cases, the treatment of critical non COVID patients and running activities such as vaccination and testing clinics. Their commitment to our patients has never wavered and we are grateful for the expertise and dedication of our outstanding Ramsay teams.

At the same time, as they have always done, our people have supported our local communities financially and with healthcare services and supplies through crisises such as the floods in Australia and the conflict in Ukraine. We would like to take this opportunity to thank our people for continuing to support our patients and the communities in which we operate, **embodying Ramsay's purpose, of 'People Caring for People'.**

Throughout the pandemic, consistent with Ramsay's values, we have taken the decision to retain our core hospital operations and staffing levels. While this approach has impacted profitability in the short term it does mean that we are well placed to ramp up our activities and service our patients and communities as volume starts to improve.

Investing for Growth

We continue to have absolute confidence in the future growth in demand for healthcare services and so, despite the challenges created by further waves of COVID, in FY22 we invested approximately $2.2bn in organic and inorganic growth strategies to upgrade and expand our facilities and broaden our service platform. This included $276m investment in our brownfield and greenfield development pipeline with a number of new developments completed during the year and $94m in growth projects, including new imaging equipment, to drive activity levels in our facilities. We have also continued to invest in our digital and data foundations with the aim of leveraging our existing business base and supporting our entry into adjacent health services.

We have made two acquisitions of note this year, the mental health services business Elysium Healthcare (Elysium) in the UK and Swedish speciality health care business, GHP Specialty Care (GHP). Both businesses build on our existing capabilities and are expected to be EPS accretive in FY23. The Elysium business in particular comes with a strong pipeline of new projects that we are already pursuing to meet the strong demand for acute mental health care services in the UK. The focus in the UK and Nordics will be on extracting synergies and integrating the businesses.

Financial Results

The business continued to be impacted by COVID reflecting the increase in cases in the community in all our markets. Government mandated surgical restrictions and movement and isolation orders resulted in lower activity, higher costs and a change in case mix. As the world moved to "living with COVID" during 2HFY22 the healthcare sector continued to juggle the impact on activity levels and costs of last-minute cancellations by doctors and patients combined with higher labour costs as a result of staff sick leave.

Revenue for the year in constant currency terms increased 4.6% reflecting good growth in the Nordics region, a function of the reduced impact of COVID in the region and the exposure to the primary health care sector, combined with initial contributions from Elysium for five months and GHP for two months. Net Profit After Tax (NPAT) declined 39% to $274m impacted by reduced activity levels and higher costs. The estimated impact to EBIT of the COVID disruption in Australia was $264m.

The Board determined a fully franked final dividend of 48.5 cents per share, which was flat on the interim dividend, taking the full year dividend to 97cps.

Investment in Our People

As with all healthcare providers, workforce attraction, retention and well being remain issues in all our markets. Our group-wide People strategy focuses on developing capability, culture and developing the best people in healthcare. In FY22 we lifted our investment in a range of activities to grow our workforce through graduate programs, cadetships, and reskilling programs.

A lot of our focus has been on developing leadership skills at all levels of the business to enable our success well into the future. To this end during the year we were pleased to have 49 rising leaders participate in our executive leadership program, which aims to accelerate their growth and reinforce our global network.

We have also launched a range of nursing leadership and upskilling programs to support and advance our people on the front line of the business.

During the year Ramsay Santé became the first European healthcare provider to sign a 'Quality of Life & Working Conditions' agreement with unions covering its 28,000 employees in France. This ambitious agenda includes initiatives targeted at the quality of life at work, work life balance and health and safety.

Ramsay Cares

We are very proud of the progress we have made on our Ramsay Cares sustainability strategy, which focuses on action to support healthier people, a thriving planet and stronger communities.

A major milestone for the business this year has been **establishing a Group-wide commitment to science-based targets to achieve net zero greenhouse gas emissions by 2040**. Reducing our environmental footprint is important to our people and our business resilience, and we achieved our goals to reduce energy and greenhouse gas emissions intensity last year. Initiatives launched to meet our goals included Ramsay UK and Elysium switching to 100% renewable electricity, a major solar panel roll-out in Australia, shifting to more energy efficient lighting and heating and cooling in our facilities and numerous operating theatres globally have joined the switch to more environmentally-friendly anaesthetic gases.

With sustainability at the heart of our strategy we will continue to attract talent and investment to build the resilience of the business.

Board Changes

During the year we were **pleased to welcome Steve Sargent to the Board** following the retirement of Peter Evans last year. Steve brings to the Board significant executive experience managing businesses in international markets and has broad experience across industries including medtech, technology and financial services. His appointment has further diversified the Board's skills and experience

We continue to assess our Board renewal strategy however we are conscious of the need to ensure our expertise and experience in the acute care hospital sector and in particular Ramsay is preserved, recognising the significant renewal our Board has undergone over the last few years.

Building our Executive Team

We have announced a number of new senior appointments over the last twelve months. Reflecting the importance we have placed on our updated strategy, we were pleased to announce that **Dr Andy Jones, formerly the CEO of our UK business, has been appointed our first Group Chief Growth Officer with responsibility for our strategic transformation agenda.** Following on from this appointment the former COO of our acute hospital business in the UK, **Nick Costa has been appointed the CEO of that business** and has joined Ramsay's Global Executive Committee.

The importance of digital and data as one of the critical enablers to deliver on our strategy, is reflected in the **appointment during the year of a Group Chief Data & Digital Officer, Dr Rachna Gandhi, to lead the Australian digital and IT teams, while also working with the international teams to develop and deliver the global digital strategy and data management framework**.

Following the acquisition of Elysium in January, we were very pleased to **welcome the CEO of Elysium Healthcare, Joy Chamberlain to Ramsay's Global Executive Committee**. Joy's extensive experience in the mental health care sector brings invaluable knowledge and skill sets to our management team in one of our key areas of clinical focus.

Strategic Direction and Outlook

As already noted we have continued to invest in the four pillars of our strategy to drive future growth.

The first pillar is **growing, modernising, and leveraging our world class hospital network** designed to strategically grow our existing market share through organic growth, brownfield and greenfield expansion, and strategic acquisitions. Investment in greenfield and brownfield development and growth initiatives in FY23 is expected to be in the range $515-570m. We are confident that this investment is underpinned by the long-term trends driving the health care industry including key demographic changes and advances in clinical practice.

The second pillar is to **move purposefully into new and adjacent services focused on moving along the patient pathway**, retaining a relationship with the patient by providing coordinated care using our data and digital capabilities to improve the experience for our patients and clinicians. We will continue to assess bolt on and partnership opportunities in all regions as part of this pillar.

The third pillar is about **extracting the highest potential value from the business through operational excellence**. Building on our strong global advantage in strategic sourcing will continue to be one of the key areas of focus along with driving efficiency and productivity improvements when the operating environment allows.

And finally, the fourth pillar is about **reinforcing Ramsay's strong organisational foundations to underpin the strategy and ensure we leverage our scale**. Investment in digital and data initiatives to transform the business and drive efficiencies will be accelerated to support our existing business base, margins and deliver an integrated healthcare experience for our patients.

In the near term the healthcare industry continues to be under pressure from a high level of COVID cases resulting in highly restrictive procedures together with the flow on impact on the workforce, impeding a recovery in volumes and productivity. **It is promising to see the recent decline in cases and hospitalisations in all our markets.**

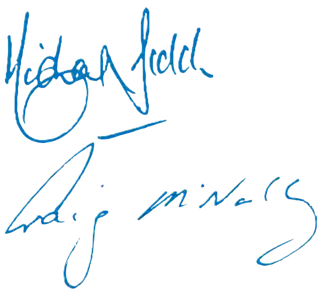
In common with most industries, we are also experiencing inflationary cost pressure across our businesses. We will be **negotiating improved terms with our payors to reflect this so that we are able to achieve satisfactory levels of profitability and maintain and support our staff and suppliers.** We look forward to working constructively with our health funds and governments to effectively manage through the current inflationary pressures.

It would be remiss of us not to touch on our engagement with KKR and its consortium during the year and our recent announcement in relation to the termination of those discussions. We refer shareholders to our announcement to the ASX on 26th September for the details. Please be assured that we have not let this process distract our people from delivering the best care for our patients and realising the growth opportunities within the business.

We believe the outlook for the Group remains strong. Our world class hospital network combined with our outstanding people and clinicians give us confidence that the business is well placed to take advantage of the positive long-term dynamics driving the healthcare industry. **We expect a gradual recovery in activity levels through FY23 and more normalised conditions from FY24 onwards.**

In closing we would once again like to **thank our people, clinicians and patients** for supporting the business and each other through what has been another difficult period for the healthcare services industry.

Michael Siddle & Craig McNally



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About Ramsay Health Care

Ramsay Health Care (Ramsay) provides quality healthcare through a global network of clinical practice, teaching and research. Ramsay Health Care's global network extends across ten countries, with over eleven million admissions and patient visits to facilities in more than 530 locations.

Ramsay was founded in 1964 by Paul Ramsay AO (1936-2014) and has always focused on maintaining the highest standards of quality and safety, being an employer of choice and operating the business based on a culture known as 'The Ramsay Way' and our purpose of 'people caring for people'. Ramsay listed on the Australian Stock Exchange in 1997 and has a market capitalisation of A$16.5bn[1] and an enterprise value (EV) of A$21.4bn[1] (EV of A$26.9bn inclusive of lease liabilities). The Ramsay Group employs over 88,000 people globally. Ramsay's operations are split across four regions:

Australia

Ramsay Australia has 73 private hospitals and day surgery units in Australia and is Australia's largest private hospital operator. Ramsay operations include mental health facilities as well as the operation of three public facilities. In addition, Ramsay has established the Ramsay Pharmacy retail franchise network which supports 60 community pharmacies. Ramsay Australia admits more than one million patients annually and employs more than 33,000 people.

Europe

Ramsay Santé is the second largest private care provider in Europe, operating specialist clinics and primary care units in approximately 350 locations across five countries. In France, Ramsay Santé has a market leading position, with 132 acute care and mental health facilities. In Denmark, Norway, Sweden and Italy. Ramsay Santé operates 210 facilities including primary care units, specialist clinics and hospitals. Ramsay Santé also operates a 93-bed hospital in Italy. Ramsay Santé employs around 35,000 staff and its facilities treated approximately ten million patients in FY22. Ramsay Health Care owns 52.79% of Ramsay Santé which is listed on the European financial markets' platform Euronext.

UK

Ramsay UK has a network of 34 acute hospitals and day procedure centres in England providing a comprehensive range of clinical specialties to private and self-insured patients, as well as patients referred by the NHS. Ramsay also operates a diagnostic imaging service and provides neurological services through its three neuro-rehabilitation facilities. Ramsay UK cares for over 184,000 patients per year and employs more than 7,000 people.

Ramsay recently acquired Elysium Healthcare, a leading independent operator of long-term medium and low secure hospitals and complex care homes for individuals with mental health conditions. Elysium has 76 operational sites across England and Wales. The business employs approximately 8,000 people.

Asia

In Asia, Ramsay Sime Darby Health Care Sdn Bhd operates three hospitals in Indonesia and four hospitals in Malaysia, employing more than 4,000 people. Ramsay Sime Darby is a 50:50 joint venture arrangement with Malaysian multinational conglomerate Sime Darby Berhad.

[1] Closing price as at 24th August 2022

Strengths of the global business

Market leading positions and globally recognised brand

Deep and experienced global leadership team and leadership development

Strong and constructive relationships with public sector stakeholders

Diversified Portfolio – geography, payors, services mix

Economies of scale in procurement

Strong embedded culture 'People Caring for People'

Scale to invest in innovation, education and research

Gold Standards of Care - clinical best practise – sharing of ideas

Competitive cost of capital and strong balance sheet

Ramsay's global portfolio of services

	Primary Care	Imaging & Diagnostics	Out of hospital		Acute Care/Sub-acute[4]			Mental Health Care				Pharmacy
	Clinics	Adjacent services in hospital and out of hospital[2]	Home care/ residential care	Allied Health[3]	Hospitals	Day Surgery Centre	Emergency Centres	Rehab Recovery	MH[5] Facility	LD[6] / Complex Care	Neuro	Pharmacy
Australia			●	●	●	●	●	●	●		●	●
United Kingdom		●	●		●	●		●	●	●	●	
France	●	●		●	●	●	●	●	●			
Italy					●							
Sweden	●	●	●	●	●	●	●	●				
Norway	●			●	●	●	●		●			
Denmark	●			●	●	●	●					
RSD[1]			●		●	●	●	●			●	●

1 RSD: Ramsay Sime Darby
2 Includes Pathology
3 Allied Health includes HealthPlus, Psych Clinics
4 Sub-acute care includes Cancer, Gastrointestinal, Rehab
5 MH: Mental Health
6 LD: Learning Disabilities

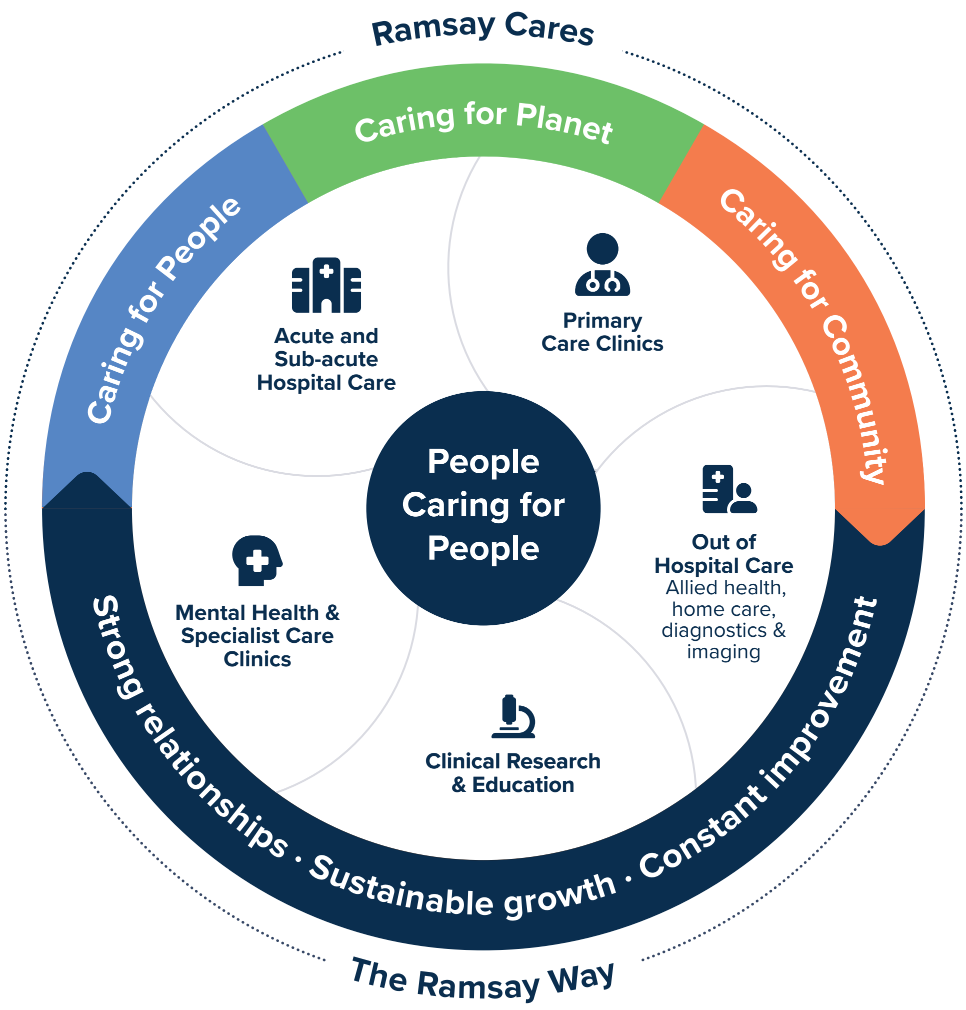
How we create value

Ramsay creates value by **investing in** and **leveraging** our key drivers to **create a convenient, integrated, efficient and sustainable healthcare services platform** delivering quality healthcare experiences and outcomes for patients; an attractive, industry leading environment for our employees and clinicians; and a supportive and effective service for our payors. At the centre of everything we do is our purpose of people caring for people.

Value Drivers

- Strong culture, industry leading talent
- Clinical excellence, research and innovation
- Clinical and stakeholder networks
- Leading physical and digital infrastructure
- Responsible use of natural resources
- Access to financial capital

How we create value



Strategic Vision

To be a leading healthcare provider of the future

Risk and Governance

Outcomes	Measuring our value
Employs over **88,000** people globally	• Gender balance - 46% of senior leadership and 43% of non-executive directors are women • Hundreds of participants in new leadership, nursing and allied health advancement programs • 49 participants in global Ramsay Leadership Academy • Global Engagement and Enablement Survey • Recruited hundreds of new clinical and corporate graduates
Innovative care models, quality clinical outcomes, attracting best in class clinical specialists and partners	• Maintained strong NPS results • Established 5 global Communities of Practice • Inaugural Clinical Excellence Summit • Over 1,000 clinical and research projects
Integrated patient centred care, delivering more services along the patient pathway and supporting public health system	• Strategic growth in four key therapeutic areas of cardiology, oncology, orthopaedics and mental health • Network growth with the acquisition of Elysium and GHP Speciality Care • Inaugural doctor engagement survey
Expanding, upgrading and investing in physical and digital footprint, FY22 global investment $2.2bn	• $276m invested in greenfield and brownfield projects • $94m invested in growth projects including new imagining equipment
Focus on improving environmental performance including recycling and reducing plastics and greenhouse gas emissions	• Committing to Net Zero greenhouse gas emissions by 2040 • Avoided or replaced more than 38 million single-use plastics • Switching to 100% renewable electricity in the UK • Installing over 5,000 solar panels in Australia
Competitive cost of capital, strong dividend payments and full rate of taxes paid	• $371m in dividends paid in FY22 • $229m in income taxes paid in FY22 • Supportive banking relationships • Awarded APLMA syndicated SLL deal of the year

Megatrends

External trends play a critical role in our ability to create long term value for all stakeholders. These factors are key inputs into the development of Ramsay's vision and strategy and will shape our long-term legacy.

Trend	Description
SOCIETAL & DEMOGRAPHIC CHANGES	• As Baby Boomers age in the western world, the population will have a higher proportion of people in the 65-80 age demographic. This may result in an increasing prevalence of co-morbidities impacting patient care and length of stay • Governments investing in high profile public campaigns to improve lifestyle behaviours such as smoking and drug abuse • Growth in demand for mental health care services creating an increasing burden on the healthcare sector
CHANGING PATIENT AND DOCTOR EXPECTATIONS	• Patients seeking greater convenience and a consumer-centric experience • Doctors seek to broaden pathway participation and enable 'top of role' opportunities
TECHNOLOGY CHANGE	• Digitisation of healthcare enabling convenient and continuous care. Lower cost care options enabled by digitisation • Digitisation driving the growth in wellness and prevention tools and businesses creating increased competition • Data enabling enhanced care coordination and clinical management
EMERGENCE OF NEW COMPETITORS	• Entry of new digitally-enabled lower cost competitors
CLINICAL INNOVATION	• Earlier diagnosis as a result of improved screening / diagnostic techniques • Lower cost interventional activity • Clinical innovation enabling migration of care to lower acuity settings
INCREASED PAYOR SOPHISTICATION AND PRESSURE ON GOVERNMENT FUNDING	• Reimbursement increasingly focused on value – cost and clinical outcomes • Increasing sophistication in negotiations and leveraging of data in contract design • Increasing demand for healthcare services due to the ageing demographic combined with the long lasting impact of COVID-19 on the system will place pressure on government funding sources
CLIMATE CHANGE	• Climate change and extreme weather events have the potential to increase demand for services eg respiratory problem, certain cancers • May demand significant changes and investment in our facilities to adapt to local climate issues and lower our environmental footprint
WORKFORCE	• A shortage of talent in the healthcare sector has been made more acute by the COVID-19 crisis • Shortages across nursing and clinicians difficult to change in the short term and will have a significant impact on capacity utilisation

Strategy

We believe that Ramsay is uniquely positioned to take advantage of the megatrends facing the industry, building on our global platform, enviable culture and strategic relationships to become a leading healthcare provider of the future. Our strategy for growth and transformation is built on four important pillars:

1. Growing, modernising and leveraging our world class hospital network
2. Moving purposefully into new and adjacent services
3. Operational excellence to deliver value for all stakeholders
4. Strong organisational foundations to underpin our achievements

Together, the pillars support our Vision, Mission and Purpose

OUR VISION: To leverage our global platform and be a leading healthcare provider of the future

By growing, modernising and leveraging our **World Class Hospital Network**

- Organic growth
- Strategic expansion
- Strategic growth in key therapeutic areas

Integrated patient-centred care

And moving purposefully into **New & Adjacent Services**

- Extended patient pathway
- Broader digi-physical care delivery
- New services, existing regions
- Diagnostic and imaging services
- New payers and funding models

OUR MISSION: Creating a best-in-class, digitally enabled healthcare ecosystem - to change what is possible for your health

Operational Excellence *will deliver value for all stakeholders*

- Procurement
- Operational efficiencies
- Excellence in service delivery

Strong Organisational Foundations *will underpin our achievements*

- Digital and data transformation
- Clinical excellence
- Industry leading talent
- Ramsay Cares sustainability strategy
- Strategic partnerships and M&A capability

OUR PURPOSE: People caring for people

5.

Key Risks

We are committed to meeting high standards of risk management. Effective risk management is the result of the collaborative endeavours of all key stakeholders and is engrained in our Ramsay culture. Ramsay faces a number of business risks that could affect our operations, business strategies and financial prospects. The key risks[1] are described below, together with relevant mitigation strategies.

Risk	Potential impact	How Ramsay is responding
COVID-19		
COVID-19 continues to have a significant impact globally.	• Government intervention in relation to the nature and scale of surgeries • Illness, quarantine, fatigue and mental health impacts to our people • Workforce shortages, including due to health care as a profession being perceived as less desirable • Supply chain disruptions • Higher inflation resulting in increased costs • Detrimental economic impacts increasing levels of unemployment that could result in declines in private health insurance membership • Negative public perception of the safety of hospitals impacting volume of elective surgery	Ramsay has developed strong relationships with relevant government agencies and representatives in the regions in which it operates. This helps to ensure that the impacts to Ramsay (as part of the broader health care sector) are understood by government in considering the industry-wide response. Ramsay has had in place, and continues to negotiate, agreements with government in each of its key operating geographies to provide Ramsay with a level of cost recovery in return for such capacity arrangements (except for France, where there is a level of revenue recovery). Ramsay is providing support to employees, including through additional training, its Employee Assistance Programs and other wellness initiatives. Strict safety protocols have been implemented in hospitals and Ramsay has supply chain strategies in place to ensure adequate PPE.
PEOPLE / WORKFORCE		
People are Ramsay's most important asset and are key to the organisation's ongoing success. It is important that Ramsay continues to attract and retain world class talent and provides a safe working environment.	• Inability to develop and implement strategy • Increased costs to the business associated with employee turnover and/or shortages • Reputational damage and/or financial penalties due to serious injury to a person as a consequence of failure to maintain a safe workplace • Operational disruption due to strikes or other forms of industrial action	Ramsay strives to continue to be an employer of choice to attract and retain employees, by: • Ensuring an attractive employee value proposition (e.g. remuneration, flexible working, career progression, succession planning, training and development) • Maintaining an effective workplace health and safety framework. This framework includes policies, training, incident management, monitoring and reporting of safety performance • Investment in projects, technology and infrastructure • Focussing on The Ramsay Way culture - *People caring for people*

[1] This report does not identify every risk that could affect Ramsay's business and the actions taken to mitigate these risks cannot provide absolute assurance that a risk will not materialise. Risks presented in this section are in no particular order.

Risk	Potential impact	How Ramsay is responding
CLINICAL QUALITY & SAFETY		
The safety of our patients and the delivery of high quality clinical care is fundamental to Ramsay's success.	• Reputational damage as a consequence of poor clinical outcomes • Financial loss resulting from potential significant medical malpractice incidents or claims • Potential impact on ability to recruit and retain clinicians and employees	Ramsay has in place a comprehensive Clinical Governance Framework, which includes: • Clinical effectiveness to ensure a high standard of quality and continuous improvement • Clinical risk management ensuring our services are safe and minimise risk of error • Credentialing, licensing and training frameworks • Consumer participation which involves patients and carers in quality improvement activities and business planning through feedback.
RELATIONSHIPS WITH DOCTORS		
The recommendation of a patient's doctor is often the most significant factor in a patient's choice of hospital in many of Ramsay's regions. Most doctors operating or working at Ramsay's hospitals are not employees (other than in Scandinavia) and therefore have a choice of where to practice.	• Loss of doctors and associated patient referrals • Inability to provide leading clinical services • Additional costs associated with doctor's decisions e.g. theatre times, use of supplies and timing of patient discharge	Ramsay continually invests in its facilities (e.g. theatres, equipment, nurses, beds and suites) and ensures it has strong relationships with its doctors through regular support and engagement, including providing education forums and opportunities for innovative research. Customer feedback (e.g. Net Promoter Score, complaints, etc.) is closely monitored as this also impacts on doctor recommendations to patients.
GOVERNMENT POLICY & REGULATION		
Ramsay operates in the healthcare industry which is subject to extensive laws, regulations, policies and ethical standards (which may vary by jurisdiction). Government policy may materially impact the role of Ramsay in provision of healthcare and/or the affordability of private health insurance.	• Policies may effectively reduce the role of the private sector in a country's health system, including the involvement of the private sector in the provision of healthcare to public patients • Economic factors or regulations may impact the affordability of private health insurance (particularly in Australia) and result in a reduction in the level of private health insurance coverage	Ramsay closely monitors current and proposed government policy and regulation in each country in which it operates, including through: • Maintaining and developing relationships with Government in all regions in which it operates. This takes place at all levels of government and at various levels within the business (e.g. at a national and local level) • Membership and/or leadership in various industry representative bodies to ensure input into government healthcare policies and initiatives
GEOPOLITICAL		
Ramsay's global operations rely on international supply chains. Geopolitical tensions may impact cost and availability of supply which may impact the role of Ramsay in the provision of healthcare.	• Cost increases caused by geopolitical tensions • International sanctions may impact the availability of supply	Ramsay closely monitors its supply chain risks and seeks to mitigate its risk through as number of actions including: • Good supplier relationship management • Alternate supply arrangements • Monitoring of international sanctions • Global procurement strategy that leverages diverse supply chains
FUNDERS - HEALTH INSURANCE FUNDS & GOVERNMENT SOURCES		
Ramsay relies on funding provided by private health insurers and governments in the provision of its services. Changes in government or health insurance funding could have a material impact on Ramsay's operations.	• Failure to reach satisfactory commercial terms with major insurers or changes to government funding arrangements • Reduction in earnings from health insurance funding due to a decline in the profitability of health funds, a decline in health fund membership or an inability of health funds to obtain premium increases (because of government regulation or other restrictions)	Ramsay plays an important role in supporting the health systems in the regions in which it operates and works to foster strong working relationships with both private health insurers and government funders. Our commitment to clinical quality as well as provision of cost effective, outcome focused care demonstrates to third party funders the value in contracting with Ramsay.
CYBER SECURITY		
Ramsay handles and stores personal information, including health information, digitally and in paper form for its customers and employees. A cybersecurity incident may result in damage or interruption to Ramsay's information or operational systems, or those provided by third party vendors.	• Suboptimal patient experience or patient harm due to delays or disruption to service delivery • Potential consequences for individuals (including patients and employees) of a privacy breach • Increased costs as a result of recovery strategies and/or financial penalties • Reputational damage as a consequence of a cyber breach	Cybersecurity risk is addressed through a Global Cybersecurity Framework which includes controls associated with prevention, detection and recovery. In addition, the Framework is externally validated, routinely tested and subject to ongoing review and continuous improvement.

Risk	Potential impact	How Ramsay is responding
COMPETITION, INNOVATION, DEVELOPMENTS & ACQUISITIONS		
Ramsay's growth strategy may be impacted by industry disruption, innovation, the actions of our competitors, the ability to identify future acquisitions or generate returns on developments.	• Limited growth or inability to maintain earnings • Limited improvement in service delivery when compared to competitors • Difficulty in attracting and retaining employees • Inability to fully respond to industry changes • Redundancy of services and assets	Innovation is a key component of Ramsay's strategy. This involves exploring out of hospital opportunities, digital strategies as well as investing in facilities (new and existing) and new technologies to ensure that Ramsay is meeting consumer needs now and in the future. Prior to undertaking any acquisition or development, Ramsay undertakes comprehensive due diligence to identify key risks and ensure appropriate valuation, uses external advisors and all acquisitions are considered by the appropriate executive committee or the Board.
CAPITAL STRUCTURE		
Ramsay's capital structure is designed to support its strategy and to be resilient to changes in equity and debt markets.	• Constrained capacity to execute strategy • Increased costs of funding • Reduced availability of funding • A lower credit rating likely leading to an increase in funding costs and/or less funding sources	Ramsay's capital management plan is designed to ensure a strong balance sheet to support its strategy over the medium to long term. This includes a plan for maintaining diverse sources of capital, ongoing monitoring and compliance with limits and other thresholds as set out in the Treasury Policy. A robust capital structure is maintained to provide capacity within Ramsay's lender base at efficient pricing. The balance sheet can be flexed in the short term to accommodate strategic investments such as acquisitions and capital expenditure. The Treasury policy provides a framework for the management and regular reporting to the Board of financial risks including liquidity and refinancing risk, interest rate risk, foreign exchange risk and counterparty credit risk.
SUSTAINABILITY & CLIMATE CHANGE		
Ramsay is committed to sustainability and being resilient to a changing climate through our Ramsay Cares Sustainability Strategy.	• Loss of reputation leading to inability to attract employees and capital investment • Increased operating costs from being inefficient and exposure to more extreme weather events • Missed opportunities in responding to a transition to a low carbon economy	The Ramsay Cares Sustainability Strategy outlines a shared vision for sustainability across the global businesses. Ramsay Cares sets measurable targets and is supported by an investment plan. Key focus areas include the mental health and the wellbeing of our people, setting the foundations to reduce our energy and emissions intensity and an emphasis on responsible sourcing within our medical supply chains. This year, Ramsay has committed to both near-term and long-term science-based decarbonisation targets to achieve net zero greenhouse gas emissions consistent with a 1.5-degree pathway. Ramsay is continuing to build on risk assessments in each region to identify climate related risks and how they may impact our business. The Ramsay FY22 Impact Report will include disclosures informed by the Task Force on Climate-related Financial Disclosures (TCFD) recommendations.
LEGAL & REGULATORY		
Ramsay operates in a highly regulated industry. Hospitals are required to be licensed under various legislation in the jurisdictions within which they operate. Ramsay may also be involved in disputes or litigation, for example, with patients, suppliers, funders, regulatory bodies, or employees.	• Inability to operate a hospital if it is not accredited • Reputational damage due to lack of compliance or disputes • Costs associated with litigation (e.g. legal costs and damages) or lack of compliance (e.g. penalties)	Ramsay has a framework to manage and monitor its legal and regulatory obligations. This includes compliance with local laws, employee training and effective management of licensing and accreditation.

6.

Operating and Financial Review

Martyn Roberts,
Group Chief Financial Officer

Group Performance

1. Key Highlights

- The financial impact of COVID in FY22 was the most severe of the pandemic due to the high incidence of COVID cases in the community across all regions and elective surgery restrictions imposed in Australia. The result reflects the challenges of the operating environment including disruption to activity levels and an increase in labour and PPE costs. The estimated impact of the disruption in Australia at the EBIT level net of government support payments ($12m) was $264m
- During FY22 Ramsay continued to make its facilities and clinical capabilities available to support public health systems in the regions in which it operates, to assist in the response to further outbreaks of the COVID virus. In return, governments contributed to the overall viability of the private hospital sector through contractual or legislative support
- Ramsay continued to invest in the business to drive future growth. Capital expenditure for the period was $733.4m compared to $674m in the pcp. This included $350m in greenfield and brownfield developments and growth projects including investment in diagnostics. A number of new facilities were opened during the period that will contribute to earnings in coming years
- Ramsay successfully completed a number of acquisitions during the year. The result includes a 5 month contribution from the Elysium Healthcare (Elysium) acquisition which was completed on 31st January 2022 and an initial 2 month contribution from the Ramsay Santé acquisition of GHP Speciality Care AB (GHP) completed at the beginning of May. The combined EBIT contribution was approximately $26m. Both Elysium and GHP are performing in line with expectations and are expected to be EPS accretive in FY23
- Non-recurring items had a negative impact on EBIT of $60.5m compared to a negative impact of $34.2m in the pcp.
- A final fully franked dividend of 48.5cps was determined taking the full year dividend to 97.0cps

Ramsay CEO and Managing Director Craig McNally with Elysium CEO Joy Chamberlain, Ramsay Group Chief People Officer Colleen Harris, Elysium Executive Medical Director, Prof. Quazim Haque, Elysium CFO Keith Browner, Cinical Lead at Crossley Place, Chloe Burrows and Ramsay Group CFO Martyn Roberts outside an Elysium facility, Crossley Place, in Prescot, UK

1 Overview of Results

Year Ended 30 June A$'m	2022	2021	Chg (%)	Chg(%) CC[1]
Asia Pacific	5,361.2	5,464.1	(1.9)	(2.0)
UK	1,321.5	1,024.1	29.0	27.5
Europe	7,064.4	6,839.9	3.3	6.3
Total segment revenue & other income	**13,747.1**	**13,328.1**	3.1	6.7
Asia Pacific	725.5	866.5	(16.3)	(16.9)
UK	82.0	182.4	(55.0)	(55.1)
Europe	1,160.1	1,154.3	0.5	3.7
EBITDAR	**1,967.6**	**2,203.2**	(10.7)	(9.3)
Rent and short term low value leases	(137.4)	(149.7)	8.2	9.3
Asia Pacific	713.6	855.1	(16.5)	(16.7)
UK	80.1	181.2	(55.8)	(55.9)
Europe	1,036.5	1,017.2	1.9	5.3
EBITDA	**1,830.2**	**2,053.5**	(10.9)	(9.3)
Depreciation	(881.8)	(849.3)	(3.8)	(5.6)
Amortisation & impairment	(57.1)	(71.6)	20.3	20.3
Asia Pacific	467.3	636.0	(26.5)	(26.6)
UK	(26.2)	92.8	(128.2)	(126.4)
Europe	450.2	403.8	11.5	15.9
EBIT	**891.3**	**1,132.6**	(21.3)	(19.7)
Financing costs (AASB16 Leases)	(242.2)	(234.2)	(3.4)	(4.4)
Net other financing costs	(110.6)	(156.8)	29.5	29.5
Profit before Tax	**538.5**	**741.6**	(27.4)	(25.1)
Income Tax Expense	(159.3)	(230.1)	30.8	28.7
Net Profit after tax	**379.2**	**511.5**	(25.9)	(23.5)
Attributable to non-controlling interests	(105.2)	(62.5)	(68.3)	(77.2)
Net Profit after tax attributable to owners of the parent	**274.0**	**449.0**	(39.0)	(37.6)
Final dividend per share (¢)	48.5	103.0	(52.9)	-
Basic Earnings per share (after CARES dividend) (¢)	116.3	193.2	(39.8)	-
Fully diluted earnings per share (after CARES dividend) (¢)	116.1	192.6	(39.7)	-
Weighted average number of ordinary shares (m)	227.8	227.7	-	-
Fully diluted weighted average number of shares (m)	228.3	228.4	-	-

1 *Constant currency*

1.1 Revenue Breakdown by type

Year Ended 30 June A$'m	2022	2021	Chg (%)	Chg (%) CC[1]
Revenue from patients and other revenue	13,174.0	12,435.5	5.9	7.4
Revenue from governments under COVID support contracts	138.4	428.7	(67.7)	(68.1)
Revenue from contracts with customers	**13,312.4**	**12,864.2**	**3.5**	**4.1**
Interest income	36.2	7.1	409.9	422.7
Other income - income from government grants	402.0	428.3	(6.1)	(3.3)
Other income - income from sale of development assets	1.8	20.4	(91.2)	(91.3)
Other income - net profit on disposal of non-current assets	23.8	12.3	93.5	104.3
Total revenue and other income before intersegment revenue	**13,776.2**	**13,332.3**	**3.3**	**4.6**

1 *Constant currency*

Group revenue from patients increased 5.9% on the pcp, the improvement reflecting the change in the nature of Ramsay UK's agreements with the NHS compared to the pcp combined with a five month contribution from the Elysium acquisition ($284.3m) and organic and inorganic growth in the Nordics region. Reflecting the strength of the Australian dollar against the euro during the financial year, in constant currency terms revenue increased 7.4%.

During FY22 Ramsay continued to make its facilities and clinical capabilities available to support public health systems in the regions in which it operates, to assist in the response to further outbreaks of the COVID virus. In return, governments contributed to the overall viability of the private hospital sector through contractual or legislative support.

Revenue from "Governments under COVID support contracts" reflects payments received under agreements with governments in both the UK ($126.1m) and Australia ($12.3m) that were designed to compensate Ramsay for the net recoverable costs associated with maintaining its facilities and workforce for use by the public sector if required[1]. In FY22 Ramsay UK only operated under a support contract for the period 10th January to 31st March 2022 whereas in FY21 the business operated under different support contracts for the period 1st July 2020 through to 31st March 2021.

"Other income from government grants" reflects payments received under the French Government decree which provided compensation for both lost revenue and the costs to Ramsay Santé providing its facilities and services to assist with supporting COVID patients. It also includes compensation for COVID related costs from governments in the Nordic region and the French Government compensation for the material wage increase granted to nurses across the system in 2020.

Income from the sale of development assets relates to the sale of consulting suites in Australia.

Net profit on the disposal of assets reflects the sale of assets in France, the Nordics and the Asia Pacific region.

2 EBIT

Group EBIT

Non-Recurring Items in the FY22 Result

A$'m	Asia Pacific	UK	Europe	RHC Group
Net profit on disposal of non-current assets and businesses	8.6	-	10.6[1]	19.2
Expensing of IT and other assets	(12.6)	(0.2)	-	(12.8)
Impairment of fixed assets	(10.1)	-	(1.2)	(11.3)
Refund of prior year rent	-	-	8.3	8.3
Inventory write off	(4.3)	(18.0)	-	(22.3)
Write back of a provision for indemnities and warranties	-	-	24.8	24.8
Non-recurring employee costs	(10.0)	-	-	(10.0)
Transaction costs/ Acquisition, disposal, and development costs	(11.8)	(26.2)	(18.4)	(56.4)
Total EBIT Impact	**(40.2)**	**(44.4)**	**24.1**	**(60.5)**
Bank loan facility break costs netted against interest savings	(7.4)	-	-	(7.4)
Net swap mark to market movements	-	-	34.1	34.1
Total PBT Impact	**(47.6)**	**(44.4)**	**58.2**	**(33.8)**

1 Net of a loss on sale of facilities in France of $4.7m

Non-Recurring Items in the FY21 Result

A$'m	Asia Pacific	UK	Europe	RHC Group
Net profit on disposal of non-current assets	11.9	-	12.3	24.2
Transaction costs/ Acquisition, disposal, and development costs	(5.7)	(8.7)	(9.4)	(23.8)
Impairment/write off of fixed assets	(7.1)	-	(27.5)	(34.6)
Total EBIT impact	**(0.9)**	**(8.7)**	**(24.6)**	**(34.2)**
One-off tax credit	-	12.8	-	12.8

Group EBIT declined 21.3% on the pcp and includes the impact of COVID on activity levels and costs of elective surgery restrictions, movement restrictions, and cancellations at short notice by doctors and patients; the higher costs associated with operating in a COVID environment including higher staffing costs due to the impact of isolation orders and higher PPE costs; inflationary pressures in particular in the UK and Europe; and the impact of case mix changes.

EBIT includes initial contributions from acquisitions made over the last 12 months, the most material being Elysium contributing $23.1m for the five months of ownership.

In Australia the estimated total impact of the disruption related to COVID in FY22 was $276m and in Ramsay UK the estimated impact of the additional costs associated with operating in a COVID environment was $56m.

Rental and short term low value lease costs declined primarily reflecting the refund of prior year rent of $8.3m in France.

Transaction, acquisition and developments costs primarily relate to the proposed scheme of arrangement for Spire Healthcare plc which was voted down by Spire shareholders in July 2021 and the acquisition of mental healthcare provider Elysium. It also includes transaction costs associated with the acquisition of GHP in Europe and costs incurred in relation to an approach from a consortium of financial investors headed by KKR to acquire 100% of the shares in Ramsay by way of a scheme of arrangement.[2]

Net profit on disposal of assets relates to the sale of two facilities in France and the profit on the sale in the Asia Pacific region. The $19.2m profit compares to the $24.2m profit on the sale of assets and investments in Europe and Australia booked in the pcp.

The expensing of IT and other assets relates to the internal decision to increase the threshold for capitalising assets.

The write back of indemnities and warranties relates to the indemnity raised in FY21 against the sale of the German asset portfolios which is no longer required.

[1] Refer to the Divisional Performance for further information on these agreements
[2] Refer ASX announcements 20th April 2022 "Response to Media Speculation - Receipt of Non-Binding Indicative Proposal"

Inventory write-offs relate to medical supplies acquired at the peak of COVID which are in most cases past use by dates.

Refer to Divisional Performance for further detail

3 Financing Costs and Tax

Net financing costs (excl. financing costs associated with AASB16 leases) declined 29.5% on the pcp and includes the $7.4m net upfront cost of terminating two fixed rate loan facilities totalling $200m which were due to expire in FY25. The net reduction in financing costs in future years is estimated at $3.6m in both FY23 and FY24 and $1.2m in FY25.

Net financing costs benefited from a non cash mark to market of interest rate swaps of $34.1m used in the hedging of Ramsay Sante's debt facilities and lower average base rates over the period.

The effective tax rate for the full year was 29.6% compared to 31% in the pcp and includes the benefit of a lower corporate tax rate in France.

The franking account balance at 30th June 2022 was $868m. Following the payment of the CARES dividend and the ordinary final dividend the balance will be approximately $818.1m.

4 Balance sheet

A$'m	30-6-2022	31-12-2021	30-6-2021
Working capital	(337.7)	(368.5)	(794.8)
Property plant & equip	4,806.9	4,537.1	4,488.6
Intangible assets	5,799.0	4,320.6	4,233.6
Current & deferred tax assets	111.7	177.5	150.7
Other assets/(liabilities)	(153.9)	(305.0)	1,646.2
Capital employed (before right of use assets)	**10,226.0**	**8,361.7**	**9,724.3**
Right of use assets	4,627.7	4,315.8	4,411.5
Capital employed	**14,853.7**	**12,677.5**	**14,135.8**
Capitalised Leases (AASB16)	**5,482.4**	**5,182.0**	**5,271.0**
Net Debt (excl. lease liability debt & incl. derivatives)[1]	4,845.1	2,985.9	4,314.0
Total shareholders funds (excl. minority interest)	3,933.5	3,958.3	4,032.7
Invested Capital	**8,778.6**	**6,944.2**	**8,346.7**
Funding Group Net debt (excl. lease liability debt and incl derivatives) A$'m	2,416.8	840.7	2,565.1
Return on Capital Employed (ROCE) (%)[2]	6.6[3]	8.5	9.3[3]
Return on invested capital (ROIC) (%)[4]	3.6[3]	5.5	7.0[3]
Funding Group Leverage (Old Lease Standard AASB 117) (x)	3.3	1.0	2.9
Consolidated Group Leverage (New Lease Standard AASB 16) (x)	5.7	4.2	4.7

1 Net debt includes derivatives and excludes lease liabilities
2 ROCE - 12 month rolling EBIT / average of opening & closing capital employed
3 Proforma excluding funds in escrow for the Spire transaction
4 ROIC - defined as 12 month rolling NPAT (based on AASB16)/shareholder equity and net debt (pre AASB16 EBIT). Consistent with LTIP calculation

The key changes in the balance sheet over the 12 month period relate to the refund of the funds held on escrow for the proposed Spire Healthcare acquisition at 30th June 2021, the acquisition of Elysium in the UK[1] and the acquisition by Ramsay Santé of Swedish listed healthcare company GHP. The Elysium acquisition valued the business on a pre-IFRS 16 enterprise value of £775m (A$1.4bn). The GHP acquisition valued the business on an enterprise value of approximately €240m (~ A$370m).

The change in working capital is mostly as a result of an increase in the trade and other receivables balance as funding under the government grants provided under the French Government revenue guarantee decree reduced and more usual invoicing and payment patterns with customers resumed.

Funding group leverage reflects the significant investment in the business over the twelve month period combined with the impact of COVID on activity levels and margins. Leverage metrics do not reflect the benefit of a full 12 month contribution from completed brownfield developments.

[1] Refer ASX announcements 13th December 2021 and January 31st 2022 for further details on the transaction

5 Cashflow

Year ended 30 June A$'m	2022	2021	Chg (%)
EBITDA	1,830.2	2,053.5	(10.9)
Changes in working capital	(457.1)	(72.7)	(528.7)
Finance costs	(375.4)	(367.5)	(2.1)
Income tax paid	(229.3)	(228.2)	(0.5)
Movement in other items	(52.9)	96.1	(155.0)
Operating cash flow	**715.5**	**1,481.2**	**(51.7)**
Capital expenditure	(708.5)	(628.9)	12.7
Free cash flow	**7.0**	**852.3**	**(99.2)**
Net divestments/(acquisitions)	734.1	(1,910.2)	138.4
Interest & dividends received	4.4	34.9	(87.4)
Cash flow after investing activities	**745.5**	**(1,023.0)**	**172.9**
Dividends	(371.0)	(125.1)	(196.6)
Other financing cash flows	(1,039.9)	709.1	(246.7)
Net increase/(decrease) in cash	**(665.4)**	**(439.0)**	**(51.6)**
Interest cover (x) (EBITDA/finance charges)	4.9	5.6	-

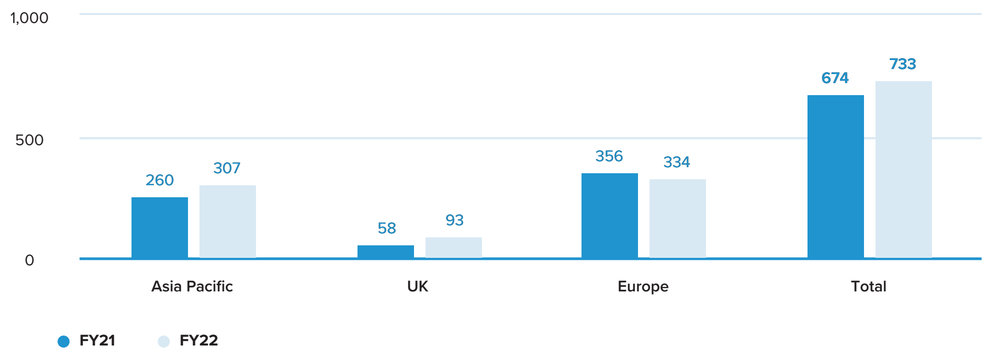
Net acquisitions largely reflects the net movement of the return on capital held in escrow at 30th June 2021 in relation to the proposed Spire acquisition and the funds used to acquire Elysium Healthcare in 2HFY22. These movements are also reflected in other financing cashflows.

The increase in dividends reflects the fact that there was no final dividend paid in relation to the FY20 period in FY21.

Cash capital expenditure increased 12.7% to $708.5m reflecting the growing pipeline of projects in Australia and Europe combined with 5 months of the Elysium business.

Committed Group capital expenditure was $733.4m an increase of 8.7% on the pcp split:

Capital Expenditure by Region ($'m)



Group Capital Expenditure by Type (%)

Group Capital Expenditure by region (%)

6 Outlook

Group

- **Ramsay has invested approximately $2.7 billion over the past two financial years to expand and upgrade its facilities and broaden its service base**. This investment is underpinned by: **demographic trends** driving strong demand for healthcare services in western countries; **advances in clinical practice** improving patient outcomes and extending life expectancy; the **elective surgery backlog** created by the pandemic combined with an increase in demand for some non-surgical services ; and increased Government focus on the importance of **investment in maintaining strong, efficient healthcare systems.**
- Underlying earnings growth in FY23 **will benefit from the additional capacity created over the last few years combined with full year contributions from Elysium and recent acquisitions in Europe**. The focus will remain on driving the synergies, realising the growth opportunities and improving returns.
- In the near term, the industry **continues to be under pressure from a high level of COVID cases in the community** combined with the **highly restrictive guidelines around the patient pathway together with the resultant impact on the availability of the workforce,** impeding a recovery in volumes and productivity.
- The French Government has indicated that it will **extend the revenue guarantee from 1st July 2022 to 31st December 2022**[1], providing stability to earnings in the French acute hospital business while the operating environment remains unpredictable.
- Our partnership and relationships with Governments in each of our markets have developed over the last few years. We believe there will be **meaningful opportunities for the private sector to partner with Governments in the future**. Given our global health care capabilities and proven reliability as a private sector operator Ramsay is uniquely qualified to be a core healthcare partner.
- Given inflationary and COVID related pressures on costs Ramsay will focus on **negotiating improved terms with payors to reflect this,** (both health funds and governments) **leveraging the Groups global scale in procurements and driving efficiency and productivity improvements** where the operating environment allows.
- Ramsay believes the **outlook for the Group remains strong.** Our world class hospital network combined with our outstanding people and clinicians give us confidence that the business is well placed to take advantage of the positive long term dynamics driving the healthcare industry. **We expect a gradual recovery through FY23 and more normalised conditions from FY24 onwards.**
- As announced to the ASX on 9th September 2022, discussions between Ramsay, Sime Darby Berhad and IHH Healthcare Berhad in relation to a potential sale of the Ramsay Sime Darby Health Care Sdn Bhd joint venture have concluded. The discussions did not result in a binding agreement for the sale of Ramsay Sime Darby.
- On 20th April 2022, Ramsay announced it had received a conditional, non-binding, indicative proposal from a consortium of financial investors led by KKR to acquire 100% of the shares in Ramsay by way of a scheme of arrangement at an indicative price of A$88.00 cash per share (reduced by the value of any dividends paid). On 26th September 2022, Ramsay announced to the ASX that the Ramsay Board and the consortium had mutually agreed to terminate discussions.

Over the medium term Ramsay will continue to pursue and invest in its strategy to be a leading integrated healthcare provider of the future:

- Growing, modernising and leveraging our **World Class Hospital Network:**
  - Group capital expenditure for FY23 is expected to be in the range $0.85bn-1.0bn. Investment in greenfield and brownfield development and growth initiatives is expected to be in the range $515-570m
- Moving purposefully into **New & Adjacent Services:**
  - Ramsay will continue to assess bolt on and partnership opportunities in all regions;
  - Investment in digital and data initiatives to transform the business and drive efficiencies will be accelerated to leverage Ramsay's existing business base, support margins and deliver an integrated healthcare experience for patients;
  - Investment in meeting the increasing demand in mental health services across our markets will continue including the roll-out of a further 10 psychology clinics in Australia in FY23 and a number of investment and bolt on opportunities in the Elysium business;
  - Growth initiatives will include investment in diagnostics and day surgeries in all markets.
- Extract the highest potential value through **Operational Excellence:**
  - Expand the Group's procurement strategy to leverage the Company's scale to maximise benefits;
  - Focus on productivity improvements to partially offset the inefficiencies created by the COVID operating environment;
  - Work with our top global supplier relationships to create mutually beneficial partnerships.
- Reinforcing Ramsay's **Strong Organisational Foundations:**
  - Ramsay will continue its investment in clinical research and development to support our clinicians and improve patient outcomes;
  - There are a range of programs being rolled out across the regions to reach Ramsay's commitment to a net zero target;
  - The business has increased investment in enhanced recruitment, training and retention programs to ensure it has the right people to drive the business in the complex healthcare environment and remain competitive in the market.

For further information on the **Outlook** refer to Divisional Performance for further details

[1] This is yet to be confirmed by decree

Divisional Performance

7 Asia Pacific

7.1 Results Summary

Australia

Year Ended 30 June A$'m	2022	2021	Chg (%)
Revenue from patients and other revenue	5,331.4	5,429.7	(1.8)
Revenue from governments under COVID support contracts	12.3	11.1	10.6
Other income - income from the sale of development assets	1.8	20.4	(91.2)
Other income - net profit on disposal of non-current assets	8.6	-	-
Intersegment revenue	7.1	2.9	144.8
Total segment revenue and other income (less interest income)	**5,361.2**	**5,464.1**	**(1.9)**
EBITDAR	**710.2**	**855.7**	**(17.0)**
Rent	(11.9)	(11.4)	(4.4)
EBITDA	**698.3**	**844.3**	**(17.3)**
Depreciation	(222.4)	(204.9)	(8.5)
Amortisation and impairment	(23.9)	(14.2)	(68.3)
EBIT	**452.0**	**625.2**	**(27.7)**
Financing costs associated with leases (AASB16 leases)	(42.2)	(38.8)	(8.8)
EBIT after financing costs associated with leases	**409.8**	**586.4**	**(30.1)**
Capital Expenditure	307.0	260.0	18.1

Contribution from Asian Joint Venture

Year Ended 30 June A$'m	2022	2021	Chg (%)
Share of profit from Joint Venture	15.3	10.8	41.7

Year Ended 30 June MYR'm	2022	2021	Chg (%)
Revenue	1,178.2	1,077.8	9.3
EBITDA	259.6	240.8	7.8
EBIT	**158.7**	**133.3**	**19.1**

Ramsay Australia CEO Carmel Monaghan visiting Joondalup Hospital in Western Australia

7.2 Review of Results

7.2.1 Australia

Total revenue and other income declined 1.9% to $5,361.2m on the pcp and primarily reflects the impact of COVID on activity levels and case mix over the period with a skew to day surgery reflecting government imposed surgical restrictions.

During the period Ramsay Australia assisted the NSW and Victorian state governments with both staff and facilities under the private hospital funding agreements put in place at the start of the COVID pandemic. These agreements allow for activity based payments (includes for example public patient admissions, staff deployment to public hospitals, residential aged care facilities and vaccination centres and reserved beds) and viability payments being net recoverable costs less any revenue generated from operations (including all public activity based funding calculated on an accruals basis) to be claimed in return for maintaining workforce capacity at facilities required to assist with the COVID pandemic. Viability revenue in respect of recouping net recoverable costs under these contracts for the 12 month period was $12.3m.[1]

Revenue from patients includes activity based payments for work done for NSW and Victorian governments charged on a cost recovery principle. This contributed approximately one third of the $130.5m of public patient revenue earned in these states during the period.

Revenue from Pharmacy services increased 3.3% to $478.9m, the business was impacted by reduced activity due to COVID.

Over the first nine months of FY22 the business was materially impacted by lock-downs and isolation orders driven by an increase in COVID cases, combined with state government mandated surgical restrictions intended to limit private hospital activity in order to free up capacity for the potential overflow of urgent surgical and non surgical cases from public hospital facilities.[2]

Over the final three months of FY22, the business was impacted by the disruption caused by high COVID case numbers in the community and the flow on effect to activity levels due to the reduced availability of staff, a high level of cancellations at short notice due to COVID impacted clinicians and patients, combined with higher staffing costs due to staff shortages and increased agency costs.

Total admissions declined 2.3% on the pcp (increased 1.4% on FY19) with day patient admissions declining 0.7% on the pcp (up 5% on FY19) and inpatient admissions declining 5.4% on the pcp (down 5.4% on FY19). Key drivers of the mix included:

- Surgical admissions per work day declined 4.5% on the pcp (increased 1.8% vs FY19), driven by a 8.4% decline in overnight and a 2.5% decline in day surgery. NSW and Western Australia were the most severely impacted States given the extensive surgical restrictions over the 12 month period and the relative size of those States in the portfolio. The improved performance of Victoria during the period relative to the pcp reflects the more severe impact of restrictions in the pcp
- Non-Surgical admissions per work day increased 0.6% on the pcp (increased 0.1% compared to FY19) driven by:
  - Medical admissions increased 2.5% (up 5.4% vs FY19), driven by overnight down 1.8% and same day increased 4.8%
  - Psych admissions declined 10.2% (down 15.7% vs FY19), driven by overnight down 5.4% and same day declining 11.6% reflecting the ongoing reluctance of both doctors and patients to visit hospital environments
  - Rehab admissions increased 1.2% (down 3.5% vs FY19), driven by overnight down 5.7% and same day increasing 2.7%
  - Maternity admissions increased 5.8% (down 0.1% vs FY19)

EBITDAR declined 17% reflecting: a change in case mix; higher personnel costs due to the impact of surgical restrictions and viability agreement requirements, as well as the impact of isolation orders; high absenteeism rates caused by COVID in the community; and higher supply costs including PPE. The estimated impact of the disruption related to COVID in FY22 was $276m ($264m net of viability payments).

During the period, due to a change in accounting policy, the business expensed $12.6m of low value IT and other assets previously capitalised on the balance sheet. The result includes profit on the sale of assets of $8.6m ($11.9m in the pcp), transaction/acquisition and development costs of $11.8m ($5.7m in the pcp), an inventory write-off associated with product acquired at the height of the pandemic of $4.3m and a provision for non recurring employee costs of $10m.

EBIT declined 27.7% compared to the pcp and includes a 8.5% increase in depreciation reflecting the brownfield projects that completed in FY21 and FY22. Amortisation and impairment charges includes a $10.1m impairment of assets ($7.1m in the pcp).

7.2.2 Ramsay Sime Darby

The Ramsay Sime Darby joint venture reported a 9.3% increase in revenue over the pcp over the 12 month period, driven primarily by the inclusion of a full year of the Bukit Tinggi Medical Centre in Malaysia, which was acquired in May 2021 and the contribution from COVID related activities including testing and vaccination.

EBIT for the period increased 19.1% over the pcp, reflecting the expanded asset base and the contribution from the provision of COVID-related services in both Malaysia and Indonesia. The day surgery in Hong Kong was closed on 30th June 2022 given the facility was making losses. The sale of the nursing college in Malaysia was also completed during the year.

The equity accounted contribution from the joint venture, included in the Asia Pacific earnings, for the 12 month period increased 41.7% compared to the pcp to $15.3m.

7.3 Capital Expenditure

Total capital expenditure in Australia in FY22 was $307.0m with that split $181m in brownfield and greenfield investment, $32m in other growth projects, $6m in digital and IT projects and $88m in routine and compliance.

Brownfield projects completed in FY22 with a net investment of $232.5m delivered 240 net beds, 9 theatres, 18 suites and three new procedure rooms. This included the completion of the new Hollywood Emergency Department, including 90 additional beds, a surgical expansion at Greenslopes including 3 operating theatres and 3 procedure rooms as well as additional shell space for future expansion, the completion of the Stage 3 development at Westmead which included 13 new suites, 21 net new beds and 2 theatres, and the redevelopment of Beleura hospital in Victoria encompassing new consulting suites, an outpatient rehab gym and 46 net new beds.

In addition to the above-mentioned capital expenditure, $7m of operating expenditure was incurred in relation to digital and data projects in FY22. Note the majority of the investment in Australia's digital and data roadmap going forward is expected to be treated as operating expenses rather than capital expenditure as the projects are utilising largely cloud based solutions.

1 Refer FY22 results presentation for an update on the status and terms of agreements with each of the states of Australia
2 Restrictions in Western Australia impacted the last week of March and April. Refer to ASX announcements made August - November for details of state government restrictions

7.4 Outlook

In the medium term, Ramsay Australia will focus on:

- Investing in its extensive hospital network to ensure that its facilities meet the future demand for healthcare services
- Investing in new and adjacent services including its day surgery strategy, psychology clinics and out of hospital community care services
- Focusing on operational excellence including an expanded procurement strategy to leverage our global scale to offset rising costs and lagging indexation
- Investing in its operational foundations including its 5 year digital and data strategy and sustainability initiatives including reducing carbon emissions and single use plastics
- Implementing a series of workforce initiatives to ensure the business stays highly competitive, mitigates the risks in the current tight labour market and differentiates itself as a service provider in the future

FY23 Outlook

FY23 activity levels and operational efficiency will continue to be impacted while COVID cases remain high in the community. The estimated impact in July 2022 of operating in a COVID environment, including high levels of staff absenteeism and the inefficiencies created by short notice cancellations by doctors and patients was $38.7m.

Underlying organic growth in activity is expected to be driven by:

- The backlog in surgical activity and to a certain extent non-surgical activity such as delayed cancer treatment;
- Investment in new capacity and services opened over the last two years; and
- New clinician recruitment programs.

The business will continue to invest to drive growth in the future including:

- Total capital expenditure in FY23 is expected to be in the range $380-460m;
- Investment in brownfield and greenfield projects in FY23 is forecast to be in the range $250m - 300m. Projects expected to be delivered in FY23 include an expansion project at Wollongong hospital, the conversion of the Lawrence Hargrave facility to a specialist women's mental health inpatient facility, the expansion of Tamara hospital including a 4th operating theatre, a day surgery unit and day group therapy rooms and the first stage of an expansion at Peninsula hospital;
- The pipeline of investment in brownfield and greenfield hospitals remains strong. Spend in FY24 - FY25 is expected to be in the range $250-400m per annum. Larger projects expected to be delivered in that time period include Stages 1 and 2 of the new Epping hospital which will include 126 beds, 6 operating theatres and 1 Cath lab and the expansion of Warringal in Melbourne encompassing building an emergency department, three operating theatres, 26 consulting suits and delivering net 131 new beds;
- Investment in its digital and data roadmap in FY23 is expected to be approximately $30-35m inclusive of cyber security with the majority booked as operating expenses;
- The business is also focused on our out of hospital strategy with the rebranding of existing sites and the development of select stand alone day hospitals under the Ramsay Surgical Centre brand and our mental health clinics under Ramsay Psychology; and
- The business is investing to expand its nursing pool and has recently increased the intake of its graduate nurse training program, with a recent second intake this year, to start to address the shortage of trained nurses over the medium term.

Labour costs are expected to remain elevated in FY23 driven by higher absenteeism rates while COVID is in the community, inflationary pressures on wage rates given the shortage of workers in the sector and statutory superannuation rate rises and payroll tax increases. Inflationary pressures on other costs will also place pressure on margins. PPE costs are likely to remain higher than pre COVID levels in FY23 reflectingm the higher cost and usage of products.

Given higher operating costs the business is focused on achieving improved commercial terms with payors, leveraging our global procurement advantage & driving efficiency and productivity programs.

The Australian business will increase investment in staff training and development as well as recruitment and retention strategies to meet short term workforce challenges

Group head office costs are expected to increase in FY23 driven by increases in costs including investment in workforce recruitment and retention programs and digital and data programs.

As announced to the ASX on 9th September 2022, discussions between Ramsay, Sime Darby Berhad and IHH Healthcare Berhad in relation to a potential sale of the Ramsay Sime Darby Health Care Sdn Bhd joint venture have concluded. The discussions did not result in a binding agreement for the sale of Ramsay Sime Darby.

8 United Kingdom

8.1 Results Summary

Year Ended 30 June A$'m	2022	2021	Chg (%)
Ramsay UK			
Revenue from patients and other revenue	911.1	606.5	50.2
Revenue from governments under COVID support contracts	126.1	417.6	(69.8)
Total revenue and other income	**1,037.2**	**1,024.1**	**1.3**
EBITDAR	**46.8**	**182.4**	**(74.3)**
Rent	(1.4)	(1.2)	(16.7)
EBITDA	**45.4**	**181.2**	**(74.9)**
Depreciation	(92.8)	(88.4)	(5.0)
Amortisation and impairment	(1.8)	-	-
EBIT	**(49.2)**	**92.8**	**(153.0)**
Financing costs associated leases (AASB16 Leases)	(82.6)	(81.8)	(1.0)
EBIT less financing costs associated with leases	**(131.8)**	**11.0**	**(1,298.2)**
Capital Expenditure	71.8	58.0	23.8
Elysium - Mental Healthcare[1]			
Revenue from patients and other revenue	284.3	-	-
Revenue from governments under COVID support contracts	-	-	-
Total revenue and other income	**284.3**	**-**	**-**
EBITDAR	**35.2**	**-**	**-**
Rent	(0.5)	-	-
EBITDA	**34.7**	**-**	**-**
Depreciation	(11.7)	-	-
Amortisation and impairment	-	-	-
EBIT	**23.1**	**-**	**-**
Financing costs associated leases (AASB16 Leases)	(5.0)	-	-
EBIT less financing costs associated with leases	**18.1**	**-**	**-**
Capital Expenditure	20.8	-	-
UK Segment			
Total segment revenue and other income	1,321.5	1,024.1	29.0
Total EBITDAR - UK	82.0	182.4	(55.0)
Total EBITDA	80.1	181.2	(55.8)
Total EBIT	**(26.1)**	**92.8**	**(128.1)**
Total Capital Expenditure - UK	92.6	58.0	59.7

1 *Elysium earnings reflect 5 months of ownership to 30th June 2022*

Result in Local Currency

Year Ended 30 June £'m	2022[1]	2021	Chg (%)
Total Revenue and other income	725.1	567.7	27.7
EBITDAR	48.5	101.1	(52.0)
EBITDA	44.3	100.5	(55.9)
EBIT	(15.3)	51.4	(129.8)

1 *Includes contribution from Elysium for the five months to 30th June 2022*

8.2 Review of Results

RAMSAY UK

Total revenue and other income for the 12 month period increased 1.3% reflecting the more significant impact of the pandemic on activity levels in the prior period and an increase in private patients as the backlog of elective surgery created by the pandemic starts to be addressed.

While activity levels were impacted by COVID, inpatient admissions over the twelve month period increased 16.9% on the pcp and day patient admissions increased 4.2% on the pcp highlighting the more severe impact of the pandemic in the pcp and the contribution from recently completed facilities. Demand from private patients continued to grow as a percentage of total admissions over the period, within this self pay admissions was the fastest growing segment albeit from a low base, and the business has been successful in gaining insured contracts. The business also treated over one million outpatients during the 12 month period.

Due to the NHS's concerns about the rapid spread of the Omicron variant and its ability to manage resulting hospitalisations, Ramsay entered into a volume based agreement with NHS England in January 2022 which made its services available to the NHSE and its patients to meet the ongoing demands resulting from the COVID pandemic. The agreement came into effect on 10th January 2022 and expired on 31st March 2022. During this period Ramsay was able to continue to provide private patient activity. Revenue earned under that agreement is reflected in "Revenue from governments under COVID support contracts" of $126.1m. During FY21 Ramsay UK operated under cost recovery agreements with the NHSE put in place to make Ramsay's services available to the public sector when required to meet the demands of the COVID pandemic for the nine months to 31st March 2021.

During FY22 Ramsay UK was impacted by challenges stemming from COVID circulating in the community. These included isolation orders impacting the availability of patients, doctors and staff at short notice resulting in material procedure cancellations and significantly higher personnel costs. There were over 30,000 episodes of care cancelled at short notice in the twelve-month period creating additional cost and complexity. The business was also disrupted by movement restrictions introduced by the UK Government later in 2QFY22, in response to the rapid spread of the Omicron variant.

The business continued to incur higher costs associated with operating in a COVID environment including testing patients, doctors and staff, the disruption to efficient scheduling due to last minute cancellations together with higher PPE costs. Additional costs associated with the COVID environment during the year are estimated at £30.6m (A$56m) over the year. Some of these costs such as testing patients fell away during the course of the year however some of these additional costs are expected to remain in the business in FY23. Significant inflationary pressures of 5%+ impacted operating expenses over the year with labour and energy costs being the most severely impacted. Operating expenses include £4.2m (A$7.3m) of software as a service costs now expensed.

Included in the result are non recurring items: £10.1m (A$18.0m) write down of inventory acquired during the height of the pandemic; and net transaction costs of £16m (A$26.2m) associated with the proposed scheme of arrangement for Spire Healthcare plc, which was voted down by Spire shareholders in July 2021[3] and the acquisition of mental healthcare provider Elysium.[4]

The business benefited from the opening of Buckshaw day surgery hospital in Chorley on 21st October 2021, the third new facility opened by the business during the pandemic.

ELYSIUM HEALTHCARE

The Elysium acquisition was completed on 31st January 2022. Revenue for the five month period of ownership was $284.3m, driven by a 2.4% increase in occupied beds to 1,867, a 4.6% increase in the average daily fee (partly reflecting a change in mix) and a $3.6m increase in specialing revenue.

Revenue for the 12 month period to 30th June was £375m (A$688.5m) an increase of 7.5% on the pcp and EBIT was £32.2m (A$58.9m) slightly down on the pcp largely as a result of labour and inflationary pressures.

The business has been impacted by significant inflationary pressures in particular around staffing costs. Shortages of clinical and support staff and a generally tight labour market have forced the business to use higher levels of agency staff. In addition, other costs (in particularly energy costs) have increased at rates in excess of the inflation rate. Other key expenses impacted include insurance and food costs.

Despite the difficult conditions, the business is performing in-line with expectations at the time of acquisition and is expected to deliver annual synergies of at least £5m p.a. across procurement, leveraging systems and network scale with an opportunity for further growth synergies. As part of the integration program, the three existing Ramsay neuro facilities have been placed under Elysium management from 1st July 2022.

8.3 Capital Expenditure

Capital expenditure invested in the UK acute hospital business over the twelve month period was £39.2m (A$71.8m) of which £26.3m (A$48.2m) was invested in brownfield developments, digital and growth projects. Projects completed during the period included Buckshaw day surgery hospital in Chorley opened in October 2021 and the electronic patient record deployment to all hospitals completed in November 2021.

Capital expenditure in Elysium for the 5 month period to 30th June was £11.6m (A$20.8m) inclusive of new site acquisitions and development.

Ramsay UK CEO Nick Costa (far right) visting Oaklands Hospital

[3] ASX announcement 19 July 2021 "Results of Scheme Meeting"
[4] ASX announcement 1st February 2022 "Completion of the acquisition of UK based mental healthcare provider Elysium Healthcare"

8.4 Outlook

RAMSAY UK

In the medium term Ramsay UK will be focused on:

- Ensuring that it remains well placed to assist the NHS with its Elective Recovery plan;
- Investing in its digital front door interface, with all key payors, including the NHS, wanting increased digital capability driving ease of access;
- Optimise the electronic patient record platform rolled out in FY22 to drive productivity and efficiencies;
- Investment in select brownfield, greenfield and diagnostic opportunities to drive growth and improve margins; and
- Continue to invest in its digital and data strategy focused on areas including clinical integration and AI capabilities, partnerships with referrers and direct booking technology

Subject to the ongoing impact of COVID cases the business is expected to benefit from its strong partnership with the NHS combined with private patient growth, to drive an increase in activity levels in FY23:

- Demand for elective care in the UK is strong and the NHS waiting lists are the highest, circa 6m, since records began in 2007. The NHS's Elective Recovery Plan looks to deliver 30% more elective and diagnostic activity by 2024/25 with reliance on the independent sector. Activity levels will be subject to the NHS's rate of investment and mobilisation of its recovery plan;
- The business has an active marketing campaign directed at the self pay market, 'We Care', based on reassurance messaging around clinical safety all underpinned by the Ramsay 'People Caring for People' culture. The business is also developing initiatives with insurers to facilitate direct bookings simplifying the pathway for private pay consumers.

The business will also benefit from the three greenfield developments completed over the last eighteen months including Buckshaw hospital opened in October 2021 and a new two theatre day surgery facility expected to be commissioned in 2HFY23 at Kettering.

The costs of operating in the COVID environment including higher agency costs combined with significant inflationary pressures in the UK and critical staff shortages in some areas will impact a return to pre COVID margins in FY23. To offset some of these costs the business is focused on a number of efficiency programs combined with benefiting from a wider procurement program across the Group.

In FY23 the business will continue to invest in its digital foundations with a further £6m (A$11m) of SaaS operating expenses (£5m in FY22).

Capital expenditure in FY23 is expected to be in the range £36m-£53m (A$66m-A$97m). Brownfield and greenfield spend for the year is expected to be approximately £13m (A$24m) with projects including the expansion of the New Hall hospital in Salisbury to include a new operating theatre and a new two theatre day surgery facility expected to be commissioned in 2HFY23 at Kettering. A further £7.5m (A$14m) is expected to be invested in diagnostic projects over the year.

ELYSIUM HEALTHCARE

In the medium term Elysium will be focused on:

- Capacity optimisation of existing facilities;
- Capacity expansions through greenfield and brownfield investment and expansion into the nurse led care homes;
- Building its relationship with the NHS to build opportunities in complex care and and mental health;
- Driving operational leverage through investment in digital solutions; and
- Investment in workforce strategies to support growth in capacity.

The UK FY23 result will benefit from a full year contribution from Elysium (5 months in FY22). Growth in activity will be driven by an increase in average paid beds over the 12 month period driven by brownfield developments and higher average occupancy levels.

Given the lag in indexation rate, Elysium's earnings will be impacted by further significant cost inflation on top of the inflationary price increases seen in FY22 in the UK market.

In FY23 Elysium expects to invest £59m (A$108.1m) in capital expenditure including £45m (A$82.5m) on site acquisitions and developments on a range of projects including April Cottage a new CAMHS facility in Surrey, that will deliver 12 new beds when it opens in July 2023 and Cefn Carnau2 an extension of an existing mental health facility in Wales that will deliver an additional 20 new beds when it opens in October 2023. Investment will include a number of small 6 bed nurse led care homes as well as extensions of a number of existing facilities.

Together with Ramsay UK the business will be focused on realising the annual synergies of at least £5m (~A$9m) identified at the time of acquisition including across procurement, leveraging systems and network scale. The 3 original Ramsay neuro rehab facilities have been transferred to Elysium management from 1st July 2022.

9 Ramsay Santé

9.1 Results Summary

Year Ended 30 June A$'m	2022	2021	Chg (%)
France			
Revenue from patients and other revenue	4,646.3	4,574.9	1.6
Other income - net profit on disposal of non-current assets	13.7	10.3	33.0
Income from government grants	357.1	336.4	6.2
Total segment revenue and other income	**5,017.1**	**4,921.6**	**1.9**
EBITDAR	**927.4**	**947.4**	**(2.1)**
Rent	(101.0)	(117.5)	14.0
EBITDA	**826.4**	**829.9**	**(0.4)**
Depreciation	(421.5)	(465.7)	9.5
Amortisation & impairment	(26.7)	(7.0)	(281.4)
EBIT	**378.2**	**357.2**	**5.9**
Financing costs associated with leases (AASB16 Leases)	(101.0)	(103.5)	2.4
EBIT less financing costs associated with leases	**277.2**	**253.7**	**9.3**
Nordics			
Revenue from patients and other revenue	2,000.9	1,824.4	9.7
Income from government grants	44.9	91.9	(51.1)
Other income - net profit on disposal of non-current assets	1.5	2.0	(25.0)
Total segment revenue and other income	**2,047.3**	**1,918.3**	**6.7**
EBITDAR	**232.7**	**206.9**	**12.5**
Rent	(22.6)	(19.6)	(15.3)
EBITDA	**210.1**	**187.3**	**12.2**
Depreciation	(133.4)	(112.0)	(19.1)
Amortisation & impairment	(4.7)	(28.7)	83.6
EBIT	**72.0**	**46.6**	**54.5**
Financing costs associated with leases (AASB16 Leases)	(11.4)	(10.1)	(12.8)
EBIT less financing costs associated with leases	**60.6**	**36.5**	**66.0**
Total segment revenue and other income - Europe	7,064.4	6,839.9	3.3
Total EBITDAR - Europe	1,160.1	1,154.3	0.5
Total EBITDA - Europe	1,036.5	1,017.2	1.9
Total EBIT - Europe	**450.2**	**403.8**	**11.5**
Total Capital Expenditure - Europe	333.8	356.2	(6.3)

Ramsay Santé – Result in local currency

Year Ended 30 June €'m	2022	2021	Chg (%)
Total Revenue and other income	4,555.5	4,282.5	6.4
EBITDAR	748.6	722.7	3.6
EBITDA	669.3	636.9	5.1
EBIT	291.7	252.8	15.4
PBT	186.1	105.0	77.2
NPAT	130.5	67.1	94.5
Minority Interest	(66.8)	(36.4)	83.5
NPAT after minority interests	63.7	30.7	107.5

9.2 Review of Results

Ramsay Santé continued its commitment to take care of COVID patients in Europe with more than 10,000 COVID cases treated in France, over the period, with approximately 4,500 of those in critical care, and 2,000 in Sweden. The business has continued to support governments to manage the pandemic through both COVID testing and vaccination efforts.

The business reported growth in activity levels over the 12 month period heavily weighted to day procedures and out of hospital activity in its primary and speciality care businesses in the Nordics region. Total European revenue and other income increased 3.3% on the pcp. Excluding the non recurring items in this period (profit on asset sales of $10.6m) and the prior period (profit on asset sales of $12.3m and revenue earned by the German hospitals pre sale $55.6m), revenue growth was 3.9% on the pcp. Reflecting the strength of the Australian dollar against the euro, in local currency terms "Total revenue and other income" increased 6.4% .

Group EBIT and EBITDA margins were negatively impacted by the additional costs associated with managing the pandemic in all countries, in particular France and the significant inflationary pressures across the costs base, including the increased use of agency staff to manage higher absenteeism level. Costs have been mitigated to an extent by the subsidies received both in France and the Nordics countries related to the COVID pandemic.

Ramsay Santé's profit before tax increased 68.1% to A$285.3m on the pcp the increase including a 29.5% decline in net interest paid primarily reflecting the benefit of a non cash swap mark to market of A$34.1m compared to a negative mark to market contribution in the pcp of A$11.1m. Adjusting for this item and non recurring items included in both years, profit before tax increased 17.0% reflecting the skew of the Nordics business to out of hospital and primary healthcare services that were not as impacted by COVID, combined with recent acquisitions in the region, offsetting the difficult trading conditions in the French acute hospitals business.

The business has continued to invest in its digital and data strategy integrating recent acquisitions into its CRM database and digital front door platform. The business has also established partnerships with a number of digital start ups in key therapeutic areas as Resilience and NewCard.

Ramsay Santé did not pay a dividend in FY22 or in the pcp.

FRANCE

Ramsay Santé's hospitals in France continued to operate under the French Government's revenue guarantee arrangements which were extended for the full 12 month period. The guarantee compensates the business for the use of its facilities and services when required during the pandemic. The decree provided a guarantee of revenue equal to the 2020 billed revenue, inclusive of the 2020 revenue guarantee. If the actual billings over the period were below the guaranteed revenue, then Ramsay Santé is entitled to the shortfall. The guarantee is assessed on a facility by facility basis and is calculated based on activity for the entire period covered by the decree. The structure of the arrangements in FY22 were similar to prior periods however the decree covering 1st January-30th June 2022 excluded mental health services now reimbursed under a bundled payment structure.

Funds under the scheme are recognised under "Income from government grants" . Total payments in France over the period were A$357.1m (€230.3m) and included the revenue guarantee combined with cost compensation associated with operating in a COVID environment and funding to cover the increase in nurses salaries committed to by the French Government in 2020.

France continued to be impacted by further waves of COVID infections over the 12 month period. The business was impacted by staff shortages both temporary as a result of issues stemming from COVID and structural issues associated with industry wide shortages labour shortages in particular nursing and clinical staff. Staffing issues have eased from the peak of the pandemic however they remain a major concern and the business has invested significantly in salary and other incentives measures such as child care to attract and retain staff.

Hospitalisations peaked with the Omicron wave in December/ January however higher vaccination rates and the lower severity of the Omicron variant has meant that COVID hospitalisations were lower than the peaks in other waves. Increasing cases associated with new variants of the Omicron strain of COVID were starting to impact the business at the end of June.

Underlying organic growth in revenue was 4.8% (ex foreign exchange movements) compared to the pcp. MSO (medical, surgical & obstetrics) admissions increased 14% on the pcp (excluding the German portfolio of hospitals sold in FY21) with the mix heavily skewed to day patients, increasing 3% on the pcp and inpatients declining 4.1%. Total FCR (follow up and rehab care) admissions increased 23.8% with the increase also skewed to day patients with inpatients declining 1.1% while day patients increasing 27.6%. Mental health admissions increased 11.4%.

Adjusting for non recurring items, including an $8.3m refund of prior year overpaid rent and a net profit on the sale of assets of $13.7m compared to $10.3m in the pcp EBIT declined 3.4% on the pcp.

NORDICS

In the Nordics "Revenue from patients and other revenue" increased 9.7%. Excluding the German business sold in 2QFY21 (revenue of $55.6m in the pcp) revenue increased by 13.1%. The growth was driven by underlying organic growth of 7.4% and the benefit of recent acquisitions (€66m (~A$98m) of additional revenue net of the impact of the divestment of Germany)

The Nordics region received government support of A$44.9m represented in "Income from government grants". Support included revenue support for the use of facilities and compensation for costs incurred in relation to COVID. Overall, the impact of COVID was less than it was in the pcp as reflected in the 51.1% decline in government support payments.

Organic growth was mainly driven by MSO (medical surgical and obstetrics) activity, admissions that increased 14% (inpatient admission and excluding Germany) compared to pcp, and were positively impacted by new care contracts and additional revenues from COVID vaccinations. Inpatient surgical volumes remain lower than expected compared to the ramp up in day patients which increased 11.4% on the pcp. The business skew to primary and speciality care resulted in a lower exposure to elective surgery restrictions introduced during COVID peaks. The business assisted governments in the region through active involvement in vaccination programs which also supported revenue over the period. Outpatient visits including digital visits increased 16% over the pcp reflecting solid organic growth combined with effects from recent acquisitions.

Consistent with it's strategy to enter adjacent healthcare services markets, Ramsay Santé made a number of acquisitions in the Nordics region the most significant being the acquisition of Swedish speciality health care provider GHP for an enterprise value of approximately €240m, representing a 2021 EBITDA multiple of approximately 12x. The acquisition closed at the beginning of May and is expected to be EPS accretive in FY23 and deliver an estimated €6m in synergies p.a in year three. For the two months of ownership GHP contributed revenue of approximately €29.3m (A$45.4m) and EBIT of €2m (A$2.8m). If the business had been owned for the full twelve months it would have contributed A$272.4m in revenue and A$16.1m EBIT.

Other businesses acquired over the period included an ophthalmology business in Sweden, a public primary care business in Denmark, a home care offering in Sweden and an IVF business in Norway.

The Nordics business incurred acquisition, integration and development costs of $16.0m ($9.4m in pcp). The result benefited from the A$24.8m release of a provision for indemnities and warranties taken against the sale of the two German portfolios in FY21. Excluding the impact of non recurring items EBIT grew ~14% on the pcp reflecting the benefit of organic growth and recent acquisitions.

Ramsay Santé CEO, Pascal Roché visiting St Göran hospital in Stockholm

9.3 Capital Expenditure

Total capital expenditure for the period was €217m (A$333.8m). Of this amount €64m (A$98.5) was spent on greenfield and brownfield developments and growth projects and €24m (A$36.9m) was spent on digital and data. Capital expenditure on some projects was slowed during the course of the year given the uncertainties in the operating environment. Major projects invested in during the year included:

- Significant investment in the expansion of its imaging assets portfolio;
- Further investment in digital tools, including the launch of the new version of the Ramsay Santé portal;
- Some key restructuring projects to better answer to patients' care needs in regions including the extension of Ange Gardien mental health clinic in the East of Paris and the restructuring and modernization of Vert Galant MSO clinic in the North of Paris;
- The first 5 primary care centers of the group in France; and
- Investment in 2 additional surgical robots in France to reach 15 robots in total including 1 in Sweden and other state-of-the-art medical equipment such as interventional rooms for cardiology and vascular surgery and lasers for urology.

9.4 Outlook

In the medium term Ramsay Santé will focus on:

- Supporting governments in its region to address the COVID pandemic;
- Continuing to pursue the strategy of moving further along the patient pathway through investment in adjacent services;
- Continuing to optimise its hospital and clinic network in France through brownfield investment;
- Extracting the synergies from recent acquisitions in the Nordics and selectively seeking further bolt on acquisitions to optimise its primary care and speciality healthcare platforms;
- Develop and support new policies to attract and retain its people;
- Improve the efficiency of its back office support systems; and
- Invest in its digital platform to support and grow demand for its services.

FY23 Outlook

In FY23 the Nordics business will benefit from a range of factors including: a full year contribution from recent acquisitions, in particular speciality healthcare provider GHP; organic volume growth driven by new contracts; and expanded patient lists. The acute hospital activities are expected to increase if COVID cases in the community can be contained and inefficiencies associated with the COVID environment are overcome.

The focus of the Nordics business will be on integrating the acquisitions made by the business over the last eighteen month both physically and digitally to leverage the speciality care platform that has been created. This will include significant investment in its digital strategy.

In FY23 the ramp up in activity levels in France will depend on the severity and spread of COVID cases in further waves of the virus and the level of hospitalisations. The French hospital business expects the increase in day cases as a proportion of overall admissions will be a permanent mix change as the operating environment normalises. Improvements in FCR occupancy rates are expected to take some time to ramp up to pre-COVID levels and will follow elective surgery trends.

Ramsay Santé's capital expenditure in FY23 is expected to be in the range A$300-350m. This will include approximately A$130m invested in brownfield, greenfield, digital and growth projects.

In response to the rapid rise in cases of the new strains of the Omicron variant of COVID since late June 2022, the French Government has indicated that it will extend the principle of a revenue guarantee from 1st July 2022 to 31st December 2022, however this is yet to be confirmed by decree.

The ability to attract staff and clinicians to meet increasing demand levels will be critical to the FY23 outlook and remains difficult due to general staff shortages. Ramsay Santé has launched a suite of new policies designed to attract and retain people. Attracting and retaining people will continue to be a major focus of the business and will require additional investment in the workforce.

Ramsay Santé will be impacted by inflationary pressures on medical and general supplies, labour, contracted services and energy. The business is focused on a range of efficiency initiatives to offset the increase in costs given the expected lag in indexation.

7.

Ramsay Cares

Ramsay believes a great company is one that makes the world a better place. We are committed to making a meaningful, positive difference in the world. Our action is guided by the *Ramsay Cares* sustainability strategy, which focuses on advancing three important pillars: healthier people, stronger communities and a thriving planet.

Ramsay sites in Australia, including Hillcrest Rockhampton Private Hospital, feature more than 2,660kw of solar panel systems.

Net Zero by 2040

This year, Ramsay was proud to announce a group-wide commitment to achieving net zero greenhouse gas emissions by 2040.

Our science-based targets reflect the commitments of the countries in which we operate and support the United Nations Sustainable Development Goals. We will commence a validation process for these targets with the Science Based Targets initiative.

What does it mean?

Ramsay's road to net zero is part of our long-term Ramsay Cares sustainability strategy, which was developed in consultation with our people and partners.

A key pillar of that strategy is Caring for our Planet. We know that a healthy planet is essential for healthy communities; being environmentally sustainable is also key to the resilience and success of our business.

To achieve net zero emissions by 2040, we are proactively changing many facets of how we operate, the resources we use and our supplier relationships.

Our net zero strategies include:

- switching to renewable energy sources
- maximising energy efficiency
- cutting waste and boosting recycling
- reducing anaesthetic gas emissions
- embedding sustainable design in new facilities and upgrades
- engaging with suppliers to reduce supply chain emissions.

Each business in the Ramsay Health Care group is responsible for implementing the strategy and improving our sustainability performance.

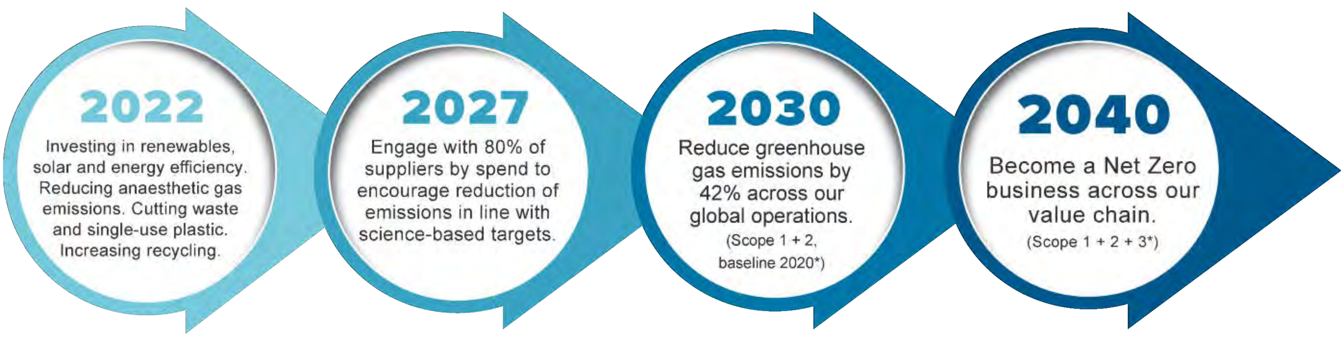
The Group Sustainability Officer and Global Sustainability Committee provide support and guidance to the Global Executive and Global Risk Management Comittee on our approach and progress towards our goals.

Why is it important?

Being sustainable is a priority for our people, patients, doctors and business success. Being sustainable allows us to build a resilient business that adapts to climate-related risks and takes advantage of opportunities from the transition to a low carbon economy.

By working together for healthier people, stronger communities and a thriving planet, Ramsay aims to make a positive and meaningful difference for current and future generations.

Find out more at ramsayhealth.com/ramsaycares



*95% coverage for Scope 1 & 2 emissions and 90% for Scope 3

caring for our planet

Ramsay recognises that a healthy planet is crucial to a healthy population.

Ramsay is serious about being a responsible and sustainable business. Thanks to our dedicated teams, Ramsay has made impressive strides towards reducing our environmental impact.

From investing in large-scale renewable energy systems to activating our local green teams, the Ramsay Cares sustainabilty strategy is coming to life across our global businesses.

Responding to a changing climate

We are committed to reducing the impacts of our operations and building a resilient business that adapts to climate-related risks.

This year, we undertook a climate vulnerability assessment to explore how the physical risk exposure to different perils may change over time across more than 300 facilities in Australia, Asia, the UK, France and the Nordic region.

To stress-test resilience, the focus was on a climate scenario (SSP5-8.5) where global temperatures increase by greater than 4 degrees.

A Physical Climate Analytics Dashboard has been created, so we can continue explore a range of different climate scenarios, hazards and how they may affect operating locations over time.

Further detail on our Task Force on Climate-related Financial Disclosures (TCFD) can be found in our 2022 Impact Report.

Making the switch

Transitioning to renewable energy sources is part of Ramsay's greenhouse gas emissions reduction strategy.

Ramsay UK and Elysium Healthcare have made the switch to 100 per cent renewable electricity and Ramsay Australia is rolling out a significant solar energy program, already including over 5,000 rooftop panels across 16 facilities.

Our sites globally are moving to energy efficient lighting, heating and cooling. As well as being an important environmental investment, the upgrades help offset Ramsay's electricity costs.

Greener theatres

Anaesthetic gases have a large carbon footprint, which is why numerous Ramsay operating theatres are moving to more environmentally-friendly options.

They include using low flow techniques and reducing or removing desflurane, which has a high global warming potential.

Anaesthesia nurse Nhlanhla Siyakatshana with a desflurane vaporiser at The Avenue Hospital.

Reduce, reuse, recycle

Healthcare consumes an enormous amount of plastic products such as bottles and cutlery, intravenous bags and bin liners.

Over the past year, Ramsay hospitals and services have made a concerted effort to reduce single-use plastic items and recycle plastic consumables, where possible.

Driven by our people and doctors, the campaign to cut waste has been supported by new purchasing practices and new monitoring and reporting processes.

The result is a notable reduction in plastic waste going to landfill. For example, Ramsay Australia has avoided or replaced 38 million single-use plastic items, continued recycling thousands of PVC intravenous bags and all sites have committed to removing plastic water bottles.

Catering manager Peter Trusler with a food waste recycling system converting leftover food and compostable packaging into biofuel for electricity generation.

This year, 94 per cent of Ramsay Santé facilities completed Corporate Social Responsibility (CSR) self assessments to better understand environmental, social and governance performance and opportunities across the business.

The Aguilera, Belharra, Jean le Bon Clinics and the Basque Country Cardiology Centre joined forces to promote alternative modes of transport for their people.

Ramsay Cares teams are promoting sustainable practices across our UK sites.

Operating room nurse Mathilde Roy Azcorra in the Green Zone at Médipôle Hôpital Privé, where recyclable materials are sorted.

Ramsay Sime Darby Health Care CEO Peter Hong (centre) with some of hundreds of refurbished computers that have been donated to local children's charities and schools.

caring for our people

Ramsay is guided by an enduring ethos of 'people caring for people'.

Our patients

The Ramsay Way of 'people caring for people' is exemplified in our steadfast focus on our patients, people and partners.

This focus ensures Ramsay can continue to deliver high quality care as the COVID-19 pandemic evolves. It will underpin our endemic COVID operations and is critical to Ramsay's success as a world-class healthcare network.

Serving our patients

As healthcare changes around the world, Ramsay is moving to provide a wider range of quality services, when and where our patients need them.

We are doing that by investing in innovation, expanding our hospital and primary care networks, and extending our services into the community.

Our specialist services are growing with a global focus on four therapeutic areas - cardiology, oncology, orthopaedics and mental health.

Building on six decades of mental health experience, this year Ramsay Australia opened 11 additional psychology clinics and New South Wales's first private mental health facility for teenagers, and announced Australia's first women-only mental health facility dedicated to treating the psychological and psychiatric consequences of trauma.

Ramsay also secured a strong foothold in the growing UK mental health market through the acquisition of Elysium Healthcare.

Elysium provides acute and specialist mental health services in hospitals, residential settings and community-based homes.

Elysium Healthcare CEO Joy Chamberlain opening a recruitment and training hub at Hatfield.

Ramsay's coordinated cancer care programs are being expanded in France, the UK and Australia, while growing out-of-hospital services such as Ramsay Health Plus and Ramsay Connect are giving our patients more choice and convenience through integrated promixity care, at home services, allied health and telehealth.

Harnessing our expertise

Ramsay's first global Clinical Excellence Summit was held in July, bringing together clinical and executive leaders from across the group.

The gathering reinforced our strong and shared commitment to the importance of clinical excellence and promoting best practice across clinical approaches and governance, service design and patient experience, research and education, quality and strategy.

Ramsay's Clinical Excellence Agenda is centred around global Communities of Practice in four key therapeutic areas: cancer, cardiology, mental health and orthopaedics, as well as Ramsay's research activity.

These communities harness the deep knowledge of our doctors and other experts in order to accelerate collaboration, innovation and clinical excellence across Ramsay's facilities and services.

Summit participants Prof Sir Ed Byrne (Global Chief Medical Officer), Prof Prokar Dasgupta (King's College London), Dr Margareta Danelius (Ramsay Santé - Capio), Craig McNally (Ramsay Managing Director & CEO), Dr Jacob Thomas (Ramsay Sime Darby Healthcare).

Improvement through innovation

Healthcare is changing rapidly, improving quality, safety and efficiency. To ensure Ramsay keeps pace with these changes, we are growing our data and digital capability and developing the skills and partnerships needed to make us a leading healthcare provider of the future.

Two senior appointments are leading this growth and transformation.

Our new Global Chief Data & Digital Officer, Dr Rachna Gandhi, is focused on using technology to support a world class patient experience.

Our new Group Chief Growth Officer, Dr Andy Jones, is leading work to grow Ramsay's patient pathway and fast track strategic projects across our global businesses.

Ramsay Santé is driving change through its Innovation and Partnership Hub. Its 2022 innovation awards received more than 100 nominations. The winners, from Capio Närsjukvård in Sweden, were recognised for developing a highly efficient, automated COVID-19 vaccination process.

Ramsay Santé CEO Pascal Roché (left), Head of Innovation Towa Jexmark (centre) and Chief Transformation Officer Jamel Ouanda (right) with the award finalists.

Patient experience

Feedback from our patients is routinely gathered using the patient experience measure Net Promoter Score[1] (NPS).

In 2021-22, Ramsay maintained an excellent level of positive experience with high scores (above 70) across our operations in the UK (82), Elysium (88)[2], Australia (71), France (70) and the Nordics (70). Ramsay Sime Darby Healthcare also shows solid results with Malaysia (51) and Indonesia (32).

Our partners

Ramsay is a trusted partner for medical specialists and an employer of thousands of doctors and other medical practitioners.

This year, Ramsay conducted a global doctor survey to better understand their experiences at Ramsay and help us to identify and share best practice across our global network.

[1] The Net Promoter Score (NPS) is an index ranging from -100 to +100 that measures the willingness of customers to recommend a company's products or services to others.
[2] (%) Friends and Family Satisfaction Survey

Our people

As with all healthcare providers, workforce attraction and wellbeing remain critical challenges in all our markets.

Our group-wide People strategy revolves around developing capability, culture and the best people in healthcare.

Feedback from our late-2021 global employee survey has been used to develop region-specific action plans.

Priority areas include:
- providing more flexible working conditions
- offering accessible learning and training opportunities
- expanding our leadership programs
- investing in technology to simplify processes and allow our people to spend more time with our patients.

Ramsay UK implemented enterprise-wide HR and Electronic Patient Record systems to improve data processing and productivity.

Group initiatives

During the year, Ramsay established several global working groups to devise group-wide initiatives aimed at advancing our People strategy and reinforcing our recruitment and retention programs. The groups collaborated on several new projects, including:

Formulating a global Employee Value Proposition (EVP) that is unique to Ramsay and clearly articulates what we stand for, what we offer and why people choose to work with us. The global EVP is being augmented by local EVPs to support geographically and demographically relevant recruitment and retention strategies.

Establishing a Global Corporate Graduate Program, with our first cohort of outstanding graduates undertaking an international rotation to experience different parts of the Ramsay business.

Developing an Alumni Program Framework to leverage an additional recruitment and referral pool of former Ramsay employees.

Defining a Ramsay Leader to express the behaviours and skills we seek to advance for Ramsay’s future success.

Diversity and inclusion

Ramsay Health Care is a significant employer of women and is committed to gender equality. Women comprise:
- 38% of Board members (43% of non-executive directors)
- 46% of senior leadership (our global executive and direct reports).

Growing our people

Professional development and job satisfaction is important to the wellbeing of our people and Ramsay has launched a range of new nursing leadership and upskilling programs to support advancement opportunities across the business.

Through formal programs, workshops, scholarships and masterclasses, we are promoting our Nursing Leaders of Tomorrow.

Participants in the Nursing Leaders of Tomorrow program, launched by Ramsay Australia's Nursing and Midwife Academy.

Ramsay Australia welcomed more than 800 graduate nurses this year.

Future Leaders

Our successful Executive Leadership Program, run through the Ramsay Leadership Academy, was offered to 49 emerging leaders from across our regions.

The program aims to activate the potential of our senior leaders and accelerate their growth. By supporting a growth mindset and reinforcing the value of global collaboration, we are developing Ramsay's future leaders.

Participants in Ramsay's global Executive Leadership Program.

Landmark agreement

In June, Ramsay Santé became the first European healthcare provider to sign a Quality of Life & Working Conditions (QLWC) agreement with the unions representing more than 25,000 employees in France.

The agreement centres on ways to improve health and safety, work-life balance, family care and hardship provisions for our people.

"We have developed this QLWC agreement with our social partners to reinforce a balanced, fulfilling and inclusive framework that will allow staff to grow within the company," said Pascal Roché, CEO of Ramsay Santé.

Connect and collaborate

For the first time in two years, Ramsay's senior hospital and service managers have been able to reconnect face to face to address key challenges and share best practice at several regional conferences.

The wide ranging agendas included strategic planning, digital investment and workforce planning in an endemic COVID world.

Participants at Ramsay UK's Senior Leadership Conference 2022.

Capio Management Program graduates.

Group Chief People Officer Colleen Harris, Ramsay MD & CEO Craig McNally, Elysium CFO Keith Browner, Elysium Executive Medical Director Dr Quazi Haque and Elysium CEO Joy Chamberlain at Elysium Healthcare's Sharing Best Practice Conference 2022.

caring for our community

We support stronger, healthier communities.

Ramsay invests significant resources in clinical research, teaching and training. We are focused on a global approach to clincial excellence, preventative healthcare and supporting local communities.

Ramsay Hospital Research Foundation (RHRF)

The Ramsay Hospital Research Foundation program has grown to support more than 1,000 clinical research projects across Australia.

Ramsay's Clinical Trials Network covers 16 sites where Ramsay can partner with industry, academia and independent medical research institutes in the development of new and potentially life-changing drugs, devices and technologies that represent the future of healthcare.

Ramsay Australia held Research Month in September to highlight a range of clinical trials and projects involving about 40,000 patients.

Ramsay Santé Foundation

Ramsay Santé Foundation promotes preventative healthcare by working with local groups and partners.

The Foundation's Prevent2Care Lab is an accelerator program for preventative care start-ups. Since 2018, the Foundation has supported more than 70 projects. This year, the program expanded to include entrepreneurs from Sweden, Denmark and Norway.

The Prevent2Care Tour also provides financial grants to innovative preventative health initiatives in Marseille, Toulouse, Lyon, Bordeaux and Lille-Paris.

Twenty health professionals, including four from Ramsay Santé, were the first to complete a unique Diploma in Health Prevention offered by the University of Western Brittany in partnership with the Ramsay Santé Foundation.

The Foundation launched a website dedicated to answering common questions about preventative healthcare.

Community contributions

During the year, Ramsay teams and the group gave support to a range of communities in need.

Donations included vital medical supplies and healthcare for refugees fleeing the humanitarian crisis in Ukraine, financial aid after flooding in Australia and community food banks during COVID-19 lockdowns in Malaysia.

The Care4Klang food bank initiative at Bukit Tinggi Medical Centre.

The Yorkshire Clinic raised funds for The Cellar Trust, a local mental health charity.

Responsible sourcing

Ramsay is committed to ensuring our purchasing decisions have a positive impact on people, the planet and the communities in which we operate. In FY22, we procured goods and services from a large and complex global supply chain of over 15,000 suppliers in more than 30 countries.

Ramsay continued to apply its Code of Conduct for Manufacturers, Suppliers and Agents (Code) which sets out the minimum standards we expect of our suppliers in the key areas of

- legal compliance
- human and labour rights
- business ethics
- environmental impact.

As part of our Responsible Sourcing Program, in FY22 more than 25 per cent of our suppliers (by share of spend) were assessed by an independent third-party, EcoVadis, for their performance against 21 Corporate Social Responsibility (CSR) criteria, including modern slavery.

Ramsay is committed to enforcing the minimum standards expected of suppliers and working with them to implement appropriate business processes or corrective action plans to ensure their compliance.

Awards for sustainable financing

Ramsay Health Care's whole-of-business approach to sustainability won a strong vote of confidence from the banking and capital markets industry.

The company's landmark A$1.5 billion sustainability-linked loan (SLL) won two significant awards – 'Sustainable Deal of the Year' from the Asia Pacific Loan Market Association and 'ESG Loan of the Year' from the highly-regarded International Financing Review Asia magazine.

Ramsay's Group CFO Martyn Roberts said the sustainability-linked loan was designed to drive group-wide change.

"The loan is tied to achieving important targets, which were tailored to suit Ramsay's purpose of 'people caring for people'," he said.

"Our targets include boosting mental health support for employees, as well as reducing waste and greenhouse gas emissions."

At the time of completion, Ramsay's SLL was the first of its kind issued by an Australian healthcare company and the largest corporate syndicated SLL in the Asia-Pacific.

8.

Governance

We are committed to delivering high quality health care services, long-term sustainable growth and shareholder returns. The Board recognises the importance of good governance in achieving these corporate objectives, in discharging its responsibility to the Company and endeavouring to meet the expectations of all stakeholders and in executing the broader role of Ramsay as a good corporate citizen.

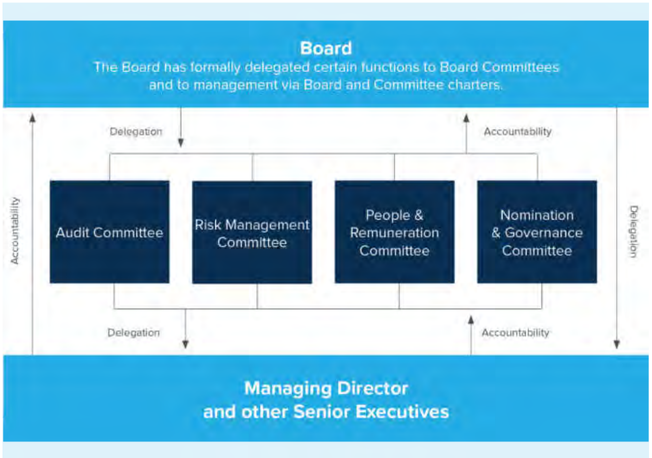
Our governance framework is designed to ensure that we are effectively managed, that legal and regulatory obligations are met and that the culture of personal and corporate integrity – *the Ramsay Way* – is reinforced. **The Ramsay Way philosophy is 'People Caring for People'.** We remain committed to maintaining these principles across all aspects of our business, honouring the architect of The Ramsay Way, the late Mr Paul Ramsay AO.

Our Board regularly reviews its corporate governance policies and processes to ensure they are appropriate to meet governance standards and regulatory requirements. The roles of the Board and the Committees are set out in the Charters, available on the Ramsay website at https://www.ramsayhealth.com/Sustainability/Governance.

Corporate Governance Statement

Further details are set out in the Corporate Governance Statement for the financial year ended 30 June 2022, which outlines the key aspects of our corporate governance framework and practices and is available at www.ramsayhealth.com/Sustainability/Governance.

Our Governance Framework



(L-R) Group General Counsel & Company Secretary, Henrietta Rowe; Non-Executive Director, James McMurdo; Non-Executive Director, Alison Deans; Managing Director & CEO, Craig McNally; Chairman, Michael Siddle; Non-Executive Director, David Thodey AO; Non-Executive Director Karen Penrose; Non-Executive Director, Claudia Süssmuth Dyckerhoff; Non-Executive Director, Steven Sargent.

Board of Directors - skills and experience

Our Board comprises eight directors, a majority of whom are independent Non-Executive Directors. Ramsay aims to maintain a Board that comprises Directors who are able to understand effectively and manage the issues arising in the Company's business, review and challenge the performance of management and optimise the Company's performance.

The following table sets out the various skills/experience that comprise our Board Skills Matrix:

Skill / Experience	Explanation
SECTORS/ACTIVITIES	
Health Care	Operational or technical experience in the health care industry and international health systems.
Global Experience	Ability to manage and oversee an organisation's business and strategic objectives from an international perspective.
SPECIFIC SKILLS AND EXPERIENCE	
Strategy	Ability to identify and critically assess strategic opportunities and threats and to develop and implement successful strategies.
Public Policy and Regulatory Affairs	Ability to influence public policy development and manage the implications of public and regulatory policy.
Capital Management and Finance	Ability to assess financial performance, analyse financial statements and implement effective internal financial and risk controls.
Technology and Disruption	Ability to leverage technological developments to support growth and drive competitive advantage, including responding to digital disruption.
People and Culture	Ability to set & communicate corporate culture, motivate key talent, oversee management and evaluate the suitability of CEOs and other key executives.
Workplace Health and Safety	Ability to oversee the proactive management of workplace health and safety practices.
Consumer Focus	Ability to oversee a strong consumer-focused culture committed to achieving consumer outcomes.
Operational Experience in Major Business	Ability to manage and oversee business operations and deliver sustained business success.
Governance	Ability to assess governance, environmental and social issues and the effectiveness of organisational policies and procedures.
Risk Management	Ability to identify and manage key risks, including regulatory, financial and non-financial risks, to an organisation.
Mergers & Acquisitions	Ability to assess strategic M&A opportunities and oversee execution/completion.

Biographical details of Directors and Company Secretary

MICHAEL SIDDLE
Chairman
Appointed 27/05/14
(Appointed as a Director 26/5/75)

Mr Michael Siddle was appointed as Chairman of the Company on 27 May 2014, having been Deputy Chairman for 17 years and a founding Director. He has built up significant knowledge of the business and the private hospital industry, after starting with the Company in 1968. Mr Siddle has extensive experience in the management of private hospitals and has been integrally involved in Ramsay Health Care's successful expansion through construction, mergers and acquisitions.

Mr Siddle is also a Director of the Paul Ramsay Foundation.

Committee memberships:

- People & Remuneration Committee (Member)
- Nomination & Governance Committee (Member)

Independence status:

- Non-independent

CRAIG MCNALLY
CEO & Managing Director
Appointed 03/07/17

Mr Craig McNally was appointed Managing Director and Chief Executive Officer of Ramsay Health Care (Ramsay) on 3 July 2017, after serving seven years with Ramsay Health Care as Chief Operating Officer and 22 years prior to this in various roles including Head of Global Strategy and European Operations. Mr McNally is also the Chairman of Ramsay Santé.

Mr McNally is one of Ramsay's longest serving Executives, having commenced with the Company in 1988. He has worked across operational, strategic and financial roles during his tenure.

For the last two decades, Mr McNally has been responsible for the development and implementation of Ramsay's growth strategy including brownfield expansions, international market assessments, mergers and acquisitions and new business strategies. He has been at the forefront of all the major acquisitions and deals completed by Ramsay Health Care. His unique ability to assess the opportunities and risks associated with new business ventures and to evaluate their 'strategic fit', as well as his sound judgement and insight, has ensured the Company's successful growth both domestically and internationally.

Mr McNally has been a key leader in the development of The Ramsay Way culture and, in particular, developing leadership capability within the global organisation.

ALISON DEANS MA MBA GAICD
Non-Executive Director
Appointed 15/11/18

Alison Deans has 25 years' experience building technology-enabled businesses involved in media, ecommerce, financial services and health, and across leadership roles as an executive, a director and in venture capital.

Ms Deans joined the Board of Ramsay Health Care in November 2018. She is also Chair of Cochlear Limited and a Non-Executive Director of SCEGGS Darlinghurst, Deputy Pty Ltd and the Observership Program. She is also on the Investment Committee of MainSequence Ventures.

In her executive career, Ms Deans was previously the CEO of eBay Australia and New Zealand, CEO of eCorp Limited, (a publicly listed portfolio of digital businesses), CEO of Hoyts Cinemas and, most recently, CEO of netus Pty Ltd - a technology investment company acquired by Fairfax.

Ms Deans also spent seven years as a Consultant with McKinsey & Company. She holds a Master of Business Administration from the Stanford Graduate School of Business and a Master of Arts (Physics) from Cambridge University.

In the past three years, Ms Deans has served as a Director of the following listed companies:

- Cochlear Limited (Appointed February 2015)
- Westpac Banking Corporation (Resigned December 2020)

Committee memberships:

- People & Remuneration Committee (Chair)
- Nomination & Governance Committee (Member)

Independence status:

- Independent

JAMES MCMURDO BSC (ECONOMICS), ACA
Non-Executive Director
Appointed 10/09/19

Mr James McMurdo has over 30 years finance and banking experience. He has a background in corporate advisory spanning across mergers and acquisitions, strategic advisory and financing with experience across multiple industries including the healthcare sector. He has held senior operating management roles and worked extensively in both the Asia Pacific and European regions.

Mr McMurdo is one of the Founding Partners of Privatus Capital Partners, an advisory and merchant banking business. Prior to establishing Privatus, Mr McMurdo held senior management roles at Deutsche Bank and was based in Hong Kong. During his time at Deutsche Bank, he was Global Co-Head of Corporate Finance, Head of Corporate and Investment Bank for Asia Pacific and CEO for Australia and New Zealand. He sat on the firm's Global Executive Committee for the Corporate and Investment Bank for four years.

Prior to this, Mr McMurdo was a Partner at Goldman Sachs, where he held senior positions in the Investment Banking Division in Australia and Europe.

Mr McMurdo holds a degree in Economics from the University of Newcastle upon Tyne and is a member of the Institute of Chartered Accountants for England & Wales.

Committee memberships:

- Audit Committee (Member)

Independence status:

- Independent

KAREN PENROSE B.COM (UNSW) CPA FAICD
Non-Executive Director
Appointed 1/3/20

Ms Karen Penrose has had an extensive executive career in leadership and CFO roles, mainly in financial services. She is well-versed in financial management, customer outcomes and operating in a rapidly changing regulatory environment which stems from 20 years in banking with Commonwealth Bank and HSBC and eight years as a listed-company CFO.

Ms Penrose has been a full-time director since 2014 and is an experienced committee chair of audit and risk. In addition to being a Non-Executive Director of Ramsay Health Care, Ms Penrose also serves as a Director of Bank of Queensland, Cochlear and Estia Health. Ms Penrose is a member of Chief Executive Women and on the Board of Marshall Investments Pty Limited and Rugby Australia Limited.

In the past three years, Ms Penrose has served as a Director of the following listed companies:

- Bank of Queensland (Appointed November 2015)
- Cochlear Limited (Appointed July 2022)
- Estia Health Limited (Appointed October 2018)
- Ramsay Santé (Appointed February 2021)
- Spark Infrastructure Group (Resigned May 2020)
- Vicinity Centres (Resigned September 2022)

Committee memberships:

- Audit Committee (Chair)
- Risk Management Committee (Member)

Independence status:

- Independent

STEVEN SARGENT BBUS FAICD FTSE
Non-Executive Director
Appointed 25/11/21

Mr Sargent's executive career included 22 years at General Electric, where he gained extensive multi-industry, international experience leading businesses in industries including healthcare, energy and financial services across the USA, Europe and Asia Pacific.

Mr Sargent is currently a Non-Executive Director of Origin Energy Limited and Chair of infection prevention company Nanosonics Limited. His unlisted board activities include Chairman of The Origin Energy Foundation Limited, Origin's philanthropic arm, and Non-Executive Director of The Great Barrier Reef Foundation.

Mr Sargent holds a Bachelor of Business from Charles Sturt University and is a Fellow with the Australian Institute of Company Directors and a Fellow with the Australian Academy of Technological Sciences and Engineering.

In the past three years, Mr Sargent has served as a Director of the following listed companies:

- Origin Energy Limited (Appointed May 2015)
- Nanosonics Limited (Appointed July 2016)
- OFX Group Limited (Resigned August 2022)

Committee memberships:

- Risk Management Committee (Chair)

Independence status:

- Independent

CLAUDIA SÜSSMUTH DYCKERHOFF PHD
Non-Executive Director
Appointed 30/10/18

Dr Claudia Süssmuth Dyckerhoff PhD joined the Ramsay Health Care Board in October 2018, bringing expertise in market growth strategies, business development and operational performance improvement in hospitals.

Dr Süssmuth Dyckerhoff has extensive global experience in hospitals and health care across Europe, Asia, and the USA. She joined McKinsey & Company in Switzerland in 1995 and was transferred to the USA focusing on supporting health care companies, including pharmaceutical/medical device companies, payor, provider and health systems in Europe and the USA. In 2006, Dr Süssmuth Dyckerhoff transferred to China, was elected Senior Partner in 2010 and supported health care companies as well as governments across Asia. She also led McKinsey's Asia-wide Health Systems and Services Sector. In 2016, when she was nominated to the Board of Hoffmann-La Roche, she stepped down from her role as Senior Partner and took on an external advisor role. Dr Süssmuth Dyckerhoff also supports start-ups in the health care area; she joined the board of the Health Tech company HUMA in April 2021 and the board of QuEST Global in November 2020.

Dr Süssmuth Dyckerhoff studied Business Administration at the University of St Gallen, Switzerland as well as at ESADE, Barcelona where she graduated with an MBA/CEMS Master. She also holds a PhD in Business Administration from the University of St Gallen/University of Michigan Ann Arbor.

In the past three years, Dr Süssmuth Dyckerhoff has served as a Director of the following listed companies:

- Hoffmann La Roche (Appointed March 2016)
- Clariant AG (Appointed April 2016)

Dr Süssmuth Dyckerhoff has also been appointed to the Board of Prudential plc, subject to regulatory approval.

Committee memberships:

- Risk Management Committee (Member)

Independence status:

- Independent

DAVID THODEY AO
Non-Executive Director
(Appointed 28/11/17) and
Lead Independent Director
(Appointed 1/03/20)

Mr David Thodey AO is a business leader with an executive career in the technology and telecommunications industries, garnering more than 30 years' experience creating brand and shareholder value.

In addition to being a Non-Executive Director and Lead Independent Director of Ramsay Health Care, Mr Thodey is currently Chair of Tyro Payments Limited (a leading alternative payments provider) and Xero Limited (a small business accounting software company).

Mr Thodey was previously CEO of Telstra, Australia's leading telecommunications and information services company, Chair of Australia's national scientific research agency, the Commonwealth Scientific and Industrial Research Organisation (CSIRO) and, prior to that, CEO of IBM ANZ.

Mr Thodey holds a Bachelor of Arts in Anthropology and English from Victoria University, Wellington, New Zealand; he attended the Kellogg School of Management postgraduate General Management Program at Northwestern University in Chicago, USA, and was awarded an Honorary Doctorate in Science and Technology from Deakin University in 2016, as well as an Honorary Doctorate of Business from University of Technology Sydney in 2018. Mr Thodey is also a Fellow of the Australian Academy of Technological Sciences and Engineering (ATSE) and the Australian Institute of Company Directors (AICD).

Mr Thodey was awarded an Order of Australia in 2017 for his service to business and the promotion of ethical leadership and workplace diversity.

In the past three years, Mr Thodey has served as a Director of the following listed companies:

- Xero Limited (Appointed June 2019)
- Tyro Payments Limited (Appointed November 2018)
- Vodafone Group Plc (Resigned July 2020)

Mr Thodey is the Lead Independent Director and is a member of the following Committees:

- Nomination & Governance Committee (Chair)
- Audit Committee (Member)
- People & Remuneration Committee (Member)

Independence Status:

- Independent

HENRIETTA ROWE B.ECON (SOC SCI) (HONS), LLB (HONS), FGIA, MAICD
Group General Counsel & Company Secretary
Appointed 25/06/19

Ms Rowe was appointed Group General Counsel & Company Secretary on 25 June 2019 and is responsible for the Group legal, governance and secretariat functions.

Ms Rowe has more than 15 years' experience with leading global law firm, Herbert Smith Freehills, and in-house at the Commonwealth Bank of Australia, specialising in corporate governance, mergers and acquisitions and capital management.

She holds a Bachelor of Economics (Social Sciences) (Honours) and a Bachelor of Laws (Honours) from the University of Sydney, is a Fellow of the Governance Institute of Australia and a member of the Australian Institute of Company Directors Law Committee.

The Ramsay Board and Board Committee membership

As at 30 June 2022

Name	Board	Audit Committee	Risk Management Committee	People & Remuneration Committee	Nomination & Governance Committee
Michael Siddle	●			○	○
Craig McNally	○				
Alison Deans	○			●	○
James McMurdo	○	○			
Karen Penrose[1]	○	●	●		
Steven Sargent[2]	○		○		
Claudia Süssmuth Dyckerhoff	○		○		
David Thodey	○	○		○	●

1 Karen Penrose was a member of the Risk Management Committee throughout FY22 and Chair from 24 November 2021 to 23 August 2022. She remains a member of the Committee.
2 Steven Sargent was appointed to the Risk Management Committee as a member on 22 February 2022 and assumed the role of Chair of that Committee on 24 August 2022.

● Chair and member ○ Member

Directors' meetings

The number of scheduled Board and committee meetings held during the financial year ending 30 June 2022 and the number of meetings attended by each of the Directors in office during this period is set out in the table below.

Please note the number of meetings that each Director was eligible to attend is included in brackets.

Name	Board	Audit Committee	Risk Management Committee	People & Remuneration Committee	Nomination & Governance Committee
Michael Siddle	17 (17)	-	-	6 (6)	3 (3)
Peter Evans[1]	7 (7)	3 (3)	(2) (2)	-	-
Craig McNally	17 (17)	-	-	-	-
Alison Deans	16 (17)	-	-	6 (6)	3 (3)
James McMurdo	17 (17)	5 (6)	-	-	-
Karen Penrose	17 (17)	6 (6)	4 (4)	-	-
Steven Sargent[2]	10 (10)		2 (2)		
Claudia Süssmuth Dyckerhoff	16 (17)	-	4 (4)	-	-
David Thodey[3]	17 (17)	3 (3)	(1) (1)	6 (6)	3 (3)

1 Peter Evans resigned on 24 November 2021
2 Steven Sargent was appointed to the Board on 25 November 2021 and to the Risk Management Committee on 22 February 2022
3 David Thodey was a member of the Risk Management Committee from 24 November 2021 until 22 February 2022

9.

Remuneration Report – Audited

Letter to Shareholders

Dear Shareholders

On behalf of the Board of Ramsay Health Care (**Ramsay** or **the Group**), I am pleased to present our FY22 Remuneration Report (**Report**).

As described in detail in this annual report, FY22 was another year of challenges and uncertainty due to the ongoing impact of COVID on Ramsay hospitals, patients and our people. This included lockdowns, isolation orders and surgical restrictions throughout much of the year, and in all regions. Indeed, the short-term financial impact of COVID in FY22 was more severe than in FY21, estimated at $276m impact on NPAT in Australia alone. The Ramsay management team demonstrated resilience, agility and dedication in responding to the ongoing and unpredictable challenges presented, while still pursuing our 2030 strategy. Progress towards our 2030 strategy was in line with plans, while financial results for the year were disappointing in an absolute sense, with NPAT down 39% on FY21, but commendable relative to the external conditions.

In determining the remuneration outcomes for the year, the Board reflected on our remuneration principles of

- attracting, retaining and motivating the best global talent
- fairly rewarding performance
- transparency and simplicity
- promoting sustainable, long-term value for shareholders and other stakeholders.

As a result, the Board decided to exercise judgement in assessing the short-term financial performance element of the STI scorecard. Specifically, the board determined that it was in line with our remuneration principles to assess financial performance for the year relative to the impacts of COVID ie assessing how well the team adapted to the unfolding COVID environment in their region in order to achieve the best possible financial outcomes for the year in those circumstances. All other components of remuneration were assessed without any adjustment for the impact of COVID.

- Exercising judgement in this way, the board assessed the financial performance component of the STI scorecard as Partially Met and the overall performance as Partially Met. This resulted in an overall performance of 68% of maximum for the CEO & MD and 71% of maximum for the Group Chief Financial Officer (**Group CFO**). More details on this determination are included below and in the remuneration report.
- In-line with shareholder outcomes, the FY20 long-term incentive (**LTI**) did not vest
- No increases were made to fixed annual remuneration (**FAR**) for Executive Key Management Personnel (**KMP**).

More detail is given below on the assessment of strategic and financial outcomes for FY22 considered in determining the remuneration outcomes for the year.

Strategic Outcomes in FY22

In FY22, the Ramsay management team made significant progress on our 2030 strategic priorities and in strengthening our values (which we call The Ramsay Way). Highlights for FY22 included the following:

- **Ramsay continued to support public sector and community responses to the pandemic**. Ramsay teams have also been working with Governments to provide additional capacity over the medium to long-term to address growing public waiting lists for elective surgery and non-surgical services. Ramsay's employees and clinicians moved quickly to organise numerous local vaccination programs, while continuing to care for hospitalised COVID patients.
- **Ramsay continued to grow and modernise its hospital network through organic growth opportunities and strategic acquisitions.** In FY22, Ramsay acquired Elysium Healthcare, giving us a strong foothold in the UK's growing mental health market. Ramsay Santé acquired a network of 24 specialist clinics in Sweden to complement our hospitals and primary care centres across the Nordic region. Ramsay Australia and Ramsay UK have opened new hospitals and services, as well as upgrading many facilities.

- **Ramsay made progress in developing its digital and data strategies.** Ramsay continued to build its digital capability and progress a digital roadmap, which will include integrated patient pathways, digi-physical care to support clinical excellence and data-driven decision-making.
- **Stakeholders showed strong support for Ramsay's sustainability strategy.** Our approach to sustainability received a clear vote of confidence from the banking and capital markets industry, with our A$1.5 billion sustainability-linked loan (SLL) winning 'Sustainable Deal of the Year' from the Asia Pacific Loan Market Association and 'ESG Loan of the Year' from the International Financing Review Asia magazine. Ramsay has also committed to near and long-term science-based decarbonisation targets to achieve net zero greenhouse gas emissions by 2040. Our Ramsay Cares sustainability initiatives have been embraced by our people and we are making steady progress towards achieving our targets.
- **Ramsay strengthened its global response to staff shortages and combatting COVID-related fatigue in frontline teams.** Ramsay is committed to addressing critical and chronic shortages in the global healthcare labor market through a wide range of initiatives including our nursing 'leader of tomorrow' programs, corporate and clinical graduate programs and a landmark agreement to promote quality of life at work for Ramsay Santé employees in France.
- **Ramsay's balance sheet allowed continued investment in long-term growth opportunities.** The Group continued to invest in our long-term strategy and opportunities for growth. This will allow the group to capitalise on underlying demand for hospital and adjacent health services in all our regions (including the backlog of elective surgery and a growing pipeline of non-surgical cases) and rising activity levels are rising, as our regions move into an endemic COVID-19 setting.

In April 2022, the private equity investment company KKR made an unsolicited takeover bid for Ramsay. Ramsay's management responded to additional demands arising because of this approach.

Financial outcomes in FY22

The financial outcomes for FY22 were disappointing in an absolute sense, with NPAT down 39% on FY21. FY22 was heavily impacted by the ongoing effects of the COVID-19 pandemic; notably, the COVID impact on financial outcomes in FY22 were more severe than in FY21. For example, Ramsay Australia experienced significant lockdowns, isolation orders and surgical restrictions in the first nine months of the year, as well as significant increased costs throughout the year of operating in a COVID environment. The financial impact of these disruptions in FY22 was estimated to be around $276m for Ramsay Australia. (See Group FY2022 Financial Results for further details of the disruption caused by COVID and impact on financial outcomes by region).

The Board considered the magnitude of the impacts of COVID on the financial outcomes of the group alongside the Ramsay Remuneration Principles: attracting, retaining and motivating the best global talent; fairly rewarding performance; transparency and simplicity; alignment with strategy; and alignment with long-term shareholder value.

As a result, the Board chose to apply prudent judgement in assessing the financial performance component of the STI scorecard. In particular, the Board decided to consider the financial performance of the business - in each region and as a whole - relative to the circumstances presented to the business as the year unfolded and, in particular, as the impact of COVID unfolded in each region and how well the team adapted to the changes in order to achieve the best possible financial outcomes in the circumstances.

On this basis, the Board determined that the financial outcome of FY22, while disappointing at an absolute level, was a commendable performance by management given the extraordinary circumstances presented to the business. Our teams responded remarkably well in most instances to the challenges as they unfolded, however there were some areas where the businesses could have responded more completely. As a result, this component of the scorecard was assessed by the Board as Partially Met.

While other aspects of the business were also impacted by COVID disruption in FY22, the four non-financial components of the STI scorecard were considered against the relevant goals without any adjustment for COVID impact. Performance against the non-financial components of the scorecard are detailed in the remuneration report.

Remuneration changes for FY22: New environmental STI measure

Ramsay recognises that safeguarding our environment is a key responsibility of the business community. Reducing waste and minimising our use of scarce resources is also consistent with financial responsibility and meeting the expectations of our stakeholders. Ramsay has committed to sustainability initiatives such as uniting with the Climate Leaders Coalition (a group of 33 leading Australian companies and their CEOs who are committed to the ambitions of the Paris Agreement) and the Board is of the view that executives should be accountable for the Group's environmental performance. To reflect this, in FY22 the Board introduced a new measure in the Chief Executive Officer & Managing Director's (CEO & MD) short-term incentive (STI) scorecard, being "greenhouse gas intensity reduction". Further details are included in 3.2.

No other changes were made to the FY22 executive remuneration framework following an extensive review in FY20 and FY21.

Summary of outcomes

In FY22, having regard to the Group's performance during the financial year (as outlined above):

- No increases were made to fixed annual remuneration (FAR) for Executive Key Management Personnel (KMP).
- The FY22 STI vested at 68% of maximum for the CEO & MD and 71% of maximum for the Group Chief Financial Officer (Group CFO).
- The FY20 long-term incentive (LTI) did not vest.

Refer to section 3 for further detail on FY22 remuneration outcomes.

We look forward to feedback from shareholders on this FY22 Remuneration Report.

ALISON DEANS
Chair, People and Remuneration Committee

Remuneration Report Contents

1 Key Management Personnel (KMP)

This Report for the year ended 30 June 2022 has been prepared in accordance with section 300A of the *Corporations Act 2001* (Cth) and the Accounting Standards.

The Report discloses the FY22 remuneration arrangements and outcomes for the people listed below, who are the individuals within the Group who have been determined to be key management personnel (**KMP**) in the financial year to 30 June 2022. KMP are those people who have the authority and responsibility for planning, directing and controlling the Group's activities, either directly or indirectly. No changes were made to KMP for FY22.

Name	Position	Term
Executive KMP		
Mr Craig McNally	MD & CEO	Full year
Mr Martyn Roberts	Group CFO	Full year
Non-Executive Directors		
Mr Michael Siddle	Chairman	Full year
Ms Alison Deans	Non-Executive Director	Full year
Mr James McMurdo	Non-Executive Director	Full year
Ms Karen Penrose	Non-Executive Director	Full year
Dr Claudia Süssmuth Dyckerhoff	Non-Executive Director	Full year
Mr David Thodey	Non-Executive Director	Full year
Mr Steven Sargent[1]	Non-Executive Director	From 25 November 2021
Mr Peter Evans[2]	Former Deputy Chairman	Until 24 November 2021

1 Mr Sargent was appointed as Non-Executive Director (NED) of Ramsay with effect from 25 November 2021.
2 Mr Evans ceased as NED of Ramsay with effect from 24 November 2021

2 Executive Remuneration Framework

2.1 Alignment of Ramsay's strategy & remuneration framework

Ramsay's executive remuneration framework is designed to attract, motivate and retain a highly qualified and experienced group of executives. It is intentionally structured to align our executives to the creation of long-term shareholder value by successfully executing our strategy and delivering on quality consumer outcomes, in accordance with The Ramsay Way.

OUR VISION: To leverage our global platform and be a leading healthcare provider of the future

By growing, modernising and leveraging our **World Class Hospital Network**

- Organic growth
- Strategic expansion
- Strategic growth in key therapeutic areas

Integrated patient-centred care

And moving purposefully into **New & Adjacent Services**

- Extended patient pathway
- Broader digi-physical care delivery
- New services, existing regions
- Diagnostic and imaging services
- New payers and funding models

OUR MISSION: Creating a best-in-class, digitally enabled healthcare ecosystem - to change what is possible for your health

Operational Excellence *will deliver value for all stakeholders*

- Procurement
- Operational efficiencies
- Excellence in service delivery

Strong Organisational Foundations *will underpin our achievements*

- Digital and data transformation
- Clinical excellence
- Industry leading talent
- Ramsay Cares sustainability strategy
- Strategic partnerships and M&A capability

OUR PURPOSE: People caring for people

Our remuneration principles

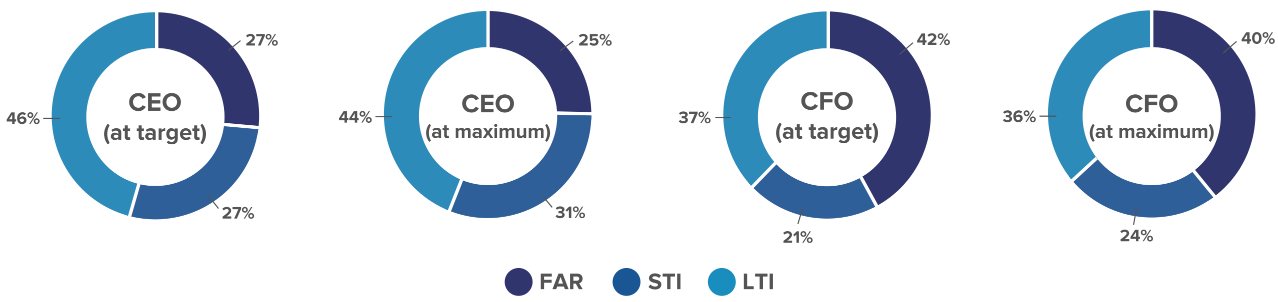
Attract, retain & motivate	Performance based	Simple & transparent	Strategic alignment	Shareholder alignment	The Ramsay Way
Enabling Ramsay to attract, motivate and retain the best talent globally	Provides reward where individuals have demonstrated strong performance	Can be easily explained and understood by all stakeholders	Drives performance against strategy	Drives long term value for shareholders	Encourages the right behaviours aligned to "People Caring for People"

Our remuneration framework

FAR	STI	LTI	Minimum shareholding requirement
Provides competitive base pay to attract and retain the capability required to manage and lead a global business (see section 2.3)	Rewards performance in executing Ramsay's strategic priorities during the year, and behaviour aligned to the Ramsay Way (see section 2.4)	Drives long-term value creation for shareholders and encourages an owner's mindset and long-term decision making (see section 2.5)	Further supports alignment between the interests of executives and our shareholders (see section 2.7)

2.2 Remuneration mix: the composition of our pay

The proportions of reward for current Executive KMP (i.e. the MD & CEO and Group CFO) that are delivered by each of the framework elements when "target" and "maximum" performance is achieved is set out below. The remuneration mix is weighted towards at-risk, performance-based remuneration to ensure a focus on both short-term and long-term performance, and alignment with shareholder interests.



2.3 Fixed Annual Remuneration (FAR) overview

FAR is set taking into account market benchmarks referenced to ASX-listed companies with similar market capitalisation, revenue and international operations. As a global organisation and recognising that there are no direct Australian listed competitors, consideration is also given to international healthcare organisations and other private healthcare operators in Australia.

To remain market competitive, FAR is reviewed annually against appropriate market benchmarks considering individual performance for the year and the executive's expertise brought to the role (see section 3.1 for FY22 FAR levels for Executive KMP).

2.4 FY22 Short-Term Incentives (STI)

The Group's STI plan is designed such that a proportion of Executives' remuneration is at-risk – to be delivered based on the achievement of performance measures linked to annual business objectives linked to the delivery of strategy.

The table below outlines the key terms and conditions applying to the STI arrangements for the Executive KMP during FY22. Refer to section 3.2 for detail in respect of FY22 STI outcomes.

Component	Detail		
Opportunity levels	**Executives**	**Target Opportunity (% of FAR)**	**Maximum Opportunity (% of FAR)**
	CEO & MD	100	125
	Group CFO	50	60
Performance period	STI awards are assessed over the 12-month financial year. Any STI award payments are made after performance is tested at the end of the performance period.		
How STI awards are assessed	As shown in the diagram below, performance outcomes for all Executive KMP are determined based on both Group and individual performance, using a scorecard, and moderated by performance aligned with "The Ramsay Way" (see below for further detail on the STI scorecard measures and the performance modifier respectively). The Board, in conjunction with the People & Remuneration Committee may exercise judgement and apply discretion as is required to ensure that STI outcomes appropriately reflect the performance of the individual and the Group, as well as aligning to the expectations of Ramsay's stakeholders.		

STI Opportunity				**Unadjusted Outcome**		**Ramsay Way Modifier**		**Performance Outcome**
FAR ($)	x	STI Target Opportunity (%)	x	Scorecard Result (%)	x	The Ramsay Way (%)	=	Value of STI Award ($)

<table>
<tr><th>Component</th><th colspan="4">Detail</th></tr>
<tr><td rowspan="6">Performance measures (i.e. STI scorecard)</td><td colspan="4">The STI scorecard measures are aligned to five key strategic priorities – each one fundamental to delivering on the Group's strategy. These priorities are all measurable on an annual cycle and fundamental to the delivery of our long-term strategy as they measure the financial outcomes and strategic foundations delivered during the year whilst also ensuring we are continually improving our culture, consumer engagement and high standards of quality.
A copy of the MD & CEO's scorecard for FY22 can be found in section 3.2(b) of this report. For executives, the scorecard cascades from the MD & CEO.
FY22 was heavily impacted by the ongoing effects of the COVID-19 pandemic, with the COVID impact on financial outcomes in FY22 more severe than FY21. The Board considered the magnitude of the impacts of COVID on the financial outcomes of the group alongside the Ramsay Remuneration Principles of attracting, retaining and motivating the best global talent; fairly rewarding performance; transparency and simplicity; alignment with strategy; and alignment with long-term shareholder value. As a result, the Board chose to apply judgement in assessing the financial performance component of the FY22 STI scorecard. In particular the Board decided to consider the financial performance of the business – in each region and as a whole - relative to the circumstances presented to the business as the year unfolded and assess how well the team adapted to the unfolding environment in their region in order to deliver the best possible financial outcome for the year relative to the circumstances presented.
For non-financial metrics, quantitative metrics are used wherever possible and complemented with qualitative metrics, assessed in performance appraisals undertaken by the People & Remuneration Committee and the Board, drawing on multiple sources of feedback.</td></tr>
<tr><td></td><td>Rationale</td><td>Operational Executive (i.e. MD & CEO)</td><td>Non-Operational Executive (i.e. Group CFO)</td></tr>
<tr><td>Financial</td><td>Financial results are critical to delivering for our key stakeholders including patients, staff and shareholders, as well as positioning Ramsay to deliver long-term value.
Typically financial results are measured against targets set at the beginning of the year.
In 2022, financial results were considered relative to the challenges and impact of the ongoing COVID-19 pandemic.</td><td>50%</td><td>40%</td></tr>
<tr><td>Strategic</td><td>Delivery of annual strategic objectives that are key to delivering the long-term strategy.</td><td>15%</td><td>20%</td></tr>
<tr><td>People</td><td>Our people are our most important asset and our culture, The Ramsay Way is fundamental to our ongoing success.</td><td>15%</td><td>20%</td></tr>
<tr><td>Consumer

Quality</td><td>Listening and responding to the needs of our patients allows us to continually evaluate and improve on all aspects of our performance ensuring ongoing competitive advantage.

Delivering superior clinical outcomes is critical to our ongoing success, so we focus on maintaining the highest stands of clinical quality and safety.</td><td>10%

10%</td><td>10%

10%</td></tr>
<tr><td>'The Ramsay Way' Performance Modifier</td><td colspan="4">The Ramsay Way 'People Caring for People' is the Group's cultural backbone which assists in guiding decision making that is both people and outcome focused, while also balancing risk behaviours in both a financial and non-financial sense.
The Ramsay Way performance modifier allows for adjustments to outcomes for each individual, based on their demonstration of The Ramsay Way values and behaviours.
The application of this modifier can only reduce the quantum of awards, with the modifier being a multiplier between 0–100%.</td></tr>
<tr><td>Delivery</td><td colspan="4">After performance is assessed, the STI award is delivered 50% in cash and 50% in deferred equity in the form of restricted shares.
• For the CEO & MD, restricted shares are granted and deferred for 3 years (subject to continued employment at the relevant vesting date).
• For other Executive KMP, the deferral period is 2 years with 50% of the deferred equity being released after the first year and the second 50% released at the end of the subsequent year (subject to continued employment at the vesting date).
Restricted shares are allocated on a face value basis by dividing the deferred STI amount by the 5-day volume weighted average price (VWAP) of Group shares to the STI payment date (rounded to the nearest whole number of shares).

Deferred STI Amount ($) (50% of STI Award) / <b>Share Price ($) Face value allocation using 5 Day VWAP to STI payment date = Allocation of Restricted Shares (Rounded to the nearest whole number)</td></tr>
</table>

2.5 FY22 Long Term Incentives (LTI) – granted

a) Overview

The LTI plan is designed to reward sustainable long-term performance and align executives to shareholder outcomes, while supporting Ramsay to attract and retain the best talent globally.

b.) Key terms

The table below outlines the key terms attaching to the LTI awards granted to Executive KMP during FY22.

Component	Detail
Opportunity levels	The table below outlines the face value of LTI awards granted to Executive KMP during FY22. LTI opportunities have been set based on the ability of the executive to influence sustainable long-term value creation.
Instrument	The Group's LTI awards are delivered in performance rights. Performance rights are granted for no consideration as they form part of the remuneration package for Executive KMP. Each performance right is an entitlement to receive a fully paid ordinary share in Ramsay Health Care Limited at no cost (or an equivalent cash payment at the discretion of the Board).
Allocation methodology	Performance rights are granted using a face value methodology. Each individual's dollar value LTI opportunity (as a percentage of FAR) is divided by the five-day VWAP up to and including the first trading day of the performance period.
Performance Period	3 years (i.e. 1 July 2021 – 30 June 2024) for the FY22 grant.
Calculation of Awards	See below.

Opportunity levels:

Executive KMP	Maximum LTI Opportunity (% of FAR)	Maximum LTI Opportunity ($)
C.R. McNally	175% of FAR	3,650,325
M.J. Roberts	90% of FAR	1,080,000

Allocation methodology:

Executive FAR Amount ($)		LTI Opportunity (%)		Share Price ($)		Allocation of Performance Rights
	x		/	Face value allocation using 5 Day VWAP to first day of performance period	=	(Rounded to the nearest whole number)

Calculation of Awards:

Overview

FY22 LTI awards are subject to two performance conditions:

- **Relative Total Shareholder Return 'Relative TSR' (50%)** against the S&P / ASX100 index (excluding real estate, finance and resources industries, as they have different drivers of operating performance); and
- **Compounded Annual Growth Rate in Earnings per Share 'CAGR in EPS' (50%)** subject to the achievement of the ROIC gateway noted below.

Relative TSR (50%)

A relative TSR performance condition is used, as the Board is of the view that use of a TSR hurdle provides a strong link between executive remuneration and shareholder return, relative to Ramsay's ASX peers.

The Board also considers that it is appropriate to use a broader index-based comparator group (as outlined above) rather than a sector specific peer group as there are too few Australian healthcare companies of a similar size and scope of operations to Ramsay for benchmarking purposes.

The following table sets out the vesting schedule in respect of the relative TSR performance metric.

Group's relative TSR	Vesting
Below 50th Percentile	Nil
50th Percentile	50% vesting
50th and 75th Percentile	Vesting on a straight-line basis between 50% and 100% vesting
Above 75th Percentile	100% vesting

CAGR EPS (50%)

EPS has been chosen as it is linked to long-term growth targets and provides evidence of Ramsay's growth in profitability and is linked to shareholder returns.

The measurement of EPS will be based on a 3-year growth range against threshold and stretch performance hurdles.

Subject to the achievement of the ROIC gateway noted below, the following table sets out the vesting schedule in respect of the EPS performance metric.

<table>
<tr><th>Component</th><th>Detail</th></tr>
<tr><td></td><td><table>
<tr><th>CAGR EPS</th><th>Vesting</th></tr>
<tr><td>Less than 3%</td><td>Nil</td></tr>
<tr><td>3% (threshold)</td><td>30% vesting</td></tr>
<tr><td>Between 3% and 9%</td><td>Vesting on a straight-line basis between 30% and 100% vesting</td></tr>
<tr><td>9% (stretch)</td><td>100% vesting</td></tr>
</table></td></tr>
<tr><td>ROIC gateway</td><td>As noted above, the EPS component of FY22 LTI awards will be subject to a Return on Invested Capital 'ROIC' gateway, reflecting the capital intensive nature of the Group’s business. That is, both the EPS hurdle and ROIC gateway will need to be met in order for any vesting to occur.

The ROIC outcome for the Group over the 3-year performance period is tested relative to the weighted average cost of capital (WACC) for the Group over the 3-year performance period. The actual ROIC outcomes will need to be above WACC for vesting to occur. The Board will consider the impact of acquisitions (which are made in line with a Board approved acquisition plan) in the assessment of ROIC, including exclusion of capital spent and the returns from that acquisition for the period of the approved build and ramp-up, to ensure that participants are not penalized for undertaking an investment which is expected to deliver long-term profitable growth.

The Board assesses achievement of the performance conditions having regard to external data and the Company’s audited financial statements.</td></tr>
<tr><td>Board discretion and adjustment principles</td><td>The Board, in conjunction with the People & Remuneration Committee, may exercise judgement and apply its overarching discretion as is required to ensure that LTI outcomes appropriately reflect the performance of the individual and the Group, as well as aligning to the expectations of Ramsay’s stakeholders.

In particular, the Board has discretion to make adjustments to the EPS outcomes used for the purposes of the FY22 LTI award and, as noted above under “ROIC Gateway”, the Board will consider the impact of acquisitions (which are made in line with a Board approved acquisition plan) in the assessment of the ROIC gateway.

To ensure any adjustments are consistently applied, five guiding principles will be applied as follows:
• Plan integrity and management accountability - adjustments will be made to align with the purpose of the plan and reflect management accountability for past decisions;
• Nature and timing of adjustments - adjustments, both positive and negative, will only be made at the time of vesting;
• Transparency - the Group will provide a clear rationale and disclosure, for any adjustments made, especially in case where performance has not been achieved;
• Material or significant events - adjustments will only be made for events or items over the vesting period that have a material impact positively or negatively on the performance outcome, and consequently reward outcome;
• Balance of interests - adjustments will be balanced to ensure outcomes are not unfairly biased towards either shareholders or management.

The Board will provide clear and transparent disclosure in respect of any exercise of Board discretion or adjustments to EPS in the relevant Remuneration Report.</td></tr>
</table>

2.6 Other terms

The following components apply to both the STI and LTI.

Component	Detail
Board Discretion	As noted above, the Board, in conjunction with the People & Remuneration Committee, may exercise judgement and apply discretion as is required to ensure that incentive outcomes appropriately reflect the performance of the individual and the Group, as well as aligning to the expectations of Ramsay's shareholders.
Treatment on cessation of employment	The Board retains absolute discretion in determining STI payments for a leaving executive. However, if an executive ceases employment with Ramsay before key performance indicator (KPI) targets are achieved, then they will generally not be entitled to receive any STI. However, if cessation of employment is due to retirement, illness, disability or death or is a Group-initiated termination other than for cause, the Executive may receive a pro-rata STI payment for the portion of the performance period they were employed. Restricted shares granted as the deferred equity component of any STI payment will lapse if employment is terminated for cause or if the Executive resigns (or gives notice of resignation) prior to the relevant vesting date. If the Executive ceases employment for any other reason, the Restricted Shares will remain on foot and vest in the ordinary course. LTI performance rights will lapse if employment is terminated for cause or if the Executive resigns (or gives notice of resignation) prior to the relevant vesting date. If cessation of employment is due to any other reason including retirement, illness, disability or death or is a Group-initiated termination other than for cause a pro rata portion will remain on foot and be tested in the ordinary cause of business. In all cases, the Board has discretion to determine a different treatment on cessation of employment.
Malus and clawback	The Board may take action to reduce, recoup or otherwise adjust "at-risk" remuneration including in-year incentives, unvested incentives and previously awarded incentives (cash or equity) where, in the opinion of the Board: • the employee has acted fraudulently or dishonestly, engaged in gross misconduct and / or breached his or her duties or obligations to the Group (including acting in breach of the terms and conditions of their employment and/or Ramsay's Code of Conduct for Employees); • has engaged in an act which has brought the Group into disrepute or has acted or failed to act in a way that has contributed to, or is likely to contribute to, material reputational damage to the Group; • is convicted of an offence or has a judgement entered against them in connection with the affairs of the Group; • "at-risk" remuneration vests as a result of a financial misstatement circumstance or the fraud, dishonesty, negligence or breach of duties or obligations of any other person and, in the opinion of the Board, the remuneration would not have otherwise vested; • adverse outcomes have arisen after vesting of "at-risk" remuneration (including during the deferral period) that cause a re-evaluation of the original assessment of performance generating the award; and/or • any other circumstances exist or have occurred which the Board determines in good faith to have resulted in the employee receiving an unfair benefit. The ability of the Board to apply the policy is broad and includes (but is not limited to) lapsing or requiring repayment of awards, and for unvested equity re-setting performance conditions or amending the terms on which they are disposed.

2.7 Minimum shareholding requirements

A minimum shareholding requirement was introduced from the start of FY20 for Executive KMP and NEDs. This Policy is intended to support alignment between KMP and the Group's shareholders and requires all Executive KMP and NEDs to obtain and hold Ramsay shares in line with the detail below:

Position	Minimum Shareholder Requirement	Timeframe to Acquire
MD & CEO	200% of FAR	Five years from time of appointment (or implementation of policy for individuals in role at 1 July 2019).
Executive KMP	100% of FAR	
Non-Executive Directors	100% of base annual fees	

3 FY22 Performance & Remuneration Outcomes

This section provides a summary of Ramsay's performance in FY22, and the actual remuneration outcomes that this delivered for our executives.

3.1 FAR levels

For FY22, there were no adjustments to fixed remuneration for executives. The table below sets out FAR level for Executive KMP for FY22.

Executive KMP	FAR (FY21)	FAR (FY22)
C.R. McNally	$2,085,900	$2,085,900
M.J. Roberts	$1,200,000	$1,200,000

3.2 Actual STI outcomes

a) Overview

Actual STI outcomes delivered to Executive KMP in FY22 are set out in the table below. An overview of performance against the FY22 scorecard (including key financial measures) is outlined in section (b) below.

Executive KMP	Target STI opportunity ($)	Target STI opportunity (% of FAR)	Maximum STI opportunity ($)	Maximum STI opportunity (% of FAR)	% of target FY22 STI target awarded	% of maximum FY22 STI awarded	% of maximum FY22 STI award forfeited
C.R. McNally	$2,085,900	100% of FAR	$2,607,375	125% of FAR	85.0%	68%	32%
M.J. Roberts	$600,000	50% of FAR	$720,000	60% of FAR	85.0%	71%	29%

b) Performance against FY22 STI scorecard

The table on the following page provides an overview of performance achieved against the MD & CEO's FY22 STI scorecard.

As noted in section 2.4, FY22 was heavily impacted by the ongoing effects of the COVID-19 pandemic, with the COVID impact on financial outcomes in FY22 more severe than FY21.

The financial outcomes for FY22 were disappointing in an absolute sense, with NPAT down 39% on FY21. FY22 was heavily impacted by the ongoing effects of the COVID-19 pandemic; indeed, the COVID impact on financial outcomes in FY22 was more severe than in FY21. For example, Ramsay Australia experienced significant lockdowns, isolation orders and surgical restrictions in the first nine months of the year, as well as significant increased costs throughout the year of operating in a COVID environment. Various hospitals in Australia were prevented from conducting elective surgery for over 200 days, our staff were impacted by COVID which was the primary driver of an increase in sick leave of over 40,000 days versus prior corresponding period. COVID related surgical restrictions impacted surgical procedures and patient admissions and was the key driver of the unfavourable variance to plan of over 35,000 surgical procedures and 50,000 patient admissions. The financial impact of these disruptions in FY22 was estimated to be around $276m for Ramsay Australia. (See Group FY2022 Financial Results for further details of the disruption caused by COVID and impact on financial outcomes by region).

During FY22 our workforce was severely disrupted by COVID-19 with elective surgery restrictions across all our regions impacting volumes, as well as isolation requirements impacting the availability of our people, our doctors and patients. This has had an impact on the effective capacity of our hospitals. The prolonged period of uncertainty and increased burden has had a toll on our people requiring strong adaptive leadership to navigate these exceptional challenges.

Ramsay's people and doctors have continued to assist governments, across all our regions in dealing with the pandemic through the treatment of COVID cases, the treatment of critical non COVID patients and running activities such as vaccination and testing clinics. And as they have always done, our people have supported our local communities with healthcare services and supplies through crises such as the floods in Australia and the conflict in Ukraine.

Throughout the pandemic we took the decision to retain our core hospital operations and staffing levels, consistent with Ramsay's values of The Ramsay Way 'People Caring for People'. While this approach has impacted profitability in the short term it means we are well placed to ramp up our activities and service our patients and communities as activity levels improve

The Board considered the magnitude of the impacts of COVID on the financial outcomes of the group, alongside the Ramsay Remuneration Principles. As a result, the Board has used judgement to assess the financial performance component of the FY22 STI scorecard relative to the impacts of the COVID-19 and how well the team adapted to the changes in order to achieve the best possible financial outcomes in the circumstances.

As noted above, the Board is of the view that executives should be accountable for the Group's environmental performance. Reflecting this, in FY22, the Board introduced a new measure in the CEO & MD's STI scorecard, being "greenhouse gas intensity reduction" as detailed below.

Measure	Weight	Achievement	Commentary on performance
Financial			
• Financial outcomes assessed in the light of the impacts of COVID-19	50%	●	• For FY2022 the Board chose to apply judgement in assessing financial performance component of the STI scorecard. In particular, the Board decided to consider the financial performance of the business – in each region and as a whole – relative to the circumstances presented to the business as the year unfolded. This decision and approach is discussed further in section 2.4. • Ramsay Australia EBIT was -28.2% and -$188.0m below FY2021. The business experienced significant lockdowns, isolation orders and surgical restrictions in the first nine months of the year, as well as significant increased costs throughout the year of operating in a COVID environment. The financial impact of these disruptions in FY22 was estimated to be around $276m for Ramsay Australia. The business responded well to the challenging environment with the performance solid relative to the headwinds experienced. • Ramsay Santé EBIT was 15.4% and €38.9m up on FY2021. The favourable result is primarily a reflection of Ramsay Santé's significant participation with the governments in responding to COVID-19. Ramsay Santé performed well given the opportunities and challenges presented in the environment. • Ramsay UK EBIT, excluding Elysium, was -151.2% and -£77.7 m below FY2021. Ramsay UK reflects lower volumes and increased costs due to the impact of COVID-19 particularly cancellations arising from COVID-19 outbreaks. The business could have responded more completely to cost pressures given the challenges experienced during FY22.
Strategic			
• Growth investment • Strategy development and implementation • Greenhouse gas intensity reduction	15%	●	• Growth investment: – the acquisition of $1.471B Elysium Healthcare was completed, building on Ramsay's strong position in mental health and acute growth and delivering opportunities for organic and inorganic growth in the UK market – Ramsay Santé acquired a network of 24 specialist clinics in Sweden, to complement Ramsay's hospitals and primary care centres across the Nordic region with a total investment of A$60M and deferred consideration of A$68.2M – $408.5M of capacity expansion projects, including digital and data investment, was completed by June 2022. Investment in Brownfield expansion and reconfiguration of existing facilities remains a focus. • Achievement of agreed 2022 milestones progressing the 2030 strategy. • Greenhouse gas intensity reduction target of 2% from the prior year was achieved.
People			
• Workplace fatalities = 0 • Workplace safety as measured by top quartile long time injury frequency rate **(LTIFR)** • Gender diversity in senior management • Executive leadership development & capability • Employee engagement and culture	15%	●	• No workplace fatalities and achievement of top quartile LTIFR performance. • Achievement of target gender composition in senior management of 40:40:20 with 46% female and 54% male. • Progress in respect of executive leadership development and capability, with a further 48 executives successfully completing Executive Leadership – *The Ramsay Way*. • Implementation of 2021 One Employee One Voice group-wide survey completed with improvement in employee engagement being partially met during FY22 with improved employee engagement in 6 of 8 countries.
Consumer			
• Net Promotor Score (NPS)	10%	●	• The Group met target NPS in some but not all regions in FY22.
Quality			
• Hospital accreditation • Never events • Infection rates • Unplanned readmissions • Unplanned return to theatre	10%	●	• All regions achieved 100% of hospital accreditations. • Exceeded external national benchmarks and industry standards for Never Events, hospital acquired staphylococcus auereus bacteraemia (per 10,000 bed days), rate of unplanned readmissions within 28 days (per separation) and rate of unplanned return to theatre per procedure.
Application of "The Ramsay Way" performance modifier (0 – 100%) – no adjustments applied **Final FY22 CEO / MD STI outcome – 68% of maximum**			

● **Exceeded** ● **Met** ● **Partially met** ● **Not met**

3.3 LTI outcomes

FY20 LTI

Overview

The FY20 grant for the MD & CEO (with a performance condiition from 1 July 2019 to 30 July 2021) was tested at the end of FY22. As detailed below, there was no vesting in respect of this grant reflecting that there was no vesting in respect of the relative TSR component or the EPS component.

Refer to section 3.5 of the FY20 Remuneration Report for full detail of the terms attaching to the FY20 LTI awards, which can be accessed on the Group's website at <https://www.ramsayhealth.com/Investors/Annual-and-Financial-Reports>.

Performance measure	Weighting	Actual level of performance	Vesting outcomes under FY19 LTI
Relative TSR	50%	44.19 percentile	0% of relative TSR component
Aggregate EPS	50%	The Group's EPS in FY20 was significantly below guidance due to COVID-19. As a result of this and the legacy EPS hurdle, the Board determined that the EPS performance rights did/ did not vest.	0% of aggregate EPS component
			0% overall vesting

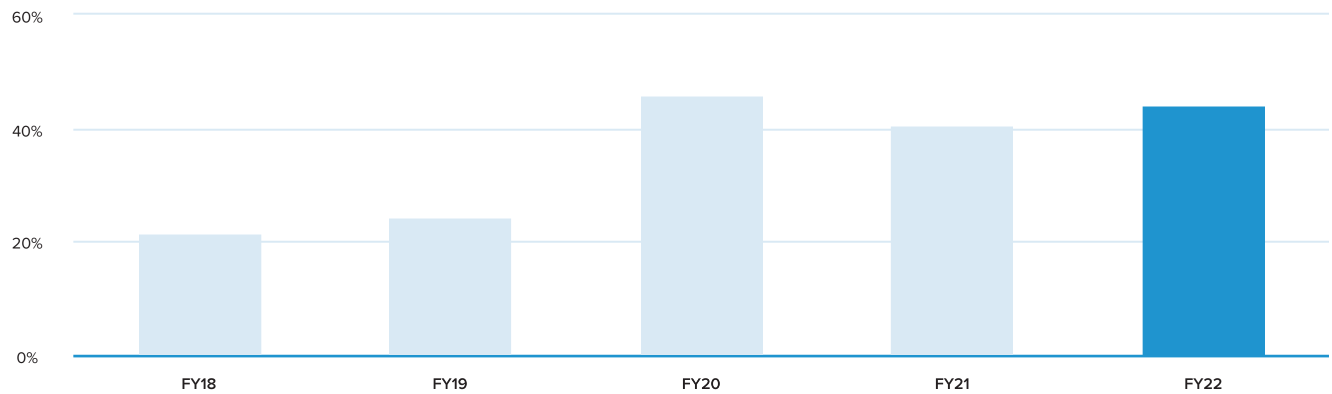
Relative TSR performance condition

The vesting schedule in respect of the relative TSR component of the FY20 LTI performance rights is set out below. Relative TSR performance is assessed against the S&P/ASX100 index (excluding companies in real estate, financial and resources industries). The Group achieved a relative TSR ranking of 44.19 percentile, resulting into 0% vesting of this portion of the award.

Level of performance	Vesting outcomes
Below 50th percentile	Nil
50th percentile	50% vesting
50th and 75th percentile	Vesting on a straight-line basis between 50% and 100% vesting
Above 75th percentile	100% percentile vesting
Actual relative TSR achieved: 44.19 percentile	**Level of vesting: 0%**

The 3-year relative TSR[1] performance over the last five years is detailed below:

TSR Percentile Ranking[1]



1 TSR percentile ranking is calculated with reference to the S&P / ASX200 index (excluding companies in real estate, finance and resources) for the FY17 and the S&P / ASX100 Index (with the same exclusions) for the other financial years.

EPS performance condition

As outlined in the FY21 Remuneration Report, the measurement of EPS will be based on a 3-year growth range against threshold and stretch performance hurdles to align more closely with market practice.

However, the FY20 performance rights that were subject to the EPS performance hurdle were measured by comparing Ramsay's aggregate EPS over 3 years against an aggregate EPS target calculated based on Ramsay's market guidance for EPS disclosed at the start of each financial year. The annual EPS targets were then aggregated to provide the threshold and maximum 3-year targets for vesting of performance rights. These performance rights were subject to the vesting scale on a "step" basis as set out below.

The Group's EPS in FY20 was significantly below guidance due to COVID. As a result of this and the legacy EPS hurdle, the Board determined that the performance rights assessed against EPS would not vest.

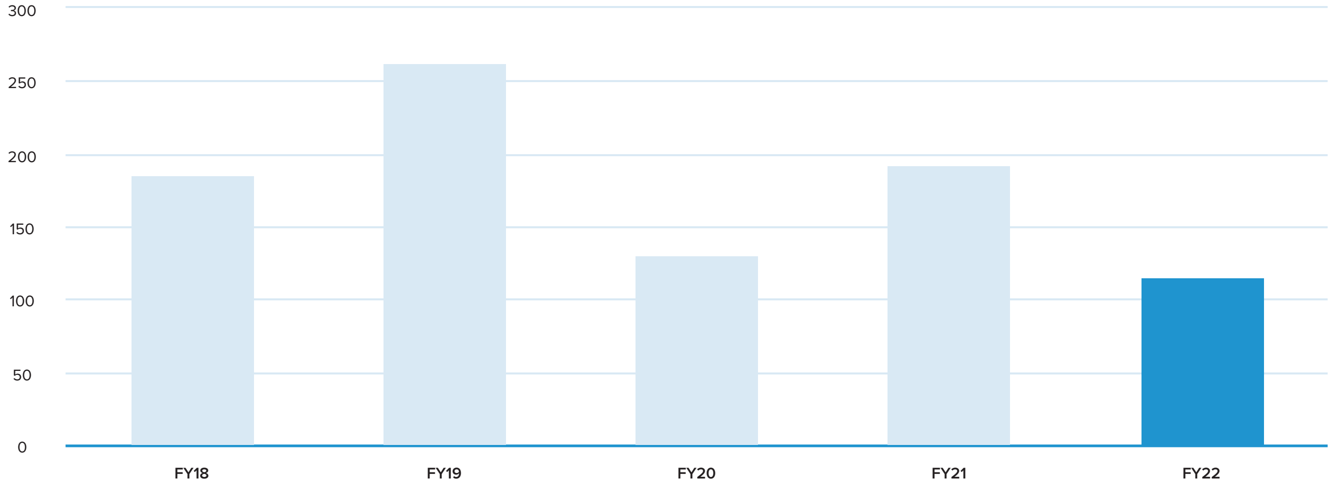
Level of performance	Level of vesting
EPS well short of the market guidance	0%
EPS just below the lower end of market guidance	25%
Lower end of market guidance is achieved	50%
Mid-point of market guidance is achieved	75%
Upper end of market guidance is achieved	90%
Well above the upper end of market guidance achieved	100%
No additional rights will vest for EPS performance between the above specified points.	

The table below shows EPS performance relative to market guidance in the first 2 years of the performance period and the final nil vesting outcome in respect of the EPS component of the FY20 LTI. No market guidance was provided in FY21 and FY22 but the Board determined nil vesting was appropriate having regard to the FY20 outcome and the overall EPS over the performance period

	FY20 -6% to 4% (cps)	% of Performance Rights to vest
<1% below guidance	261.5	25
Lower end of guidance	264.2	50
Middle of guidance	267.0	75
Upper end of guidance	269.8	90
>1% above guidance	272.5	100
Actual EPS Achieved & Vesting Outcome	155.9	0

The EPS performance for the last 5 years is detailed in the graph below:

EPS (cents/share)

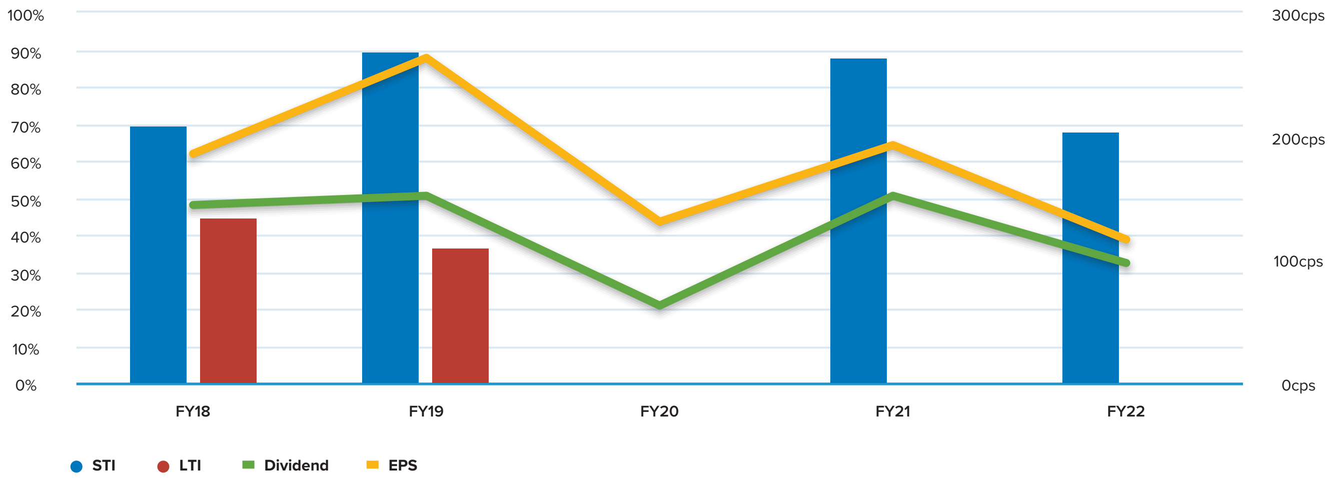


One-off awards

In joining Ramsay, the Group CFO Martyn Roberts forfeited significant unvested equity from his prior role. In recognition of this, the Group CFO was provided with performance rights in FY20 equivalent to $1M that vest subject to meeting individual performance requirements and service conditions over the 3 years from his employment anniversary. The vesting of the performance rights is weighted to the longer-term with vesting in tranches of 20%, 30% and 50% over 3 years. The second tranche vested in FY22.

3.4 Five year Group performance correlated to variable reward outcomes

The graph and table below summarises STI and LTI outcomes over the past 5 years together with share price, dividend and NPAT performance demonstrating the alignment of at-risk reward outcomes and shareholder outcomes.



	FY18	FY19	FY20	FY21	FY22
CEO STI outcomes (% of maximum)[1]	70	90	-	88	68
CEO LTI outcomes (% of maximum)[2]	45	37	-	-	-
Closing share price at end of period ($)	$53.98[3]	$72.24	$66.52	$62.95	$73.24
Dividends per Ordinary Shares (cents)	$1.4400	$1.5150	$0.6250	$1.5150	$0.9700
NPAT ($M)	$388.30	$545.50	$284.00	$449.00	$274.0

1 CEO STI outcomes are presented on an award basis. Commencing FY21, CEO STI awards are paid 50% in cash and the remaining 50% deferred via restricted shares.
2 CEO LTI outcomes are presented on a vested basis. For example, nil CEO LTI outcomes in FY20, FY21 and FY22 mean there is no vesting of LTI performance rights for these years.
3 The opening price at the start of FY18 was $73.70

3.5 Actual remuneration table (Executive KMP)

The table below provides a summary of the actual take-home pay received by Executive KMP during FY22. Unlike the statutory remuneration tables in section 3.6 below, the below table has not been prepared in accordance with the requirements of the Australian Accounting Standards and is unaudited. It is included on a voluntary basis to show what Executive KMP actually received in FY22, and amounts that are paid or vested to executives in FY22 (with FY21 for comparison).

Name	Financial Year	FAR[1]	Other payments	STI Awarded[2]	LTI Vested	Total Actual Remuneration
C.R. McNally	**FY22**	$ 2,150,170	-	$ 1,773,015	-	$ 3,923,185
	FY21	$ 2,131,330	-	$ 2,294,490	-	$ 4,425,820
M.J. Roberts[3]	**FY22**	$ 1,200,000	$ 299,995	$ 510,000	-	$ 2,009,995
	FY21	$ 1,200,000	$ 207,403	$ 642,000	-	$ 2,049,403

1 FAR includes cash salary, superannuation and non-monetary benefits such as private health insurance cover and motor vehicle running costs.
2 STI represents the amount awarded for FY22 and FY21 noting that 50% is deferred into equity for 3 years for the CEO, and 1 and 2 years for the CFO.
3 As noted above in section 3.3(b), in joining Ramsay, the Group CFO Martyn Roberts forfeited unvested equity from his prior role. In recognition of this, the Group CFO was provided with performance rights equivalent to $1M that vest subject to meeting individual performance requirements and service conditions over the 3 years from his employment anniversary. On 20 April 2021, 20% or 3,074 of the Rights vested, with a vesting date value of $207,403. On 20 April 2022, 30% of the Rights or 4,611 of the Rights vested with a vesting date value of $299,955 which is shown in the "Other payments" column.

3.6 Statutory remuneration table (Executive KMP)

Details of each of the Executive KMP's remuneration for FY22 (calculated in accordance with the applicable Accounting Standards) are set out below. All values are in Australian Dollars ($) unless otherwise stated.

		Fixed remuneration		Short-term benefits		Long-term Benefits						
Name	Financial Year	Cash Salary & Fees ($)	Superannuation ($)	Non-Monetary Benefits($)[1]	Accrued STI	Long Service Leave Entitlements	Deferred STI[2]	LTI Share Based Rights ($)[3]	Accrued Termination / Retirement Benefits	Total Remuneration $	Share Based Payments as % of Total Remuneration	Total Performance Related Remuneration
C.R. McNally[4]	FY'22	2,085,900	23,568	40,702	886,508	35,145	508,437	2,107,511	-	5,687,771	46%	62%
	FY'21	2,085,209	21,694	24,427	1,147,245	34,347	286,810	1,456,965	-	5,056,697	34%	57%
M.J. Roberts[5]	FY'22	1,176,432	23,568	-	255,000	19,559	239,989	827,897		2,542,445	42%	52%
	FY'21	1,178,306	21,694	-	321,000	19,625	133,739	714,875	-	2,389,239	36%	49%
D.A. Sims (former)[6]	FY'22	-	-	-	-	-	-	-	-	-	-	-
	FY'21	234,749	5,423	-	120,000	9,296	-	226,180		595,648	38%	58%
Total (FY'22)	**FY'22**	**3,262,332**	**47,136**	**40,702**	**1,141,508**	**54,704**	**748,426**	**2,935,408**	**-**	**8,230,216**	**45%**	**59%**
Total (FY'21)	FY'21	3,498,264	48,811	24,427	1,588,245	63,268	420,549	2,398,020	-	8,041,584	35%	55%

1 This figure represents non-monetary benefits such as health insurance cover and motor vehicle running costs that do not form part of the Executive KMP's cash salary.

2 The minimum value of the Deferred STI award is nil. The maximum possible value will be determined by multiplying the number of restricted shares granted by the share price of Ramsay shares at the relevant vesting date.

3 In accordance with the requirements of the Accounting Standards, the remuneration includes a proportion of the fair value of the performance rights awarded under the LTI program granted or outstanding during the year. The fair value is determined as at the grant date and is progressively allocated over the vesting period. The amount included as remuneration is not related to or indicative of the benefit (if any) that Executives may ultimately realise should the equity instruments vest. The fair value of the performance rights at the date of their grant has been determined in accordance with AASB 2 applying the Black-Scholes and Monte Carlo Simulation models. The assumption underpinning these valuations are set out in note 18 to the financial statements.

4 Subsequent to the issue of the FY21 Remuneration Report, a continued service condition was identified in Mr. McNally's deferred STI award that impacts the manner by which the deferred STI is presented. The original disclosure expensed the entire deferred STI at grant. As shares are forfeited if the CEO ceases employment during the deferral period, the deferred STI expense must be amortised over the service period. The previous deferred STI expense in FY21 remuneration report of $1,147,245 was overstated and this is restated to $286,810 to reflect the service condition. Mr. McNally's LTI share based rights have also been restated to account for a corrective grant made on the 15 Nov 2019. The previous LTI share based rights in the FY21 remuneration report was $1,449,628. This has now been restated to $1,456,965 on account of corrective grant.

5 In joining Ramsay on 20 April 2020, the Group CFO Martyn Roberts forfeited unvested equity from his prior role. In recognition of this, the Group CFO was provided with performance rights equivalent to $1M that vest subject to meeting individual performance requirements and service conditions over the 3 years from his employment anniversary. Subject to satisfaction of continuing employment and performance conditions, vesting is staggered over the 3 years as follows: 20% of the Rights or 3,074 vested on 20-Apr-21, 30% of the Rights or 4,611 vested on 20-Apr-22, and 50% of the rights or 7,687 to vest on 20-Apr-23. The FY22 cost attributable to these rights is included within LTI Share Based Rights in the line with the Australian Accounting Standards.

Subsequent to the issue of the FY21 Remuneration Report, a continued service condition was identified in Mr. Robert 's deferred STI award that impacts the manner by which the deferred STI is presented. The original disclosure expensed the entire deferred STI at grant. As shares are forfeited as a result of cessation of employment, the deferred STI expense must be amortised over the service period. The previous deferred STI expense in FY21 remuneration report of $321,000 was overstated and this is now amended to $133,739 reflective of service condition. Mr. Robert's LTI share based rights have been restated to reflect the TSR component. The previous LTI share based rights in the FY21 remuneration report was $877,493. This has now been restated to $714,875.

6 Mr Sims ceased as Executive KMP on 30 September 2020,. The FY21 remuneration details included within the table above reflect amounts paid to Mr Sims during his service as a member of the the Executive KMP only.

4 Non-Executive Director Remuneration

4.1 Remuneration policy & arrangements

The Board sets the fees for its NEDs in line with the key objectives of the Group's NED remuneration policy set out below. NEDs fees are reviewed annually and are set at a level that is sufficient to attract and retain high calibre NEDs with skills and experience required to oversee a business of Ramsay's size and complexity.

Market competitive to secure and retain talented, qualified NEDs	Preserving and safeguarding independence and impartiality	Aligning NEDs and security holder interests
The Board's policy is to remunerate NEDs at market-competitive rates to attract and retain NEDs of the highest calibre and requisite expertise having regard to: • market data, • the size, complexity and international spread of the Group's operations and • the workload and time commitment of NEDs.	NED remuneration consists of base fees, and additional fees for the Chair and members of any Board Committee (with the exception of the Nomination Committee). No element of NED remuneration is "at-risk" (i.e. NEDs are not entitled to any performance-related remuneration) to preserve their independence and impartiality.	NEDs are encouraged to hold securities in the Group to create alignment between the interests of NEDs and shareholders. To create alignment between the interests of NEDs and shareholders, all NEDs are subject to a minimum shareholding requirement equal to 100% of their annual base fee. This requirement must be satisfied within 5 years of appointment for newly appointed NEDs. Refer section 2.7.

4.2 Fees & other benefits

a.) Aggregate fee pool

The current annual aggregate fee pool for NEDs is capped at $3,500,000 (including statutory superannuation contributions), as approved by shareholders at the AGM held on 12 November 2014. No change is proposed to the fee pool.

b.) FY22 fee structure

The table below outlines the revised FY22 fee schedule for NEDs. FY22 marks the fifth consecutive year that NED fees have not been increased. All fees shown in the table below are exclusive of superannuation.

The Board also undertook a review of NED fees in FY22, having regard to market data provided by independent remuneration consultants to ensure Ramsay's fee structure continues to be market competitive. The Board determined that there would be no increases to NED fees in FY23, with the exception of fees payable to the People & Remuneration Committee which will be increased to be equivalent to the Risk Management Committee (i.e. $50,000 and $25,000 for the Chair and members respectively) reflecting the workload of this Committee and market benchmarks. Further detail will be provided in the FY23 Remuneration Report.

Position	Chair (ex. superannuation)	Member fee (ex. superannuation)
Board	Chair: $659,900 Deputy Chair: $271,674	$227,200
Audit Committee	$56,000	$28,000
Risk Management Committee	$50,000	$25,000
People & Remuneration Committee	$41,000	$21,000
Nomination Committee	No fee provided for this committee	

Reflecting the travel burden imposed on Ramsay's internationally based NEDs and in line with market practice amongst other global organisations, overseas NEDs are eligible to receive a travel allowance equivalent to $10,000 per meeting for travel in excess of nine hours for attendance at Board meetings.

At present, the only NED eligible for this allowance is Claudia Süssmuth Dyckerhoff. No travel allowances were paid in FY22.

c.) Prescribed benefits

NEDs appointed prior to October 2003 (being, Michael S Siddle & Peter J Evans) remain entitled to retirement benefits under the, now frozen, Directors' Retirement Benefits Plan. Under the plan, retirement benefits previously accrued on a pro-rata basis over a period of nine years, commence after a minimum service period of three years.

Entitlements are indexed in line with the one-year Commonwealth Government Bond Rate and are adjusted twice a year. No adjustments are made based on increases in NED fees or years of service. The indexation of retirement benefits occurs simply to preserve the real value of existing entitlements and not to enhance any NED's remuneration, and as such, is not counted towards the aggregate fee pool.

The value of the frozen benefits as at 30 June 2022, to which participating NEDs are entitled upon retirement are set out below:

Total Frozen Benefit 31 Dec 09 ($)	Total Provision 30 June 2021 ($)	Benefits paid in FY22 ($)	Total Bond Rate Adjustment ($)	Total Provision 30 June 2022 ($)
2,879,813	1,245,764	695,332	1,094	551,526

4.3 Statutory remuneration table (NEDs)

The fees paid or payable to the NEDs of the Group in respect of FY22 are set out in the table below.

All values are in Australian dollars ($) unless otherwise stated.

		Fixed remuneration		Short-term benefits		Long-term Benefits						
Name	Financial Year	Cash Salary & Fees ($)	Superannuation ($)	Non-Monetary Benefits ($)[1]	Accrued STI	Long Service Leave Entitlements	Deferred STI	LTI Share Based Rights ($)	Accrued Termination / Retirement Benefits[2]	Total Remuneration $	Share Based Payments as % of Total Remuneration	Total Performance Related Remuneration
M.S. Siddle	**FY22**	638,206	23,568	-	-	-	-	-	1,094	662,868	-	-
(Chairman)	FY21	638,206	21,694	-	-	-	-	-	737	660,637	-	-
C.A. Deans	**FY22**	261,375	23,568	-	-	-	-	-	-	284,943	-	-
(NED)	FY21	261,375	21,694	-	-	-	-	-	-	283,069	-	-
J.M. McMurdo	**FY22**	248,408	23,568	-	-	-	-	-	-	271,976	-	-
(NED)	FY21	248,408	21,694	-	-	-	-	-	-	270,102	-	-
K.L.C. Penrose	**FY22**	320,415	23,568	-	-	-	-	-	-	343,983	-	-
(NED)	FY21	301,359	21,694	-	-	-	-	-	-	323,053	-	-
C.R. Süssmuth	**FY22**	245,294	23,568	-	-	-	-	-	-	268,862	-	-
Dyckerhoff (NED)	FY21	245,294	21,694	-	-	-	-	-	-	266,988	-	-
D.I. Thodey	**FY22**	268,124	23,568	-	-	-	-	-	-	291,692	-	-
(NED)	FY21	240,875	21,694	-	-	-	-	-	-	262,569	-	-
S.A. Sargent[3]	**FY22**	141,388	14,322	-	-	-	-	-	-	155,710	-	-
(NED)	FY21	-	-	-	-	-	-	-	-	-	-	-
Former												
P.J. Evans	**FY22**	141,211	14,121	-	-	-	-	-	-	155,332	-	-
(Former Deputy Chair)[4]	FY21	351,695	21,694	-	-	-	-	-	931	374,320	-	-
Total (FY22)	**FY22**	**2,264,421**	**169,851**	**-**	**-**	**-**	**-**	**-**	**1,094**	**2,435,366**	-	-
Total (FY21)	FY21	2,287,212	151,858	-	-	-	-	-	1,668	2,440,738	-	-

1 *This figure represents non-monetary benefits such as health insurance cover and motor vehicle running costs that do not form part of the KMP's cash salary.*
2 *With respect to NEDs, this constitutes amounts provided for by Ramsay during the financial year in relation to the contractual retirement benefits which the NED will be entitled to upon retirement from office. These amounts represent the bond rate adjustment for the year as set out in section 4.2(c) above.*
3 *Mr Sargent was appointed as a NED with effect from 25 November 2021. His FY22 remuneration details included within the table above reflect amounts paid to Mr Sargent during his service period as a NED.*
4 *Mr Evans retired as a NED with effect from 24 November 2021. His FY22 remuneration details included within the table above reflect amounts paid to Mr Evans during his service period as a NED only.*

5 Remuneration Governance

5.1 Remuneration governance framework

Overview

As summarised below, the Board oversees the Ramsay people strategy, both directly and through the People & Remuneration Committee. The People & Remuneration Committee seeks input from the MD & CEO and the Group Chief People Officer, who attend Committee meetings, except where matters relating to their own remuneration are considered.

Board

The remuneration related responsibilities of the Board include:
- satisfying itself that the Group's remuneration framework is aligned with the Group's purpose, values, strategic objectives and risk appetite;
- setting performance targets for the MD & CEO and members of the senior executive team, considering performance against those targets and determining remuneration outcomes; and
- determining the remuneration of the MD & CEO and Group CFO.

People & Remuneration Committee

Primarily responsible for the consideration and recommendation of alternative remuneration practices, to the Board. Consideration is given to the many stakeholders in which the committee regularly interacts with, including management, shareholders and external advisors. Responsibilities include:
- reviewing and making recommendations to the Board on the remuneration arrangements of the MD & CEO and Group CFO, and equity-based incentives across the Group;
- reviewing and approving remuneration arrangements for the senior executive team, and remuneration policies and people practices for the Group including monitoring the Group's remuneration framework for alignment to values, strategic objectives, long-term financial soundness and risk appetite;
- review of remuneration by gender, effectiveness of people policies, engagement survey results and succession planning;
- reviewing and recommending to the Board in relation to Director fees, travel and other benefits.

Management

Provides information relevant to the remuneration decisions and makes recommendations to the People & Remuneration Committee. The MD & CEO recommends the remuneration arrangements and performance assessment of his direct reports.

Consultation with shareholders & other external stakeholders

Continued regular consultation with shareholders and proxy advisors to ensure remuneration practices are aligned to market expectations.

Remuneration consultants & other external advisors

Support the People & Remuneration Committee by providing independent advice on matters including:
- objective benchmarking data;
- market practices of other listed companies;
- legal, tax and accounting advice; and
- alternatives for incentives plans.

Interaction between risk & remuneration

Our remuneration framework has been structured to encourage long-term sustainable decision making from all of our leaders, ensuring that the interests of the Group's shareholders and broader stakeholder groups (i.e. customers, employees, community etc) are at the heart of all decisions. It is important that the Group's remuneration framework encourages the sound management of both financial and non-financial risks and mitigates against excessive risk taking or short-term oriented behaviours by executives.

This is achieved under the executive remuneration framework in a number of ways:

- **Structure:** under the executive remuneration framework, a portion of the STI is deferred into equity (vesting over 1 to 2 years, or 3 years depending on role) and the LTI is delivered in performance rights which are performance-tested over 3 years. Both of these mechanisms encourage alignment between executives and the Group's shareholders, as the value of these awards to participants fluctuates with the Group's share price;
- **Board discretion:** the Board, in conjunction with the People & Remuneration Committee, has the ability to exercise discretion to ensure the quantum of executive remuneration is appropriate considering individual and Group performance (which extends to reductions in STI and LTI vesting outcomes, including to zero, for adverse risk outcomes). STI awards are also subject to The Ramsay Way "People Caring for People" performance modifier;
- **Minimum shareholding requirements:** as noted in section 2.7 above, a minimum shareholding requirement was introduced in FY20 for executives and NEDs which requires the accumulation of Group shares over 5 years. This requirement encourages alignment between the interests of the Group's shareholders, and executives and NEDs;
- **Malus & clawback provisions:** incentives are subject to malus and clawback provisions which provide the Board with the ability to reduce and/or withhold any variable remuneration awards that have been awarded but remain unvested or unpaid, as well as recoup amounts that have previously been paid. These provisions are described in section 2.6; and
- **Remuneration governance:** in determining final variable remuneration outcomes each year, the People & Remuneration Committee will consult with the Risk Management Committee and Group Chief Risk Officer to ensure that the financial and non-financial risk considerations are taken into account.

5.2 Use of remuneration consultants

In accordance with its Charter, the People & Remuneration Committee can engage with remuneration consultants, according to specific guidelines.

Ramsay did not receive any "remuneration recommendations" as defined under the *Corporations Act 2001* (Cth) in FY22.

5.3 Details of Executive Service Agreements

The MD & CEO and Group CFO have written service contracts. The below details the key terms of these agreements.

Term	Further detail
Duration	• Ongoing
Termination by employee	• 6 months' notice. The Group may elect to make a payment in lieu of notice. • Employee may terminate the employment agreement without notice if a fundamental change occurs in his role or responsibilities.
Termination by Group	• 12 months' notice (MD & CEO) or 6 months' (Group CFO) or payment in lieu of notice. • Ramsay may summarily terminate employment without notice in certain circumstances.
Restraint Period	• 12 month restraint provision applies.

5.4 Security Trading Policy

All Ramsay NEDs and employees are subject to the Group's Securities Trading Policy, a copy of which is available on our website at ramsayhealth.com/Sustainability/Governance.

This policy prohibits:

- the dealing (or procurement of another person to deal) with Ramsay's securities or the securities of another company where they are in possession of inside information;
- dealing with Ramsay securities during blackout periods;
- short-term dealing (e.g. buying and selling securities within a 12-month period or entering into forward contracts); and
- hedging Ramsay securities.

6 Further information

6.1 Executive KMP and NED share ownership

The table below outlines the holdings and movements during FY22 in the equity of Ramsay by each KMP, including their related parties. No shares were held nominally by any KMP or their related parties.

	Held at 1 July 2021		Received as Deferred STI		Received on Vesting of LTI		Received as Other Remuneration		Other Net Change Purchase / Sale		Held at 30 June 2022	
	Ord. Shares	CARES	Ord. Shares	CARES	Ord. Shares	CARES	Ord. Shares	CARES	Ord. Shares	CARES	Ord. Shares	CARES
Non-Executive Directors												
M.S. Siddle	3,905,919	-	-	-	-	-	-	-	-	-	3,905,919	
C. A. Deans	5,705	1,402	-	-	-	-	-	-	-	-	5,705	1,402
J. M. McMurdo	4,964	-	-	-	-	-	-	-	-	-	4,964	
K.L.C. Penrose	957	-	-	-	-	-	580[1]	-	-	-	1,537	
C.R. Süssmuth Dyckerhoff	3,705	-	-	-	-	-	-	-	-	-	3,705	
D.I. Thodey	11,071	700	-	-	-	-	-	-	-	-	11,071	700
S.A. Sargent[2]	-	-	-	-	-	-	-	-	-	-	-	
Former												
P.J. Evans[3]	11,099	-	-	-	-	-	-	-	-	-	11,099	
Executive KMP												
C.R. McNally	351,707	-	17,288[4]	-	-	-	-	-	-	-	368,995	
M.J. Roberts	3,265	-	4,837[5]	-	-	-	4,611[6]	-	-	-	12,713	

1 Ms. Karen Penrose received 580 share rights, as part of the NED's Salary Sacrifice Plan, on Sept'21. The 580 share rights converted to ordinary shares on Mar'22. As approved at the 2020 AGM, the Group provides NEDs with the opportunity to salary sacrifice a portion of their fees as share rights, should they choose to do so.
2 Mr. Sargent was appointed as a NED with effect from 25 November 2021.
3 Mr Evans ceased as NED on 24 November 2021.
4 Mr. Craig McNally received 17,288 of ordinary shares on Nov'21 as part of his his FY21 deferred STI restricted for 3 years, subject to continued employment.
5 Mr. Martyn Roberts received 4,837 of ordinary shares on 'Nov'21 in respect to his FY21 deferred STI. The deferral period is 2 years with 50% of the deferred equity being released after the first year and the second 50% released at the end of the subsequent year, subject to continued employment at the vesting date.
6 In joining Ramsay on 20 April 2020, the Group CFO Martyn Roberts forfeited unvested equity from his prior role. In recognition of this, the Group CFO was provided with performance rights equivalent to $1M that vest subject to meeting individual performance requirements and service conditions over the 3 years from his employment anniversary. Subject to satisfaction of continuing employment and performance conditions, vesting is staggered over the 3 years as follows: 20% of the Rights or 3,074 vested on 20-Apr-21, 30% of the Rights or 4,611 vested on 20-Apr-22, and 50% of the rights or 7,687to vest on 20-Apr-23.

6.2 Movement in securities

The below table shows the movements (during FY22 and up to the date of this Report) in equity settled performance rights granted as remuneration to Executive KMP.

	Instrument	Date of Grant	Number of Rights Granted[1]	Vesting Date[2]	Number of Rights Vested/ Exercised[3]	Value of Rights Vested / Exercised[4]	Number of Rights Forfeited / Lapsed	Value of Rights Forfeited / Lapsed[5]
Executive KMP								
C.R. McNally	Equity settled performance rights	17-Nov-17	23,979	31-Aug-21			23,979[6]	1,629,138
		15-Nov-18	66,346	31-Aug-21	-	-	66,346[7]	4,507,561
		17-Nov-19	50,483	31-Aug-22			50,483[8]	3,540,368
		15-Dec-20	55,563	31-Aug-23	-	-	-	-
		15-Dec-21	57,690	31-Aug-24	-	-	-	-
M.J. Roberts	Equity settled performance rights	20-Apr-20	15,372	Staggered[9]	4,611	299,955	-	-
		15-Dec-20	16,439	31-Aug-23				
		15-Dec-21	17,068	31-Aug-24	-	-	-	-

1 The implied maximum possible total value of the equity awards allocated during FY'22 and yet to vest can be determined by multiplying the number of Performance Rights granted by the current share price of Ramsay shares. The minimum possible total value of LTI awards is nil. The weighted average fair value per FY'22 Performance Right at the grant date was $27.45 for the TSR performance hurdle and $59.45 for the EPS performance hurdle. The performance criteria applicable to prior year grants are disclosed in prior Remuneration Reports.

2 This vesting date is an indicative date only. Vesting of Performance Rights will occur once the Board has determined the extent to which the applicable performance hurdles have been met. Vesting will only occur after the announcement of the release of Ramsay's Full Year results for the previous financial year.

3 On the vesting of each Performance Right, the holder receives one fully-paid ordinary share in Ramsay, subject to disposal and other dealing restrictions, if held in the trust, or, at the Board's discretion, an equivalent cash payment.

4 The value of vested Performance Rights is based on Ramsay's 5-day VWAP on the date of vesting (as there is no exercise price payable in respect of Performance Rights).

5 The value of unvested Performance Rights is calculated using the relevant Ramsay 5-day VWAP at the date of lapsing.

6 The FY18 LTIs subject to to the TSR performance condition failed to achieve the required performance threshhold on re-testing and therefore lapsed on 31 August 2021.

7 All FY19 Performance Rights subject to Core EPS performance condition and to the TSR performance condition did not achieve the relevant threshholds required for vesting and therefore lapsed August 2021.

8 The FY20 LTIs subject to the TSR and EPS performance conditions did not achieve the relevant thresholds' required for vesting and therefore lapsed on 31 August 2022.

9 In joining Ramsay, the Group CFO Martyn Roberts forfeited unvested equity from his prior role. In recognition of this, the Group CFO was provided with performance rights equivalent to $1M that vest subject to meeting individual performance requirements and service conditions over the 3 years from his employment anniversary. Subject to satisfaction of continuing employment and performance conditions, vesting is staggered over the 3 years as follows: 20% of the Rights or 3,074 vested on 20-Apr-21, 30% of the Rights or 4,611 vested on 20-Apr-22, and 50% of the rights or 7,687 to vest on 20-Apr-23.

The movement during FY22 in the number of rights over ordinary shares in Ramsay held, directly or indirectly or beneficially, by each KMP, including their related parties is as follows.

	Equity Settled Performance Rights / Share Rights	Rights held at 1 July 2021	Number of Rights Granted	Number of Rights Vested / Exercised	Number of Rights Forfeited / Lapsed	Rights held at 30 June 2022	Number of Rights Vested / Exercised Post 30 June 2022
Non-Executive Directors							
M.S. Siddle	Share Rights	-	-	-	-	-	-
C.A. Deans	Share Rights	-	-	-	-	-	-
J.M. McMurdo	Share Rights	-	-	-	-	-	-
K.L.C. Penrose	Share Rights	-	-	-	-	-	-
C.R. Süssmuth Dyckerhoff	Share Rights	-	-	-	-	-	-
D.I. Thodey	Share Rights	-	-	-	-	-	-
S.A. Sargent[1]	Share Rights	-	-	-	-	-	-
Former							
P.J. Evans (former)[2]	Share Rights	-	-	-	-	-	-
Executive KMP							
C.R. McNally	Performance Rights	196,371	57,690[3]	-	90,325	163,736	-
M.J. Roberts	Performance Rights	28,737	17,068	4,611	-	41,194	-

1 Mr Sargent was appointed as a NED with effect from 25 November 2021.
2 Mr Evans ceased as a NED on 24 November 2021.
3 Shareholder approval for the grant of Performance Rights to the CEO was obtained under ASX Listing Rule 10.14 at the 2021 Annual General Meeting.

6.3 Other transactions and balances with Executive KMP

Loans to Executive KMP

No Executive KMP or their related parties held any loans with the Group during the Reporting Period.

Other Executive KMP transactions

The Group did not engage in any transactions with Executive KMP or their related parties during the Reporting Period.

10.

Directors' Report

The Directors present the Directors' Report for the year ended 30 June 2022 for the consolidated entity consisting of Ramsay Health Care Limited (**Ramsay** or the **Company**) and its controlled entities (together, the **Group**).

The information referred to in the table below is incorporated into, and forms part of, this Directors' Report:

Item	Description	Section / page number of this Annual Report
1.	Key Risks	Section 5 on pages 14 to 16
2.	Operating and Financial Review	Section 6 on pages 17 to 31
3.	Remuneration Report	Section 9 on pages 43 to 64
4.	Directors' roles, skills and qualifications and all directorships of other listed companies held by each Director in the last 3 years	Section 8 on pages 38 to 41
5.	Company Secretary's qualifications and experience	Section 8 on page 41
6.	Number of Board and Committee meetings and Directors' attendance	Section 8 on page 42

Directors' relevant interests

Details of Director's holdings in the share capital of the Company as at the date of this report are as follows:

Name	Ordinary shares	Convertible Adjustable Rate Equity Securities (CARES)	Rights over Ordinary Shares
Alison Deans	5,705	1,402	-
James McMurdo	4,964	-	-
Craig McNally	368,995	-	113,253
Karen Penrose	1,537	-	-
Michael Siddle	3,905,919	-	-
Claudia Süssmuth Dyckerhoff	3,705	-	-
Steven Sargent	-	-	-
David Thodey	11,071	700	-

Remuneration report

The Remuneration Report in Section 9 on pages 43 to 64 of this Annual Report is incorporated into, and forms part of, this Directors' Report.

Operating and financial review

Information on the operations of the Group during the financial year, the results of those operations, the Group's financial position and its business strategies and prospects is set out in the Operating and Financial Review (**OFR**) in Section 6 on pages 17 to 31 of this Annual Report and is incorporated into, and forms part of, this Directors' Report.

Principal activities

During the year, the principal activity of the Group was to own and operate hospitals and health care services in approximately 530 locations across Australia and globally. There were no significant changes in the nature of the Company's activities during the year.

State of affairs

Other than as referred to in the OFR, there have been no significant changes in the Group's state of affairs during the year.

Likely developments and expected results

Likely developments in the operations of the Group and the expected results of those operations are set out in the OFR in Section 6 on pages 17 to 31 of this Annual Report and is incorporated into, and forms part of, this Directors' Report.

Matters subsequent to the end of the financial year

There have been no significant events after the reporting date that may significantly affect the Group's operations in future years, the results of these operations in future years or the Group's state of affairs in future years.

Dividends

Dividends paid or recommended for payment on ordinary shares are as follows:
- Final dividend recommended @ 48.5 per share (2021: 103.0 cents). Total of $111.0 million (2021: $231.9 million).
- Interim dividend paid during the year @ 48.5 cents per share (2021: 48.5 cents). Total of $111.0 million (2021: $106.2 million).

Dividends paid or recommended for payment on CARES are as follows:
- October dividend recommended @ $2.06 per security (2021: $1.74). Total of $5.3 million (2021: $4.5 million).
- April dividend paid during the year @ $1.73 per security (2021: $1.73). Total of $4.5 million(2021: $4.5 million).

The tax rate at which dividends have been franked and recommended dividends will be franked is 30% (2021: 30%).

Environmental regulation

The Group holds licences from the Environment Protection Regulatory Bodies applicable to hospitals for the maintenance of a safe environment. The Directors are not aware of any breaches of these licences.

Non-audit services

Ernst & Young received or are due to receive $483,809 for the provision of non-audit services. Refer to Note 22 for further information.

The Board is satisfied that the provision of non-audit services during the year by Ernst & Young is compatible with, and did not compromise, the auditor independence requirements of the Corporations Act 2001 (Cth) for the following reasons:
1. all non-audit services provided by Ernst & Young were reviewed and approved to ensure they do not impact the integrity and objectivity of the auditor; and
2. the nature and scope of each type of non-audit service provided means that auditor independence was not compromised.

Indemnification and insurance of directors and officers

The Company's Constitution requires the Company to indemnify any person who is, or has been, an officer of the Company, including the Directors and other executive officers, against the liabilities incurred while acting as such officers to the extent permitted by law.

In accordance with the Company's Constitution, the Company has entered into a Deed of Indemnity, Insurance and Access with each of the Company's Directors and certain executives. No Ramsay Director or officer of the Company has received benefits under an indemnity from the Company during or since the end of the financial year.

The Company agrees to pay a premium in respect of a contract insuring current and former directors and executives of the Company and its subsidiaries against liability that they may incur as an officer of the Company or any of its subsidiaries, including liability for costs and expenses incurred by them in defending civil or criminal proceedings involving them as such officers, with certain exceptions. It is a condition of the insurance contract that no details of the premiums payable or the nature of the liabilities insured are disclosed.

Indemnification of auditor

As part of the Company's terms of engagement with Ernst & Young, the Company has agreed to indemnify Ernst & Young to the extent permitted by law and professional regulations, against any losses, liabilities, costs or expenses incurred by Ernst & Young where they arise out of or occur in relation to any negligent, wrongful or wilful act or omission by Ramsay. No payment has been made to Ernst & Young by Ramsay pursuant to this indemnity, either during or since the end of the financial year.

Proceedings on behalf of the Company

No application has been made under section 237 of the Corporations Act 2001 (Cth) in respect of the Company, and there are no proceedings that a person has brought or intervened in on behalf of the Company under that section.

Rounding

The amounts contained in this report and in the financial report have been rounded off to the nearest hundred thousand unless otherwise specified under the option available to the Company under ASIC Corporations (Rounding in Financial / Directors' Reports) Instrument 2016/191. The Company is an entity to which the Instrument applies.

Approval

Signed in accordance with a resolution of the Directors.

M.S. SIDDLE
Chairman
Sydney, 27 September 2022

C.R. McNALLY
Managing Director and Chief Executive Officer

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Auditor's Independence Declaration to the Directors of Ramsay Health Care Limited

As lead auditor for the audit of the financial report of Ramsay Health Care Limited for the financial year ended 30 June 2022, I declare 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

b) no contraventions of any applicable code of professional conduct in relation to the audit; and

c) No non-audit services provided that contravene any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Ramsay Health Care Limited and the entities it controlled during the financial year.

Ernst & Young

Ernst & Young

Ryan Fisk

Ryan Fisk
Partner
27 September 2022

Directors' declaration

In accordance with a resolution of the Directors of Ramsay Health Care Limited, we declare that:

In the opinion of the Directors:

a. the consolidated financial statements and notes of Ramsay Health Care Limited for the year ended 30 June 2022 are in accordance with the *Corporations Act 2001*, including:
   i. giving a true and fair view of the consolidated entity's financial position as at 30 June 2022 and of its performance for the year ended on that date; and
   ii. complying with Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*;

b. the consolidated financial statements and notes also comply with International Financial Reporting Standards as disclosed in the Overview Note;

c. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable;

d. this declaration has been made after receiving the declarations required to be made to the Directors in accordance with section 295A of the *Corporations Act 2001* for the financial year ended 30 June 2022;

e. as at the date of this declaration, there are reasonable grounds to believe that the members of the Closed Group identified in Note 23 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.

On behalf of the Board

M.S. SIDDLE
Chairman
Sydney, 27 September 2022

C.R. McNALLY
Managing Director and Chief Executive Officer

11.

Financial Results

Contents

Consolidated Income Statement

FOR THE YEAR ENDED 30 JUNE 2022

	Note	2022 $m	2021 $m
Revenue from contracts with customers	2.a	13,312.4	12,864.2
Interest income	2.c	36.2	7.1
Other income – income from government grants	2.b	402.0	428.3
Other income – income from sale of development assets	2.c	1.8	20.4
Other income – net profit on disposal of non-current assets	2.c	23.8	12.3
Total revenue and other income		**13,776.2**	**13,332.3**
Employee benefit and contractor costs	3	(7,731.8)	(7,258.7)
Occupancy costs		(577.7)	(558.9)
Service costs		(506.6)	(447.8)
Medical consumables and supplies		(3,107.8)	(3,008.7)
Depreciation, amortisation and impairment	3	(938.9)	(920.9)
Cost of development assets sold		(1.4)	(8.5)
Total expenses, excluding finance costs		**(12,864.2)**	**(12,203.5)**
Share of profit of joint venture	16.b	15.5	10.9
Profit before tax and finance costs		**927.5**	**1,139.7**
Finance costs	3	(389.0)	(398.1)
Profit before income tax		**538.5**	**741.6**
Income tax	15	(159.3)	(230.1)
Net profit after tax for the year		**379.2**	**511.5**
Attributable to non-controlling interests		105.2	62.5
Attributable to owners of the parent		**274.0**	**449.0**
		379.2	**511.5**

		Cents	Cents
Earnings per share (EPS) attributable to equity holders of the parent			
Basic earnings per share (after CARES dividend)	5	116.3	193.2
Diluted earnings per share (after CARES dividend)	5	116.1	192.6

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 2022

	2022 $m	2021 $m
Net profit after tax for the year	**379.2**	**511.5**
Items that will not be reclassified to net profit		
Actuarial gain/(loss) on defined employee benefit obligation	85.6	(37.4)
Items that may be subsequently reclassified to net profit		
Cash flow hedges		
Profit taken to equity	15.8	17.1
Transferred to Income Statement	18.2	1.6
Net change in cost of hedging	-	3.1
Net loss on bank loan designated as a hedge of a net investment	-	(1.5)
Foreign currency translation	(115.5)	(69.0)
Income tax (expense)/benefit relating to these items	(35.2)	6.1
Other comprehensive income/(loss), net of tax	**(31.1)**	**(80.0)**
Total comprehensive income	**348.1**	**431.5**
Attributable to non-controlling interests	103.3	44.6
Attributable to owners of the parent	**244.8**	**386.9**
	348.1	**431.5**

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

Consolidated Statement of Financial Position

AS AT 30 JUNE 2022

	Note	2022 $m	2021 $m
ASSETS			
Current assets			
Cash and cash equivalents	8.a	314.2	1,004.8
Trade and other receivables	9.a	2,331.3	1,809.5
Inventories	9.b	376.8	409.4
Derivative financial instruments	8.d	11.3	-
Income tax receivables	15	42.2	12.3
Prepayments		186.4	133.0
Other current assets	16.a	24.5	1,982.4
Total current assets		**3,286.7**	**5,351.4**
Non-current assets			
Other financial assets		100.8	82.9
Investments in joint venture	16.b	238.1	217.5
Property, plant and equipment	11	4,806.9	4,488.6
Right of use assets	12	4,627.7	4,411.5
Intangible assets	13	5,799.0	4,233.6
Deferred tax assets	15	478.7	457.6
Prepayments		10.7	10.9
Derivative financial instruments	8.d	45.7	-
Other receivables	9.a	79.0	70.6
Total non-current assets		**16,186.6**	**13,973.2**
TOTAL ASSETS		**19,473.3**	**19,324.6**
LIABILITIES			
Current liabilities			
Trade and other creditors	9.c	3,045.8	3,013.7
Loans and borrowings	8.b	42.8	51.7
Lease liabilities	8.c	354.8	368.2
Derivative financial instruments	8.d	-	14.9
Provisions	16.c	180.2	185.0
Income tax payables	15	102.0	83.7
Total current liabilities		**3,725.6**	**3,717.2**
Non-current liabilities			
Loans and borrowings	8.b	5,173.5	5,229.0
Lease liabilities	8.c	5,127.6	4,902.8
Provisions	16.c	356.8	386.3
Defined employee benefit obligation	16.e	157.8	249.1
Derivative financial instruments	8.d	-	23.2
Other creditors		98.6	30.7
Deferred tax liabilities	15	307.2	235.5
Total non-current liabilities		**11,221.5**	**11,056.6**
TOTAL LIABILITIES		**14,947.1**	**14,773.8**
NET ASSETS		**4,526.2**	**4,550.8**
EQUITY			
Issued capital	7.a	2,197.6	2,197.6
Treasury shares	7.b	(72.4)	(76.7)
Convertible Adjustable Rate Equity Securities (CARES)	7.c	252.2	252.2
Other reserves		(152.6)	(91.3)
Retained earnings		1,708.7	1,750.9
Parent interests		**3,933.5**	**4,032.7**
Non-controlling interests		**592.7**	**518.1**
TOTAL EQUITY		**4,526.2**	**4,550.8**

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity

FOR THE YEAR ENDED 30 JUNE 2022

	Attributable to Equity Holders of the Parent						
	Issued Capital (Note 7.a)	Treasury Shares (Note 7.b)	CARES (Note 7.c)	Other Reserves	Retained Earnings	Non-controlling Interests	Total
	$m	$m	$m	$m	$m	$m	$m
As at 1 July 2021	**2,197.6**	**(76.7)**	**252.2**	**(91.3)**	**1,750.9**	**518.1**	**4,550.8**
Total Comprehensive Income	-	-	-	(64.9)	309.7	103.3	348.1
Dividends paid	-	-	-	-	(351.9)	(19.1)	(371.0)
Acquisition of subsidiary/non-controlling interest	-	-	-	-	-	(9.6)	(9.6)
Treasury shares vesting to employees	-	4.3	-	(4.3)	-	-	-
Share based payment expense for employees	-	-	-	7.9	-	-	7.9
As at 30 June 2022	**2,197.6**	**(72.4)**	**252.2**	**(152.6)**	**1,708.7**	**592.7**	**4,526.2**
As at 1 July 2020	**2,197.6**	**(78.2)**	**252.2**	**(51.0)**	**1,431.9**	**483.4**	**4,235.9**
Total Comprehensive Income	-	-	-	(47.4)	434.3	44.6	431.5
Dividends paid	-	-	-	-	(115.3)	(9.8)	(125.1)
Acquisition of subsidiary/non-controlling interest	-	-	-	-	-	(0.1)	(0.1)
Treasury shares vesting to employees	-	1.5	-	(1.5)	-	-	-
Share based payment expense for employees	-	-	-	8.6	-	-	8.6
As at 30 June 2021	**2,197.6**	**(76.7)**	**252.2**	**(91.3)**	**1,750.9**	**518.1**	**4,550.8**

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

Consolidated Statement of Cash Flows

FOR THE YEAR ENDED 30 JUNE 2022

	Note	2022 $m	2021 $m
Cash flows from operating activities			
Receipts from customers		13,044.0	12,866.0
Receipts of government grants		4.2	305.9
Payments to suppliers and employees		(11,728.0)	(11,095.0)
Income tax paid	15	(229.3)	(228.2)
Lease finance costs	3	(242.2)	(234.2)
Other finance costs		(133.2)	(133.3)
Net cash flows from operating activities	8.a	**715.5**	**1,481.2**
Cash flows from investing activities			
Purchase of property, plant and equipment and intangible assets		(708.5)	(628.9)
Proceeds from sale of businesses and non-current assets		43.0	132.1
Interest and dividends received		4.4	34.9
Business combinations, net of cash received	10	(1,228.5)	(90.1)
Business combination consideration returned from/(held in) escrow	16.a	1,967.8	(1,951.5)
Acquisition of investments and purchase of non-controlling interests		(48.2)	(0.7)
Net cash flows from/(used in) investing activities		**30.0**	**(2,504.2)**
Cash flows from financing activities			
Dividends paid to equity holders of the parent	4	(351.9)	(115.3)
Dividends paid to non-controlling interests		(19.1)	(9.8)
Repayment of lease principal		(387.8)	(334.0)
Payment of refinancing costs		(2.1)	(26.8)
Proceeds from borrowings		5,123.4	6,243.3
Repayment of borrowings		(5,773.4)	(5,173.4)
Net cash flows (used in)/from financing activities		**(1,410.9)**	**584.0**
Net decrease in cash and cash equivalents		(665.4)	(439.0)
Net foreign exchange differences on cash held		(25.2)	(59.9)
Cash and cash equivalents at beginning of year		1,004.8	1,503.7
Cash and cash equivalents at end of year	8.a	**314.2**	**1,004.8**

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

Overview

This section sets out the basis on which the Ramsay Group's financial report is prepared as a whole. Where a significant accounting policy is specific to a note, the policy is described within that note.

The consolidated financial report of Ramsay Health Care Limited (**the Group**) for the year ended 30 June 2022 was authorised for issue on 27 September 2022 in accordance with a resolution of the Directors. Ramsay Health Care Limited is a for profit company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange. The nature of the operations and principal activities of the Group are described in the Directors' Report.

a Basis of preparation

This general purpose financial report:

- has been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standard Board (**AASB**) and the Corporations Act 2001;
- has been prepared on the basis of historical cost, except for derivative financial instruments;
- complies with International Financial Reporting Standards as issued by the International Accounting Standards Board;
- is presented in Australian Dollars;
- presents reclassified comparative information where necessary to conform to changes in presentation in the current year;
- presents all values as rounded to the nearest hundred thousand dollars, unless otherwise stated under the option available under ASIC Corporations (Rounding in Financial / Directors' Reports) Instrument 2016/191.

b New and amended accounting standards and interpretations, effective 1 July 2021

The Group applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 July 2021. The nature and effect of these changes are disclosed below.

AASB 2020-8 Amendments to AASs – Interest Rate Benchmark Reform – Phase 2: Amendments to AASB 4, AASB 7, AASB 9, AASB 16 and AASB 139

The amendments provide temporary relief which address the financial reporting effects when an interbank offered rate (**IBOR**) is replaced with an alternative nearly risk-free interest rate (**RFR**).

The amendments include the following practical expedients:

- A practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest;
- Permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued;
- Provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component.

These amendments had no impact on the consolidated financial statements of the Group. The Group intends to use the practical expedients in future periods if they become applicable.

AASB 2021-3 Amendments to AASs – COVID-19 Related Rent Concessions beyond 30 June 2021 – Amendments to AASB 16 Leases

The AASB amended the conditions of the practical expedient in AASB 16 that provides relief to lessees from applying the AASB 16 guidance on lease modifications to rent concessions arising as a direct consequence of the COVID pandemic. As a practical expedient, a lessee may elect not to assess whether a COVID related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the COVID related rent concession the same way it would account for the change under AASB 16, if the change were not a lease modification.

Following the amendment, the practical expedient now applies to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022, provided the other conditions for applying the practical expedient are met.

This amendment had no material impact on the consolidated financial statements of the Group.

c Accounting standards and interpretations issued or amended but not yet effective

New and amended standards and interpretations issued by the AASB that will apply for the first time in the next annual financial statements are not expected to impact the Group as they are either not relevant to the Group's activities or require accounting which is consistent with the Group's current accounting policies. The Group does not early adopt any Australian Accounting Standards and Interpretations issued or amended but are not yet effective.

d Basis of consolidation

The consolidated financial statements comprise the financial statements of Ramsay Health Care Limited (**the Company,** or **the Parent Entity**) and its subsidiaries (together, **the Group,** or **the consolidated entity**) as at and for the period ended 30 June each year. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the Consolidated Financial Statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of Other Comprehensive Income (**OCI**) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interests and other components of equity while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

e Significant accounting judgements, estimates and assumptions

In applying the Group's accounting policies, management has made a number of judgements, estimates and assumptions concerning the future. The key judgements, estimates and assumptions that are material to the financial statements relate to the following areas:

Note 2.b	Other income – income from government grants	Page 82
Note 8.c	Lease liabilities	Page 93
Note 10	Business combinations	Page 101
Note 11	Property, plant and equipment	Page 105
Note 13	Intangible assets	Page 108
Note 14	Impairment testing of goodwill	Page 111
Note 15	Taxes	Page 112
Note 16.c	Provisions	Page 117
Note 16.e	Defined employee benefit obligation	Page 119
Note 18	Share based payment plans	Page 125

f Current versus non-current classification

The Group presents assets and liabilities in the Consolidated Statement of Financial Position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle
- Expected to be realised within twelve months after the reporting period
- Held primarily for trading, or
- Cash and cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle
- It is due to be settled within twelve months after the reporting period
- Held primarily for trading, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

g Foreign currency translation

Both the functional and presentation currency of Ramsay Health Care Limited and its Australian subsidiaries is Australian dollars (**A$**). Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions in foreign currencies are initially recorded in the functional currency by applying the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the reporting date.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

The functional currencies of the overseas subsidiaries are: British pounds for the UK entities and Euro for the French entities. As at the reporting date the assets and liabilities of the overseas subsidiaries are translated into the presentation currency of Ramsay Health Care Limited at the rate of exchange ruling at the reporting date and the Income Statements are translated at the weighted average exchange rates for the year. The exchange differences arising on the translation are taken directly to a separate component of equity.

On disposal of a foreign entity, the deferred cumulative amount recognised in equity relating to that particular foreign operation is recognised in the Income Statement.

I Results for the Year

This section provides additional information on the Group results for the year, including further detail on results by segment, revenue, expenses, earnings per share and dividends.

1 Segment information

The Managing Director examines the Group's performance and allocates resources from a geographic perspective and has identified four different business units. The segment information discloses the financial performance and total assets and liabilities of each operating business.

Identification of reportable segments

The Group has identified its operating segments based on the internal reports that are reviewed and used by the Managing Director (the chief operating decision maker) in assessing performance and in determining the allocation of resources.

The operating segments are identified by management based primarily on the country in which the service is provided, as this is the Group's major risk and has the most effect on the rate of return, due to differing currencies and differing health care systems in the respective countries. The Group has four reportable operating segments being Asia Pacific, UK, France and Nordics.

Discrete financial information about each of these operating businesses is reported to the Managing Director on at least a monthly basis.

Types of services

The reportable operating segments derive their revenue primarily from providing health care services to both public and private patients in the community.

Accounting policies and inter-segment transactions

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties. Segment revenue, segment expense and segment results include transfers between the segments. These transfers are eliminated on consolidation.

The accounting policies used by the Group in reporting segments are the same as those contained throughout the accounts and in prior periods.

1 Segment information (Continued)

	Asia Pacific $m	UK $m	France $m	Nordics $m	Total $m
Year ended 30 June 2022					
Revenue from contracts with customers	5,343.7	1,321.5	4,646.3	2,000.9	13,312.4
Other income – income from government grants	-	-	357.1	44.9	402.0
Other income – income from sale of development assets	1.8	-	-	-	1.8
Other income – net profit on disposal of non-current assets	8.6	-	13.7	1.5	23.8
Total revenue and other income before intersegment revenue	5,354.1	1,321.5	5,017.1	2,047.3	13,740.0
Intersegment revenue	7.1	-	-	-	7.1
Total segment revenue and other income	**5,361.2**	**1,321.5**	**5,017.1**	**2,047.3**	**13,747.1**
Earnings before interest, tax, depreciation, amortisation and rent (EBITDAR)[1]	**725.5**	**82.0**	**927.4**	**232.7**	**1,967.6**
Rent[2]	(11.9)	(1.9)	(101.0)	(22.6)	(137.4)
Earnings before interest, tax, depreciation and amortisation (EBITDA)[3]	**713.6**	**80.1**	**826.4**	**210.1**	**1,830.2**
Depreciation, amortisation and impairment	(246.3)	(106.3)	(448.2)	(138.1)	(938.9)
Earnings before interest and tax (EBIT)[4]	**467.3**	**(26.2)**	**378.2**	**72.0**	**891.3**
Net finance costs					(352.8)
Income tax expense					(159.3)
Profit after tax from continuing operations					**379.2**
Attributable to non-controlling interests					(105.2)
Net profit from continuing operations attributable to owners of the parent					**274.0**
Year ended 30 June 2021					
Revenue from contracts with customers	5,440.8	1,024.1	4,574.9	1,824.4	12,864.2
Other income – income from government grants	-	-	336.4	91.9	428.3
Other income – income from sale of development assets	20.4	-	-	-	20.4
Other income – net profit on disposal of non-current assets	-	-	10.3	2.0	12.3
Total revenue and other income before intersegment revenue	5,461.2	1,024.1	4,921.6	1,918.3	13,325.2
Intersegment revenue	2.9	-	-	-	2.9
Total segment revenue and other income	**5,464.1**	**1,024.1**	**4,921.6**	**1,918.3**	**13,328.1**
Earnings before interest, tax, depreciation, amortisation and rent (EBITDAR)[1]	**866.5**	**182.4**	**947.4**	**206.9**	**2,203.2**
Rent[2]	(11.4)	(1.2)	(117.5)	(19.6)	(149.7)
Earnings before interest, tax, depreciation and amortisation (EBITDA)[3]	**855.1**	**181.2**	**829.9**	**187.3**	**2,053.5**
Depreciation, amortisation and impairment	(219.1)	(88.4)	(472.7)	(140.7)	(920.9)
Earnings before interest and tax (EBIT)[4]	**636.0**	**92.8**	**357.2**	**46.6**	**1,132.6**
Net finance costs					(391.0)
Income tax expense					(230.1)
Profit after tax from continuing operations					**511.5**
Attributable to non-controlling interests					(62.5)
Net profit from continuing operations attributable to owners of the parent					**449.0**

1 *"EBITDAR" is a non-statutory profit measure and represents profit before interest, tax, depreciation, amortisation, impairment and rent.*
2 *Rent includes rental costs of short term or low value assets together with any related rent costs, including rent related taxes that could not be capitalised as part of lease liabilities.*
3 *"EBITDA" is a non-statutory profit measure and represents profit before interest, tax, depreciation, amortisation and impairment.*
4 *"EBIT" is a non-statutory profit measure and represents profit before interest and tax.*

1 Segment information (Continued)

	Asia Pacific $m	UK $m	France $m	Nordics $m	Adjustments & Eliminations $m[1]	Total $m
As at 30 June 2022						
Assets & liabilities						
Segment assets	8,387.2	4,828.8	9,242.9	2,602.1	(5,587.7)	19,473.3
Segment liabilities	(3,847.6)	(4,469.0)	(6,981.1)	(1,561.2)	1,911.8	(14,947.1)
As at 30 June 2021						
Assets & liabilities						
Segment assets	8,303.0	3,399.7	10,019.0	2,111.1	(4,508.2)	19,324.6
Segment liabilities	(3,662.2)	(2,967.9)	(7,966.7)	(998.8)	821.8	(14,773.8)

1 Adjustments and eliminations consist of investments in subsidiaries and intercompany balances, which are eliminated on consolidation.

Segment revenue reconciliation to Income Statement

	2022 $m	2021 $m
Total segment revenue and other income	13,747.1	13,328.1
Intersegment revenue elimination	(7.1)	(2.9)
Interest income	36.2	7.1
Total revenue and other income	**13,776.2**	**13,332.3**

2 Revenue and other income

The Group primarily derives revenue from providing health care and related services to both public and private patients in the community.

2.a Revenue from contracts with customers

	2022 $m	2021 $m
Revenue from patients	12,666.1	11,915.8
Revenue from governments under COVID support contracts	138.4	428.7
Rental revenue	91.9	87.2
Revenue from ancillary services	416.0	432.5
Revenue from contracts with customers	**13,312.4**	**12,864.2**

2 Revenue and other income (Continued)

Accounting Policies

Revenue is recognised and measured at the amount of the consideration received or receivable to the extent that the performance obligations under contracts have been satisfied and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

REVENUE FROM PATIENTS

Revenue from patients is recognised on the date on which the services are provided to the patient.

REVENUE FROM GOVERNMENTS UNDER COVID SUPPORT CONTRACTS

Since 2020, specific contracts have been entered into with various government bodies under which Ramsay made available its facilities and services, including equipment and staff, to assist with the respective government's response to the COVID pandemic. Each of the revenue agreements are specific to each government body as follows:

Australia

Agreements with the state governments of NSW, WA, QLD and VIC (each a State) commenced from either 31 March or 1 April 2020. In return for the commitment to maintain full workforce capacity at the facilities, Ramsay has received, and recognised as revenue, net recoverable costs (being recoverable costs less any revenue generated from operations, calculated on an accruals basis). Recoverable costs include direct operating costs, service costs, corporate overhead costs (to the extent related to the provision of service), depreciation associated with pre-existing capital, which is owned, and depreciation associated with lease assets. Interest and debt servicing costs are excluded.

The agreements expire on various dates, depending on each State's requirements. These end dates are (in most cases) 20 or 30 days after the State gives notice but not before: in the case of VIC, the temporary restrictions imposed on private hospitals performing category 3 and non-urgent category 2 surgeries have been lifted; in the case of QLD, the State determines that activation of the Australian Health Sector Emergency Response Plan for Novel Coronavirus 2019 has ceased; and, in the case of NSW, the date notified by the Commonwealth government as being the last date covered by the private hospital financial viability payment under the National Partnership Agreement.

Recoverable costs and revenue amounts are aggregated quarterly with each quarter considered separately. Where the revenue amounts exceed recoverable costs the payment for that quarter is deemed to be zero.

VIC and QLD include a "Pause and Restart" mechanism whereby the State can put the agreement on pause allowing the Operator to return to normal operations and relieves the State of any payment obligations during the pause while allowing the State to restart the contract to provide COVID pandemic support when necessary. The QLD State government agreed to Ramsay's request to put the agreement on hold from 30 June 2020, but it recommenced from 20 December 2021. While the VIC agreement was paused from 31 March 2021, it recommenced from 1 October 2021 through 30 November 2021 and then recommenced again from 1 January 2022 and was in place until 27 February 2022. The NSW agreement does not have a Pause and Restart mechanism and remains on foot.

The original agreement with the State government of WA expired and was replaced with a new agreement with essentially the same terms effective 1 April 2022 with an Initial Term of 12 months, plus a Further Term of 6 months at the discretion of the Department.

UK

A new, volume based agreement with NHS England (**NHSE**) came into effect on 10 January 2022 and expired on 31 March 2022. A volume based agreement was also in place, in the prior period, from 1 January 2021 and expired on 31 March 2021. Ramsay was able to continue providing private patient activity during the relevant periods.

Future events could cause the assumptions on which these revenue accruals are based to change, which could affect the future results of the Group. As the revenue recognised by the Group in accordance with the contracts is variable, revenue has been recognised only to the extent that it is highly probable that a significant revenue reversal of the cumulative amount of revenue will not occur when the uncertainty associated with the variable consideration is resolved.

RENTAL REVENUE

Rental income is accounted for on a straight-line basis over the lease term. Contingent rental income is recognised as income in the periods in which it is earned. Lease incentives granted are recognised in the Income Statement as an integral part of the total rental income.

REVENUE FROM ANCILLARY SERVICES

Income from ancillary services is recognised on the date the services are provided to the customer.

2 Revenue and other income (Continued)

2.b Other income – income from government grants

	2022 $m	2021 $m
Other income – income from government grants	402.0	428.3

Accounting Policies

INCOME FROM GOVERNMENT GRANTS

Government grants are recognised when there is reasonable assurance that the grant will be received and all the attached conditions will be complied with. Grants are accounted for on a gross basis in revenue and expenses, by the Group. Where retention of a government grant is dependent on the Group satisfying certain criteria, it is initially recognised as deferred income. When the criteria for retention have been satisfied, the deferred income balance is recognised as other income.

Key Accounting Judgements, Estimates and Assumptions

Ramsay Santé was a beneficiary of the French government decree issued on 6 May 2020 which provided a guarantee of revenue from 1 March 2020 to 31 December 2020, equal to 10/12th of the 2019 calendar year revenue from the government, with some small indexation factor. The French government issued a new decree on 13 April 2021 covering the period 1 January 2021 to 30 June 2021 which subsequently was extended until 31 December 2021. For the period 1 July 2021 to 31 December 2021, the decree provided a guarantee of revenue equal to the equivalent period of 2020 billed revenue, inclusive of the 2020 revenue guarantee if any. As the actual billings over the six months period were below the guaranteed revenue, Ramsay Santé was entitled to the shortfall. In line with the requirements, under this guarantee, the estimates, payments and final square ups that form part of the revenue guarantee are being completed on a site-by-site basis. The law enacted on 22 January 2022 has extended the revenue guarantee until 30 June 2022, the implementation of which is governed by a new decree issued on 10 May 2022.

As the final square up of the revenue guarantee for the period to 30 June 2022 will not be performed until FY23 and the grant income recognised for Ramsay Santé is based on the current best estimate at hand at the time of issuing the Ramsay Group financial statements, these estimates may be updated and result in a different amount. Any resulting difference will be recognised in the Ramsay Group results in the period the final square up is performed.

2.c Other income - miscellaneous

	2022 $m	2021 $m
Interest income	36.2	7.1
Other income – income from sale of development assets	1.8	20.4
Other income – net profit on disposal of non-current assets	23.8	12.3
	61.8	**39.8**

Accounting Policies

INTEREST INCOME

Revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate (**EIR**), which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

INCOME FROM SALE OF DEVELOPMENT ASSETS

Income from sale of development assets is recognised when the control of the development asset is transferred to the purchaser.

3 Expenses

A breakdown of specific expenses helps users understand the financial performance of the Group.

	Note	2022 $m	2021 $m
(i) Depreciation			
Depreciation – Plant and equipment	11	309.9	292.3
Depreciation – Buildings	11	154.8	145.5
Depreciation – Right of use assets – Leased property	12	343.2	344.8
Depreciation – Right of use assets – Leased plant and equipment	12	73.9	66.7
Total		**881.8**	**849.3**
(ii) Amortisation			
Amortisation – Service concession assets	13	25.1	34.7
Amortisation – Other	13	20.7	15.4
Total		**45.8**	**50.1**
(iii) Impairment			
Impairment – Plant and equipment	11	-	3.2
Impairment – Land and buildings	11	5.3	18.3
Impairment – Intangible assets	13	6.0	-
Total		**11.3**	**21.5**
Total depreciation, amortisation and impairment		**938.9**	**920.9**
(iv) Property rental costs (included in occupancy costs)			
Expenses relating to short term leases	8.c	15.2	20.2
Expenses relating to leases of low value assets	8.c	5.8	7.3
Variable lease payments	8.c	0.9	0.9
(v) Employee benefit and contractor costs			
Wages and salaries		6,293.1	5,906.4
Workers' compensation		8.7	18.5
Superannuation		211.5	198.9
Termination benefits		17.9	17.5
Social charges and contributions on wages and salaries		881.7	827.6
Other employment		305.9	278.1
Share-based payments (expenses arising from transactions accounted for as equity-settled share-based payment transactions)		13.0	11.7
Total		**7,731.8**	**7,258.7**
(vi) Finance costs			
Interest expenses		148.0	166.1
Finance charges – Lease liability	8.c	242.2	234.2
		390.2	400.3
Finance costs capitalised		(1.2)	(2.2)
Total		**389.0**	**398.1**

Accounting Policies

FINANCE COSTS

Finance costs include interest, amortisation of discounts or premiums related to borrowings and other costs incurred in connection with the arrangement of borrowings. Financing costs are expensed as incurred unless they relate to a qualifying asset. A qualifying asset is an asset which generally takes more than 12 months to get ready for its intended use or sale. In these circumstances, the financing costs are capitalised to the cost of the asset. Where funds are borrowed by the Group for the acquisition or construction of a qualifying asset, the amount of financing costs capitalised are those incurred in relation to that borrowing.

4 Dividends

Dividends are a portion of Ramsay Group's profit that are paid out to its shareholders, in return for their investment.

	Parent Entity	
	2022 $m	2021 $m
(i) Dividends determined and paid during the year on ordinary shares:		
Current year interim dividend paid		
Franked dividends – ordinary		
(48.5 cents per share) (2021: 48.5 cents per share)	111.0	106.2
Previous year final dividend paid		
Franked dividends – ordinary		
(103.0 cents per share) (2021: 0.0 cents per share)[1]	231.9	-
	342.9	106.2
(ii) Dividends proposed and not recognised as a liability on ordinary shares:		
Current year final dividend proposed		
Franked dividends – ordinary		
(48.5 cents per share) (2021: 103.0 cents per share)	111.0	231.9
(iii) Dividends determined and paid during the year on CARES:		
Current year interim and previous year final dividend paid		
Franked dividends – CARES	9.0	9.1
(iv) Dividends proposed and not recognised as a liability on CARES:		
Current year final dividend proposed		
Franked dividends – CARES	5.3	4.5
(v) Franking credit balance		
The amount of franking credits available for the subsequent financial year are:		
franking account balance as at the end of the financial year at 30% (2021: 30%)	851.9	839.7
franking credits that will arise from the payment of income tax payable as at the end of the financial year[2]	16.1	14.6
	868.0	854.3
The amount of franking credits available for future reporting periods:		
impact on the franking account of dividends proposed or determined before the financial report was authorised for issue but not recognised as a distribution to equity holders during the period	(49.9)	(103.0)
	818.1	751.3

1 No final dividend determined for FY20.
2 As Ramsay Health Care Ltd and its 100% owned Australian subsidiaries have formed a tax consolidated group, effective 1 July 2003, this represents the current tax payable for the Australian group.

The tax rate at which paid dividends have been franked is 30% (2021: 30%). $116.3 million (2021: $236.4 million) of the proposed dividends will be franked at the rate of 30% (2021: 30%).

5 Earnings per share

Earnings per share is the portion of post-tax profit allocated to each Ramsay ordinary share.

	2022 $m	2021 $m
Net profit for the year attributable to owners of the parent	274.0	449.0
Less: dividend paid on Convertible Adjustable Rate Equity Securities (CARES)	(9.0)	(9.1)
Profit used in calculating basic and diluted (after CARES dividend) earnings per share	265.0	439.9

	2022 Number of Shares (m)	2021 Number of Shares (m)
Weighted average number of ordinary shares used in calculating basic earnings per share	227.8	227.7
Effect of dilution – share rights not yet vested	0.5	0.7
Weighted average number of ordinary shares adjusted for the effect of dilution	228.3	228.4

The share rights granted to Executives but not yet vested, have the potential to dilute basic earnings per share.

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of completion of these financial statements.

	2022 Cents per Share	2021 Cents per Share
Earnings per share (EPS) attributable to equity holders of the parent		
Basic earnings per share (after CARES dividend)	116.3	193.2
Diluted earnings per share (after CARES dividend)	116.1	192.6

Calculation of earnings per share

Basic earnings per share

Basic earnings per share amounts are calculated by dividing net profit for the year attributable to ordinary equity holders of the parent (after deducting the CARES dividend) by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share

Diluted earnings per share amounts are calculated by dividing the net profit attributable to ordinary equity holders of the parent (after deducting the CARES dividend) by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

6 Net tangible assets

Net Tangible Assets (**NTA**) are the total assets minus intangible assets and total liabilities, divided by the number of ordinary shares of the Company currently on issue at the reporting date. Net tangible assets include right of use assets as the underlying leases are for physical assets.

	2022 $ per Share	2021 $ per Share
Net tangible (liability)/asset per ordinary share	(6.31)	0.42

The reduction in net tangible (liability)/asset per ordinary share from 30 June 2021 is a result of the payment of dividends during the year together with liabilities recognised to fund the business combinations undertaken during the year (refer Note 10). As the majority of the assets recognised for the business combinations are goodwill and goodwill as an intangible asset is excluded from the calculation, it results in a reduction in net tangible assets per share.

II Capital – Financing

This section discusses how the Ramsay Group manages funds and maintains capital structure, including bank borrowings, related finance costs and access to capital markets.

How the Group manages its capital – Financing

The Group manages its capital structure with the objective of ensuring it will be able to continue as a going concern as well as maintaining optimal returns to shareholders and benefits for its stakeholders. The Group also aims to maintain a capital structure that is consistent with its targeted credit ratings, ensuring sufficient headroom is available within such ratings to support its growth strategies at an optimised weighted average cost of capital. Prudent liquidity reserves in the form of committed undrawn bank debt facilities or cash are maintained in order to accommodate its expenditures and potential market disruption.

The Group may raise or retire debt, adjust its dividend policy, return capital to shareholders, issue new shares or financial instruments containing characteristics of equity, or sell assets to reduce debt in order to achieve the optimal capital structure.

The Group's capital is comprised of equity plus net debt. Net debt is calculated as interest bearing liabilities plus derivatives relating to debt, less cash assets.

During 2022, dividends of $351.9 million (2021: $115.3 million) were paid. For the year ended 30 June 2022, fully franked ordinary dividends of 97.0c (2021: 151.5c) per share were determined.

The group monitors its capital structure primarily by reference to its debt financial covenants and credit rating gearing metrics. Debt levels under the Group's financial covenants are assessed relative to the cash operating profits (EBITDA[1]) of the Group that are used to service debt. This ratio is calculated as Net Debt/EBITDA[1] and is 5.7x for the year ended 30 June 2022 (2021: 4.7x), however lending facilities within the Group contain calculations and thresholds specific to each facility and borrowing groups having access to such facilities. Escrow funds of $1.96 billion were recorded in the Statement of Financial Position at 30 June 2021 resulting in a higher than normal leverage. A normalised Group Consolidated Leverage Ratio of 3.7x was calculated for 30 June 2021 after reducing Net Debt by the $1.96 billion cash held in escrow on 30 June 2021. These escrow funds were retrieved in July 2021 and used to repay debt.

The Group has committed senior debt funding with various maturities starting in November 2022 and ending in June 2031 . As such, certain subsidiaries must comply with various financial and other undertakings in particular, the following customary financial undertakings:

- Total Net Leverage Ratio (Net Debt/EBITDA[1])
- Interest Cover Ratio (EBITDA[1]/ Net Interest)
- Minimum Shareholders Funds

The facilities maturing in November 2022 have a tenure of one year and are extended every six months.

Details of Capital – Financing are as follows:	Note	2022 $m	2021 $m
Equity	7	4,526.2	4,550.8
Net Debt	8	10,327.5	9,585.0
		14,853.7	14,135.8

[1] EBITDA is Earnings before Interest, Tax, Depreciation and Amortisation pre AASB 16 Leases.

7 Equity

	Note	2022 $m	2021 $m
Issued capital	7.a	2,197.6	2,197.6
Treasury shares	7.b	(72.4)	(76.7)
Convertible Adjustable Rate Equity Securities (CARES)	7.c	252.2	252.2
Other reserves		(152.6)	(91.3)
Retained earnings		1,708.7	1,750.9
Non-controlling interests		592.7	518.1
		4,526.2	4,550.8

7.a Issued capital

Issued capital represents the amount of consideration received for the ordinary shares issued by Ramsay Health Care Limited (**the Company**).

Issued and paid up capital

	2022 Number (m)	2022 $m	2021 Number (m)	2021 $m
As at 30 June	228.9	2,197.6	228.9	2,197.6

Terms and conditions of issued capital

ORDINARY SHARES

Ordinary shares have the right to receive dividends as declared and, in the event of winding up the Company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held. Ordinary shares entitle their holder to one vote, either in person or by proxy, at a meeting of the Company.

Accounting Policies

ORDINARY SHARES

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.

7.b Treasury shares

Treasury shares are the shares repurchased on the open market, for the share rights issued to employees under the Employee Share Plan.

	2022 $m	2021 $m
1.1 million ordinary shares (30 June 2021: 1.1 million ordinary shares)	72.4	76.7

Nature & Purpose

Treasury shares are shares in the Company held by the Employee Share Plan and are deducted from equity.

7 Equity (Continued)

7.c Convertible Adjustable Rate Equity Securities (CARES)

Convertible Adjustable Rate Equity Securities (**CARES**) are non-cumulative, redeemable and convertible preference shares in Ramsay Health Care Limited.

Issued and paid up capital

	2022 $m	2021 $m
2.6 million CARES shares fully paid (30 June 2021: 2.6 million CARES shares fully paid)	252.2	252.2

Terms and conditions of CARES

Issuer	Ramsay Health Care Limited
Security	Convertible Adjustable Rate Equity Securities (**CARES**) which are a non-cumulative, redeemable and convertible preference share in Ramsay.
Face Value	$100 Per CARES.
Dividends	The holder of each CARES is entitled to a preferred, non-cumulative, floating rate dividend equal to: Dividend Entitlement = (Dividend Rate x Face Value x N) / 365 *where*: N is the number of days in the Dividend Period The payment of Dividends is at the Directors' discretion and is subject to there being funds legally available for the payment of Dividends and the restrictions which apply in certain circumstances under the financing arrangements. If declared, the first Dividend will be payable on each CARES in arrears on 20 October 2005 and thereafter on each 20 April and 20 October until CARES are converted or exchanged.
Dividend Rate	The Dividend Rate for each Dividend Period is calculated as: Dividend Rate = (Market Rate + Margin) x (1-T) *where*: The Market Rate is the 180 day Bank Bill Swap Rate applying on the first day of the Dividend Period expressed as a percentage per annum. The Margin for the period to 20 October 2010 was 2.85% per annum. It was determined by the Bookbuild held on 26 April 2005. T is the prevailing Australian corporate tax rate applicable on the Allotment Date. As Ramsay did not convert or exchange by 20 October 2010, the Margin was increased by a one-time step up of 2.00% (200 basis points) per annum.
Step-up	One-time 2.00% (200 basis points) step-up in the Margin at 20 October 2010
Franking	Ramsay expects the Dividends paid on CARES to be fully franked. If a Dividend is not fully franked, the Dividend will be grossed up to compensate for the unfranked component. If, on a Dividend Payment Date, the Australian corporate tax rate differs from the Australian corporate tax rate on the Allotment Date, the Dividend will be adjusted downwards or upwards accordingly.
Conversion or exchange by Ramsay	CARES have no maturity. Ramsay may convert or exchange some or all CARES at its election for shares or $100 in cash for each CARES on 20 October 2010 and each Dividend Payment Date thereafter. Ramsay also has the right to: • convert or exchange CARES after the occurrence of a Regulatory Event; and • convert CARES on the occurrence of a Change in Control Event. Ramsay cannot elect to convert or exchange only some CARES if such conversion or exchange would result in there being less than $50 million in aggregate Face Value of CARES on issue.
Conversion Ratio	The rate at which CARES will convert into Shares will be calculated by reference to the market price of Shares during 20 business days immediately preceding, but not including, the conversion date, less a conversion discount of 2.5%. An adjustment is made to the market price calculation in the case of a Change in Control Event. The Conversion Ratio for each CARES will not be greater than 400 shares.
Ranking	CARES rank equally amongst themselves in all respects and are subordinated to all creditors but rank in priority to Shares.
Participation	Unless CARES are converted into Shares, CARES confer no rights to subscribe for new shares in any fundraisings by Ramsay or to participate in any bonus or rights issues by Ramsay.
Voting Rights	CARES do not carry a right to vote at general meeting of Ramsay except in limited circumstances.

8 Net debt

	Note	2022 $m	2021 $m
Cash and cash equivalents	8.a	314.2	1,004.8
Loans and borrowings – current	8.b	(42.8)	(51.7)
Lease liabilities – current	8.c	(354.8)	(368.2)
Loans and borrowings – non-current	8.b	(5,173.5)	(5,229.0)
Lease liabilities – non-current	8.c	(5,127.6)	(4,902.8)
Net derivative assets / (liabilities) – debt related	8.d	57.0	(38.1)
		(10,327.5)	**(9,585.0)**

8.a Cash and cash equivalents

Cash and cash equivalents comprise of cash at bank, cash on hand and short-term deposits with a maturity of less than three months. This note presents the amount of cash on hand at year end, together with further reconciliations in relation to the Statement of Cash Flows.

	2022 $m	2021 $m
Cash at bank and on hand	314.2	1,004.8

Cash at bank earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates.

Accounting Policies

CASH AND CASH EQUIVALENTS

Cash and short-term deposits in the Statement of Financial Position comprise cash at bank and on hand and short-term deposits with an original maturity of three months or less.

For the purposes of the Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts and restricted cash.

Reconciliation to Statement of Cash Flows

	2022 $m	2021 $m
For the purposes of the Statement of Cash Flows, cash and cash equivalents comprise the following at 30 June		
Cash at bank and on hand	314.2	1,004.8

8 Net debt (Continued)

Reconciliation of net profit after tax to net cash flows from operations

	2022 $m	2021 $m
Net profit after tax for the year	**379.2**	**511.5**
Adjustments for:		
Share of profit of joint venture	(15.5)	(10.9)
Depreciation, amortisation and impairment	938.9	920.9
Interest received	(36.2)	(7.1)
Share-based payments	13.0	11.7
Net profit on disposal of non-current assets	(23.8)	(12.3)
Other	18.7	2.2
Changes in assets & liabilities:		
Deferred tax	(55.0)	(27.8)
Receivables	(664.8)	(103.9)
Other assets	(8.9)	66.1
Creditors, accruals and other liabilities	179.7	134.9
Provisions	(22.9)	(22.4)
Inventories	28.2	(11.4)
Current tax	(15.1)	29.7
Net cash flows from operating activities	**715.5**	**1,481.2**

Reconciliation of liabilities arising from financing activities

	As at 1 July 2021 $m	Cash Flows $m	Foreign Exchange Movement $m	New Leases $m	Business Combinations $m	Disposal/ Termination or Reassessment of Leases $m	Other $m	As at 30 June 2022 $m
Loans and borrowings – current	**51.7**	(658.9)	(8.7)	-	658.9	-	(0.2)	**42.8**
Loans and borrowings – non-current	**5,229.0**	8.9	(122.0)	-	24.1	-	33.5	**5,173.5**
Lease Liabilities	**5,271.0**	(387.8)	(226.8)	310.3	514.1	1.6	-	**5,482.4**
Total	**10,551.7**	(1,037.8)	(357.5)	310.3	1,197.1	1.6	33.3	**10,698.7**

	As at 1 July 2020 $m	Cash Flows $m	Foreign Exchange Movement $m	New Leases $m	Business Combinations $m	Disposal/ Termination or Reassessment of Leases $m	Other $m	As at 30 June 2021 $m
Loans and borrowings – current	**32.3**	5.9	(0.3)	-	14.0	-	(0.2)	**51.7**
Loans and borrowings – non-current	**4,195.5**	1,064.0	(50.9)	-	15.7	-	4.7	**5,229.0**
Lease Liabilities	**5,289.2**	(334.0)	(54.0)	384.8	11.2	(26.2)	-	**5,271.0**
Total	**9,517.0**	735.9	(105.2)	384.8	40.9	(26.2)	4.5	**10,551.7**

Disclosure of financing facilities

Refer to Note 8.b.

8 Net debt (Continued)

8.b Loans and borrowings

This note outlines the Group's loans and borrowings, which are predominantly from banks and other financial institutions, with varying maturities.

	Maturity	2022 $m	2021 $m
Current			
Secured bank loans:			
€ Bi-lateral Facilities[1]	Up to Jun 2031	42.8	51.7
Total current loans and borrowings		**42.8**	**51.7**
Non-current			
Unsecured bank and other financial institution loans:			
A$ 1,500,000,000 Syndicated Facility Loan[2]	Up to Jul 2026	1,443.2	1,195.4
A$ 600,000,000 Syndicated Facility Loan[3]	Dec 2023	599.5	716.5
A$ 200,000,000 Bi-lateral Term Loan[4]	Oct 2024	-	199.6
€ 300,000,000 Syndicated Facility Loan[5]	Oct 2024	455.6	474.3
		2,498.3	2,585.8
Secured bank loans:			
€ 1,450,000,000 Syndicated Term Loan[6]	Up to Apr 2027	2,188.2	2,277.2
€ Bi-lateral Facilities[1]	Up to Jun 2031	335.1	366.0
		2,523.3	2,643.2
Secured/Unsecured corporate notes:			
€ 100,000,000 Sustainability Linked Euro Private Placement Notes[7]	Up to Dec 2029	151.9	-
Total non-current loans and borrowings		**5,173.5**	**5,229.0**
Total loans and borrowings		**5,216.3**	**5,280.7**

1 *Euro bi-lateral facilities are secured by a first charge over certain Ramsay Santé and controlled entities' land and buildings. These loans are repayable in instalments over the term of the facilities.*
2 *Sustainability linked syndicated revolving bank debt facility with equal tranches which mature over 3 years, 4 years and 5 years.*
3 *Syndicated revolving bank debt facility. Facility was downsized in November 2021 from A$800 million to A$600 million. The shortfall was replaced by the creation of A$200 million of bi-lateral facilities.*
4 *Bi-lateral term loan facility and repayable in full on maturity.*
5 *Syndicated revolving bank debt facility.*
6 *Sustainability linked syndicated term loan facilities repayable in full on maturity. The lenders only have recourse to Ramsay Santé and certain Ramsay Santé controlled entities.*
7 *Euro Private Placement Notes, maturing in December 2028 and December 2029.*

RAMSAY AND ITS WHOLLY OWNED SUBSIDIARIES

Ramsay Funding Group prepaid A$200 million in bi lateral term debt facility in November 2021. The covenant package, group guarantees and other common terms and conditions in respect of the debt facilities are governed under a Common Terms Deed Poll (**CTDP**).

RAMSAY SANTÉ AND CONTROLLED ENTITIES

Ramsay Santé and controlled entities issued €100 million Euro Private Placement notes in December 2021. This comprised of €40 million maturing in December 2028 and €60 million maturing in December 2029. The lenders to these debt facilities only have recourse to Ramsay Santé and certain Ramsay Santé controlled entities. The debt facilities are secured by first ranking pledges over certain material companies of Ramsay Santé, granted only by Ramsay Santé and certain Ramsay Santé controlled entities. Guarantees have also been provided and are provided only by Ramsay Santé controlled entities.

8 Net debt (Continued)

Fair values

The fair values of the Group's interest bearing loans and borrowings are determined by using the discounted cash flow method with discount rates that reflect market interest rates, specific country risk factors, individual creditworthiness of the counterparties and the other risk characteristics associated with the underlying debts.

Unless disclosed below, the carrying amount of the Group's current and non-current borrowings approximate their fair value. The fair values have been calculated by discounting the expected future cash flows at prevailing market interest rates depending on the type of borrowings. At reporting date, the market interest rates vary from 1.104% to 1.793% (2021: 0.060% to 0.0803%) for Australia and -0.553% to -0.475% (2021: -0.569% to -0.542%) for France respectively.

The fair value of the interest bearing loans and borrowings was estimated using the level 2 method valuation technique in which the lowest level of input that is significant to the fair value measurement is directly or indirectly observable. Set out in the table below is a comparison by carrying amounts and fair value of the Group's Interest bearing loans and borrowings.

	2022		2021	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	$m	$m	$m	$m
Bank loans	5,064.4	5,286.3	5,280.7	5,381.3
Corporate notes	151.9	165.0	-	-
	5,216.3	5,451.3	5,280.7	5,381.3

Interest rate, foreign exchange & liquidity risk

Details regarding interest rate, foreign exchange and liquidity risk is disclosed in Note 17.

Assets pledged as security

The carrying amounts of assets pledged as security for loans and borrowings are set out in the following table:

	2022	2021
	$m	$m
Fixed and floating charge		
Fixed assets	3.0	3.1
Investment holdings in subsidiaries	3,599.8	3,917.8
Total non-current assets pledged as security	3,602.8	3,920.9

Accounting Policies

LOANS AND BORROWINGS

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Losses are recognised in profit or loss when the liabilities are derecognised.

8 Net debt (Continued)

8.c Lease liabilities

The Group has lease contracts for the use of hospitals, office space and various items of equipment and vehicles which it uses in its operations. Leases of hospitals and office space can have lease terms between 5 and 120 years, while vehicles and equipment generally have lease terms between 5 and 10 years.

Generally, the Group is restricted from assigning and subleasing the leased assets. A number of the lease contracts include extensions, termination options and variable lease payments, which are discussed below.

The Group also has certain leases of equipment with lease terms of 12 months or less and leases of office equipment with a low value. The Group applies the 'short term lease' and 'lease of low value assets' recognition exemptions for these leases.

	2022 $m	2021 $m
As at 1 July	**5,271.0**	**5,289.2**
Additions	310.3	384.8
Business combinations	514.1	11.2
Disposals or terminations	(9.7)	(91.0)
Payments	(630.0)	(568.2)
Accretion of interest	242.2	234.2
Reassessment of lease terms	11.3	64.8
Exchange differences	(226.8)	(54.0)
As at 30 June	**5,482.4**	**5,271.0**

	2022 $m	2021 $m
Current lease liabilities	354.8	368.2
Non-current lease liabilities	5,127.6	4,902.8
Total lease liabilities	**5,482.4**	**5,271.0**

Assets pledged as security

The carrying amounts of assets pledged as security for lease liabilities are set out in the following table:

	2022 $m	2021 $m
Leased assets pledged as security	788.7	365.3

Cash outflows

The Group had total cash outflows for leases of approximately $651.9 million in 2022 (2021: $596.6 million) - the principal portion of lease payments totalled $387.8 million (2021: $334.0 million), interest payments totalled $242.2 million (2021: $234.2 million) and other payments relating to low-value assets, short term and variable lease payments totalled approximately $21.9 million (included in payments to suppliers and employees) (2021: $28.4 million).

8 Net debt (Continued)

Accounting Policies

All leases are accounted for by recognising a right of use asset and a lease liability except for:
- Leases of low value assets, being those with a cost of $50,000 or less; and
- Leases with a term of 12 months or less.

LEASE LIABILITIES

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless (as is typically the case) this is not readily determinable, in which case the Group's incremental borrowing rate on commencement of the lease is used. Variable lease payments are only included in the measurement of the lease liability if they depend on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate.

On initial recognition, the carrying value of the lease liability also includes:
- amounts expected to be payable under any residual value guarantee;
- the exercise price of any purchase option granted in favour of the group if it is reasonably certain to exercise that option;
- any penalties payable for terminating the lease, if the term of the lease has been estimated on the basis of the termination option being exercised.

LEASE ASSETS

Right of use assets are initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for:
- lease payments made at or before commencement of the lease;
- initial direct costs incurred; and
- the amount of any provision recognised where the group is contractually required to dismantle, remove or restore the leased asset.

Subsequent to initial measurement, lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. Right of use assets are amortised on a straight line basis over the shorter of the useful life of the asset or the term of the lease. Lease liabilities are remeasured when there is a change in future lease payments arising from a change in an index or rate or when there is a change in the assessment of the term of the lease.

The Group applies the short term lease recognition exemption to its short term lease of equipment, being those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. The Group also applies the low-value assets recognition exemption to leases of equipment that are considered to be of low value. 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.

Key Accounting Judgements, Estimates and Assumptions

LEASE TERM

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 has the option, under some of its leases to lease the assets for additional terms. The Group applies judgement in evaluating whether it is reasonably certain to exercise the options to renew. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. After commencement date, the Group reassess the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not exercise) the option to renew.

DISCOUNT RATES

The lease payments are discounted using the interest rate implicit in the lease or the lessee's incremental borrowing rate (**IBR**). The IBR is the rate of interest that the lessee would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right of use asset in a similar economic environment. The IBR therefore requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease.

8 Net debt (Continued)

8.d Derivative financial instruments

A derivative is a financial instrument typically used to manage an underlying risk, using futures, swaps and options. The value change of a derivative is related to changes in a variable, such as interest rate or foreign exchange rate. The Group uses derivatives to manage exposure to foreign exchange and interest rate risk.

	2022 $m	2021 $m
Current assets		
Interest rate and foreign exchange derivative contracts – cash flow hedges	8.9	-
Interest rate and foreign exchange derivative contracts – economic hedges	2.4	-
Non-current assets		
Interest rate and foreign exchange derivative contracts – cash flow hedges	29.6	-
Interest rate and foreign exchange derivative contracts – economic hedges	16.1	-
	57.0	-
Current liabilities		
Interest rate and foreign exchange derivative contracts – cash flow hedges	-	(14.9)
Non-current liabilities		
Interest rate and foreign exchange derivative contracts – cash flow hedges	-	(23.2)
	-	(38.1)
Net derivative assets/(liabilities)	**57.0**	**(38.1)**

Instruments used by the Group

Derivative financial instruments are used by the Group in the normal course of business in order to hedge exposure to fluctuations in interest and foreign exchange rates.

INTEREST RATE SWAPS AND FORWARD FOREIGN EXCHANGE CONTRACTS – CASH FLOW HEDGES

Interest bearing loans in Australian Dollar of the Group currently bear an average variable base interest rate excluding margin of 1.477% (2021: 0.0666%). Interest bearing loans in Euro of the Group currently bear a zero variable base interest rate excluding margin (2021: 0%) pursuant to an interest rate floor within the facility agreements whereby base interest rate (EURIBOR) is deemed to be zero when it is negative.

In order to reduce the variability of the future cash flows in relation to the interest bearing loans, the Group has entered into Australian Dollar and Euro interest rate swap contracts under which it has a right to receive interest at variable rates and to pay interest at fixed rates. Swaps in place cover approximately 39% (2021: 67%) of the principal outstanding.

While the Group also enters into other foreign exchange forward contracts with the intention to reduce the foreign exchange risk of expected sales and purchases, these other contracts are not designated in hedge relationships and are measured at fair value through profit or loss.

Interest rate risk

Information regarding interest rate risk exposure is set out in Note 17.

Credit risk

Credit risk arises from the potential failure of counterparties to meet their obligations at maturity of contracts. This arises on derivative financial instruments with unrealised gains. Management constantly monitor the fair value of favourable contracts outstanding with any individual counterparty. Management only deal with prime financial institutions with appropriate credit ratings in order to manage this credit risk.

8 Net debt (Continued)

Fair value of derivative financial instruments

The fair value of the derivative financial instruments was estimated using the level 2 method valuation technique and is summarised in the table above.

The most frequently applied valuation techniques include forward pricing and swap models, using present value calculations. The models incorporate various inputs including the credit quality of counterparties, foreign exchange spot and forward rates and interest rate curves. The changes in counterparty credit risk had no material effect on the hedge effectiveness assessment for derivatives designated in hedge relationships.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. Information about the valuation techniques and inputs used in determining the fair value of various assets and liabilities are disclosed in the relevant notes.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1	Quoted (unadjusted) market prices in active markets for identical assets or liabilities
Level 2	Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
Level 3	Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

There were no transfers between Level 1 and Level 2 or between Level 2 and Level 3 during the year.

The notional principal amounts and period of expiry of the interest rate derivatives contracts are as follows:

	2022 $m	2021 $m
0-1 years	1,102.4	-
1-2 years	210.0	1,043.5
2-3 years	1,059.4	110.0
3-5 years	450.0	790.5
Over 5 years	-	-
	2,821.8	1,944.0

The interest rate derivatives require settlement of net interest receivable or payable each 90 or 180 days. They are settled on a net basis. The swaps are measured at fair value and all gains and losses attributed to the hedged risk are taken directly to equity and re-classified to the Income Statement when the interest expense is recognised.

Accounting Policies

The Group uses derivative financial instruments such as interest rate swaps to hedge its risks associated with interest rates. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured to fair value. Derivatives are carried as assets when the fair value is positive and as a liability when the fair value is negative.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit or loss, except for the effective portion of cash flow hedges, which is recognised in Other Comprehensive Income, and later classified to profit and loss when the hedge item affects profit or loss.

For the purposes of hedge accounting, hedges are classified as:

- fair value hedges when they hedge the exposure to changes in the fair value of a recognised asset or liability;
- cash flow hedges when they hedge exposure to variability in cash flows that is attributable either to a particular risk associated with a recognised asset or liability or to a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment; or
- hedges of a net investment in a foreign operation.

8 Net debt (Continued)

Accounting Policies

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the Group will assess whether the hedging relationship meets the hedge effectiveness requirements (including the analysis of sources of hedge ineffectiveness and how the hedge ratio is determined). A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements:

- There is an economic relationship between the hedged item and the hedging instrument;
- The effect of credit risk does not 'dominate the value changes' that result from that economic relationship; and
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of hedged item.

Hedges that meet the strict criteria for hedge accounting are accounted for as follows:

CASH FLOW HEDGES

The effective portion of the gain or loss on the hedging instrument is recognised directly in Other Comprehensive Income in the cash flow hedge reserve, while any ineffective portion is recognised immediately in the Income Statement as other operating expenses.

The Group uses predominantly interest rate swap contracts as hedges of its exposure to fluctuations in interest rates. There is an economic relationship between the hedged item and the hedging instrument as the term of the interest rate swap matches the terms of the variable rate loan (that is, notional amount, maturity, base rate, payment and reset dates).

The Group only designates the intrinsic value of the interest rate option contracts as hedging instruments. The time value of the interest rate option contracts are recognised in Other Comprehensive Income and accumulated in a separate component of equity under the cost of Hedging Reserve. These deferred costs of hedging are recognised in the profit or loss on a systematic basis over the tenor of the interest rate option contracts.

Amounts recognised as Other Comprehensive Income are transferred to profit or loss when the hedged transaction affects profit or loss, such as when the hedged financial income or financial expense is recognised. When the hedged item is the cost of a non-financial asset or non-financial liability, the amounts recognised as Other Comprehensive Income are transferred to the initial carrying amount of the non-financial asset or liability.

If the forecast transaction or firm commitment is no longer expected to occur, the cumulative gain or loss previously recognised in Other Comprehensive Income is transferred to the Income Statement. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, any cumulative gain or loss previously recognised in Other Comprehensive Income remains in Other Comprehensive Income until the forecast transaction or firm commitment affects profit or loss.

Subsequent measurement

For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques may include:

- Using recent arm's length market transaction;
- Reference to the current fair value of another instrument that is substantially the same; or
- A discounted cash flow analysis or other valuation models.

Fair value of derivative financial instruments

The Group measures financial instruments, such as, derivatives, at fair value at each reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

III Assets and Liabilities – Operating and Investing

This section outlines how the Ramsay Group manages its assets and liabilities to generate profit.

How the Group manages its overall financial position

The Group manages its overall financial position by segregating its balance sheet into two categories; Assets and Liabilities – Operating and Investing and Capital – Financing. Assets and Liabilities – Operating and Investing is managed at both the site and group level while Capital – Financing (refer to section II) is managed centrally.

Details of Assets and Liabilities – Operating and Investing are as follows:

	Note	2022 $m	2021 $m
Working capital	9	(337.7)	(794.8)
Property, plant and equipment	11	4,806.9	4,488.6
Right of use assets	12	4,627.7	4,411.5
Intangible assets	13	5,799.0	4,233.6
Current and deferred tax assets	15	111.7	150.7
Other assets/(liabilities)	16	(153.9)	1,646.2
		14,853.7	14,135.8

9 Working capital

	Note	2022 $m	2021 $m
Trade and other receivables (current)	9.a	2,331.3	1,809.5
Inventories	9.b	376.8	409.4
Trade and other creditors (current)	9.c	(3,045.8)	(3,013.7)
		(337.7)	(794.8)

Consistent with prior periods, the Group actively manages the collection of debtor receipts and creditor and employee payments. This often results in a negative working capital metric and net current liability position. Any surplus or deficit in the working capital is managed through efficient use of the revolving debt facilities and cash balances. The Group had an undrawn facility limit of $779 million as at 30 June 2022.

The change in working capital during the year is mostly as a result of an increase in the trade and other receivables amounts as funding from the COVID government agreements reduced and more usual invoicing and payment patterns with customers resumed.

9.a Trade and other receivables

Trade and other receivables primarily consists of amounts outstanding from Governments, Health Funds and Self Insured patients for delivering health care and related services.

	2022 $m	2021 $m
Current		
Trade and other receivables	2,401.9	1,871.5
Allowances for impairment loss	(70.6)	(62.0)
	2,331.3	**1,809.5**
Non-current		
Rental property bonds and guarantees receivable	32.5	37.3
Other	46.5	33.3
	79.0	**70.6**
Total	**2,410.3**	**1,880.1**

9 Working capital (Continued)

Allowances for impairment loss

An allowance for expected credit loss (**ECL**) is recognised based on the difference between the contractual cash flows and the expected cash flows. The Group has applied a simplified approach in calculating ECLs by establishing a provision matrix for forward-looking factors specific to the debtors and the economic environment.

Movements in the allowances for impairment loss were as follows:

	2022 $m	2021 $m
As at 1 July	**(62.0)**	**(61.7)**
Charge for the year	(40.3)	(29.5)
Exchange differences	2.1	0.6
Amounts written off	29.6	24.3
Disposal of subsidiary	-	4.3
As at 30 June	**(70.6)**	**(62.0)**

Ageing analysis

At 30 June, the ageing analysis of trade and other receivables is as follows:

	Total $m	Neither past due nor impaired $m	0-30 Days PDNI[1] $m	31-60 Days PDNI[1] $m	61-90 Days PDNI[1] $m	91+ Days PDNI[1] $m	Considered impaired $m
2022	2,480.9	1,777.7	294.6	122.7	37.7	177.6	70.6
2021	1,942.1	1,447.2	218.6	81.2	13.6	119.5	62.0

1 *PDNI – Past due not impaired*

Receivables past due but not considered impaired are: $632.6 million (2021: $432.9 million). Payment terms on these amounts have not been re-negotiated as based on the credit history of receivables past due not considered impaired, management believes that these amounts will be fully recovered. This is due to the fact that the Group mainly deals with Government Authorities and creditworthy Health Funds.

Fair value

Due to the short term nature of the current receivables, the carrying value approximates fair value. The carrying values of the discounted non-current receivables approximates their fair values.

Credit risk

The maximum exposure to credit risk for current receivables is their carrying value. Collateral is not held as security. The Group's credit risk is low in relation to trade debtors because the majority of transactions are with the Government and Health Funds. The maximum exposure to credit risk for non-current receivables at the reporting date is the carrying value of these receivables. The majority of the non-current receivables are assessed as low risk.

Foreign exchange & interest rate risk

Details regarding foreign exchange and interest rate risk exposure are disclosed in Note 17.

9 Working capital (Continued)

9.b Inventories

Inventories include medical supplies to be consumed in providing future patient services, and development assets, including medical suites to be sold, that are currently under construction.

	2022 $m	2021 $m
Amount of medical supplies to be consumed in providing future patient services – at cost	328.4	363.8
Development assets to be sold that are currently under construction – at cost	48.4	45.6
Total	**376.8**	**409.4**

Inventory expense

Medical supplies recognised as an expense for the year ended 30 June 2022 totalled $3,107.8 million (2021: $3,008.7 million) for the Group. This expense has been included in the expense category 'medical consumables and supplies' in the Income Statement. The cost of development assets sold which has been recognised as an expense for the year ended 30 June 2022 totalled $1.4 million (2021: $8.5 million) for the Group. This expense has been included in the expense category 'cost of development assets sold' in the Income Statement.

Accounting Policies

Inventories are recorded using the FIFO method and are valued at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

9.c Trade and other creditors

Trade and other creditors consists of amounts owing to employees and suppliers for goods and/or services delivered and customer amounts paid in advance of provision of services.

	2022 $m	2021 $m
Trade creditors	1,476.0	1,164.6
Accrued expenses	474.6	474.1
Employee and Director entitlements	1,051.5	1,061.6
Other creditors[1]	43.7	313.4
Total	**3,045.8**	**3,013.7**

1 Included in this balance is funding received in advance from various Governments under COVID arrangements

Fair value

Trade and other creditors amounts are non-interest bearing and are normally settled on 30-60 day terms. Due to the short term nature of these payables, their carrying value is assumed to approximate their fair value.

Interest rate, foreign exchange & liquidity risk

Details regarding interest rate, foreign exchange and liquidity risk exposure are set out in Note 17.

10 Business combinations

Ramsay's growth has been driven, in part, by acquisitions of businesses within the healthcare sector.

Elysium – 2022

On 31 January 2022, Ramsay acquired 100% of the voting shares of the leading UK based mental healthcare provider Elysium Healthcare (**Elysium**) for $1.5 billion, consisting of $0.7 billion of bank loans acquired with the business that were repaid and $0.8 billion paid for in cash. The acquisition was funded through Ramsay's existing debt facilities.

Elysium is a leading independent operator of long-term medium and low secure hospitals and complex care homes for individuals with mental health conditions and has a strong partnership with the UK National Health Service.

Ramsay has recognised amounts for this business combination as outlined below. These amounts have been determined on a provisional basis only.

	$m
Cash and cash equivalents	5.8
Trade and other receivables (current)	82.4
Inventories	0.3
Other current assets	18.0
Property, plant and equipment	254.6
Right of use assets	471.2
Trade and other creditors (current)	(84.4)
Loans and borrowings (current)	(657.7)
Lease liabilities (current and non-current)	(472.8)
Deferred tax liabilities	(111.5)
Other liabilities (current and non-current)	(6.7)
Fair value of identifiable net assets	(500.8)
Goodwill arising	1,313.4
Business combination date fair value of consideration transferred	812.6
The cash outflow as a result of the business combination is as follows:	
Cash paid	(812.6)
Net cash acquired with the subsidiary	5.8
Net consolidated cash outflow	(806.8)
Direct costs relating to the business combination – included within service costs	20.0

The goodwill of $1,313.4 million comprises the value of intangible assets that do not qualify for separate recognition as well as synergies expected to be achieved as a result of combining Elysium with the rest of the Group. The acquisition provides a number of strategic benefits consistent with Ramsay's growth strategy. None of the goodwill recognised is expected to be deductible for income tax purposes. Goodwill is allocated entirely to the UK reporting segment in Note 1.

The fair value of the acquired receivables amounts to $82.4 million. The gross contractual amount receivable is $84.3 million.

The Group measured the acquired lease liabilities using the present value of the remaining lease payments at the date of acquisition. The right of use assets were measured at an amount equal to the lease liabilities and adjusted for prepaid leases and lease incentives.

From the date of acquisition to 30 June 2022, Elysium contributed $284.3 million of revenue and $23.1 million to profit before interest and tax from continuing operations of the Group. If the combination had taken place at the beginning of the year, 1 July 2021, revenue from continuing operations would have been $688.5 million and profit before interest and tax from continuing operations for the Group would have been $58.9 million.

10 Business combinations (Continued)

GHP – 2022

On 2 May 2022, Ramsay Sante acquired 98% of the voting shares of the GHP Speciality Care AB (**GHP**). The GHP acquisition valued the business on an enterprise value of approximately A$370 million (€240 million).

GHP is a health care provider that operates 24 specialist clinics in a select number of diagnostic areas including specialist competences in spine orthopedics, gastro, surgery and arrhythmia. Combined, Sante and GHP will provide services covering eight out of the ten largest disease groups in Sweden. The combination would represent complementary geographical presence, increased patient group coverage, and stronger focus on digital and data driven solutions for improved quality, accessibility, and efficiency of healthcare in the Nordic region.

The recognised amounts for this business combination are as outlined below. These amounts have been determined on a provisional basis only.

	$m
Cash and cash equivalents	27.0
Trade and other receivables (current)	31.2
Inventories	1.5
Other current assets	14.3
Property, plant and equipment	11.9
Right of use assets	7.4
Provisions and other liabilities (current)	(17.7)
Loans and borrowings (non-current)	(22.3)
Deferred tax liabilities	(1.0)
Provisions and other liabilities (non-current)	(33.2)
Fair value of identifiable net assets	19.1
Non controlling interest	(0.4)
Goodwill arising	336.5
Business combination date fair value of consideration transferred	355.2
The cash outflow as a result of the business combination is as follows:	
Cash paid	(355.2)
Net cash acquired with the subsidiary	27.0
Net consolidated cash outflow	(328.2)
Direct costs relating to the business combination – included within service costs	5.0

The goodwill of $336.5 million comprises the value of intangible assets that do not qualify for separate recognition as well as synergies expected to be achieved as a result of combining GHP with the rest of the Group. The acquisition provides a number of strategic benefits consistent with Ramsay's growth strategy. None of the goodwill recognised is expected to be deductible for income tax purposes. Goodwill is allocated entirely to the Nordic reporting segment in Note 1.

The fair value of the acquired receivables amounts to $31.2 million. The gross contractual amount receivable is $31.3 million.

From the date of acquisition to 30 June 2022, GHP contributed $45.4 million of revenue and $2.8 million to profit before interest and tax from continuing operations of the Group. If the combination had taken place at the beginning of the year, 1 July 2021, revenue from continuing operations would have been $272.4 million and profit before interest and tax from continuing operations for the Group would have been $16.1 million.

10 Business combinations (Continued)

Other Business Combinations – 2022

Other than the two major acquisitions above, Ramsay also acquired certain businesses in Europe in the year to 30 June 2022. The summarised amounts for these other business combinations for the year ended 30 June 2022 are shown below and have been determined on a provisional basis only. These businesses are all within the healthcare sector.

	$m
Assets	77.5
Liabilities	(48.8)
Fair value of identifiable net assets	28.7
Goodwill arising	146.9
Business combination date fair value of consideration transferred	175.6
The cash outflow as a result of the business combinations is as follows:	
Cash paid in 2022	(106.3)
Net cash acquired with the subsidiary	12.8
Net consolidated cash outflow	(93.5)
Cash paid in 2022	106.3
Deferred consideration	69.3
Total consideration	175.6

Business Combinations – 2021

Ramsay has recognised amounts for business combinations in the financial statements for the year ended 30 June 2021 which are as follows:

	$m
Assets	58.7
Liabilities	(53.0)
Fair value of identifiable net assets	5.7
Goodwill arising	108.2
Business combination date fair value of consideration transferred	113.9
The cash outflow as a result of the business combinations is as follows:	
Cash paid	(113.9)
Net cash acquired with the subsidiary	23.8
Net consolidated cash outflow	(90.1)

The purchase price accounting has now been finalised. There was not a material difference in the provisional fair values initially recognised. These businesses are within the healthcare sector.

10 Business combinations (Continued)

Accounting Policies

Business combinations are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value and is calculated as the sum of the business combination date fair values of the assets transferred by the acquirer, the liabilities incurred by the acquirer to former owners of the acquiree and the equity issued by the acquirer, and the amount of any non-controlling interest in the acquiree. For each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Business combination related costs are expensed as incurred.

In accounting for a business combination, the Group assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the Group's operating or accounting policies and other pertinent conditions as at the business combination date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the business combination date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of *AASB 9 Financial Instruments*, is measured at fair value with changes in fair value recognised in profit or loss. If the contingent consideration is not within the scope of AASB 9, it is measured in accordance with the appropriate standard. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Key Accounting Judgements, Estimates and Assumptions

The Group recognises the identifiable assets and liabilities of businesses at their business combination date fair values, except for lease liabilities and right of use assets, which are measured at the present value of the remaining lease payments as if the acquired lease were a new lease at the acquisition date and where the right of use asset is further adjusted for favourable and unfavourable terms. Where a significant amount of freehold land and buildings are recognised in the business combination, the fair value is determined by an external valuer using an approach relevant to the market in that country.

11 Property, plant and equipment

Property, plant and equipment represents the investment by the Group in tangible assets such as land, buildings, hospital fit-outs and medical equipment.

	Land & Buildings $m	Plant & Equipment $m	Assets Under Construction $m	Total $m
30 June 2022				
Cost	4,132.5	2,937.8	527.6	7,597.9
Accumulated depreciation and impairment	(906.2)	(1,884.8)	-	(2,791.0)
	3,226.3	**1,053.0**	**527.6**	**4,806.9**
Movement:				
As at 1 July 2021	**3,035.6**	**953.3**	**499.7**	**4,488.6**
Additions	119.9	317.4	240.7	678.0
Transferred from assets under construction	132.6	97.8	(230.4)	-
Business combinations	184.8	50.4	37.7	272.9
Reclassification (Note 12, Note 13)	1.8	(9.4)	(4.1)	(11.7)
Depreciation	(154.8)	(309.9)	-	(464.7)
Impairment	(5.3)	-	-	(5.3)
Disposals	(23.1)	(16.0)	(8.1)	(47.2)
Exchange differences	(65.2)	(30.6)	(7.9)	(103.7)
As at 30 June 2022	**3,226.3**	**1,053.0**	**527.6**	**4,806.9**
30 June 2021				
Cost	3,854.2	2,744.8	499.7	7,098.7
Accumulated depreciation and impairment	(818.6)	(1,791.5)	-	(2,610.1)
	3,035.6	**953.3**	**499.7**	**4,488.6**
Movement:				
As at 1 July 2020	**3,007.0**	**952.8**	**487.4**	**4,447.2**
Additions	93.4	216.7	274.2	584.3
Transferred from assets under construction	143.4	88.9	(232.3)	-
Business combinations	2.8	6.3	-	9.1
Reclassification (Note 13)	-	3.6	(24.4)	(20.8)
Depreciation	(145.5)	(292.3)	-	(437.8)
Impairment	(18.3)	(3.2)	-	(21.5)
Disposals	(17.0)	(12.6)	(3.8)	(33.4)
Exchange differences	(30.2)	(6.9)	(1.4)	(38.5)
As at 30 June 2021	**3,035.6**	**953.3**	**499.7**	**4,488.6**
30 June 2020				
Cost	3,820.0	2,583.8	487.4	6,891.2
Accumulated depreciation and impairment	(813.0)	(1,631.0)	-	(2,444.0)
	3,007.0	**952.8**	**487.4**	**4,447.2**

11 Property, plant and equipment (Continued)

Accounting Policies

Property, plant and equipment is stated at cost less accumulated depreciation and any accumulated impairment losses. Such cost includes the cost of replacing parts that are eligible for capitalisation when the cost of replacing the parts is incurred.

Depreciation is calculated, consistent with the prior year, on a straight-line basis over the estimated useful life of the assets as follows:
- Buildings and integral plant – 40 to 60 years
- Plant and equipment, other than plant integral to buildings – various periods not exceeding 10 years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year end.

IMPAIRMENT

The carrying values of property, plant and equipment are reviewed for impairment at each reporting date, with the recoverable amount being estimated when events or changes in circumstances indicate that the carrying value may be impaired. The recoverable amount of property, plant and equipment is the higher of fair value less costs to sell and value in use. In assessing 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.

For an asset that does not generate largely independent cash inflows, recoverable amount is determined for the cash-generating unit to which the asset belongs, unless the asset's value in use can be estimated to be close to its fair value.

An impairment exists when the carrying value of an asset or cash-generating unit exceeds its estimated recoverable amount. The asset or cash-generating unit is then written down to its recoverable amount.

Impairment losses are recognised in the Income Statement in the expense category 'depreciation, amortisation and impairment'.

An assessment is also made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

DERECOGNITION & DISPOSAL

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal. 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 asset) is included in the Income Statement in the year the asset is derecognised.

Key Accounting Judgements, Estimates and Assumptions

Useful lives of assets are estimated based on historical experience. The useful life of assets are assessed annually and adjusted where deemed necessary.

12 Right of use assets

A right of use asset represents the Group's, as a lessee, right to use an asset over the life of a lease. See note 8.c for the Group's lease arrangements and related lease liabilities recognised.

	Leased Property $m	Leased Plant & Equipment $m	Total $m
30 June 2022			
Cost	6,117.6	426.8	6,544.4
Accumulated depreciation and impairment	(1,726.3)	(190.4)	(1,916.7)
	4,391.3	**236.4**	**4,627.7**
Movement:			
As at 1 July 2021	**4,189.5**	**222.0**	**4,411.5**
Additions	218.8	91.5	310.3
Business combinations	512.3	-	512.3
Reclassification (Note 11)	0.7	7.3	8.0
Depreciation	(343.2)	(73.9)	(417.1)
Reassessment of lease terms	11.3	-	11.3
Disposals or terminations	(8.4)	(0.4)	(8.8)
Exchange differences	(189.7)	(10.1)	(199.8)
As at 30 June 2022	**4,391.3**	**236.4**	**4,627.7**
30 June 2021			
Cost	5,690.5	378.5	6,069.0
Accumulated depreciation and impairment	(1,501.0)	(156.5)	(1,657.5)
	4,189.5	**222.0**	**4,411.5**
Movement:			
As at 1 July 2020	**4,271.8**	**206.1**	**4,477.9**
Additions	320.9	88.1	409.0
Business combinations	10.9	0.3	11.2
Depreciation	(344.8)	(66.7)	(411.5)
Reassessment of lease terms	62.6	1.7	64.3
Disposals or terminations	(65.4)	(3.0)	(68.4)
Exchange differences	(66.5)	(4.5)	(71.0)
As at 30 June 2021	**4,189.5**	**222.0**	**4,411.5**
30 June 2020			
Cost	5,445.2	338.3	5,783.5
Accumulated depreciation and impairment	(1,173.4)	(132.2)	(1,305.6)
	4,271.8	**206.1**	**4,477.9**

Leased assets, where pledged, are used as security for the related lease liabilities. Refer note 8.c.

13 Intangible assets

The Group's investment in intangible assets includes goodwill, service concession assets, brand names and on-premise software.

	Goodwill $m	Service Concession Assets $m	Other[1] $m	Total $m
30 June 2022				
Cost	5,363.8	241.3	496.0	6,101.1
Accumulated amortisation and impairment	-	(135.5)	(166.6)	(302.1)
	5,363.8	**105.8**	**329.4**	**5,799.0**
Movement:				
As at 1 July 2021	**3,766.3**	**99.7**	**367.6**	**4,233.6**
Additions	-	0.8	31.0	31.8
Business combinations	1,796.8	35.3	1.1	1,833.2
Reclassification (Note 11)	-	4.9	(1.2)	3.7
Amortisation	-	(25.1)	(20.7)	(45.8)
Disposals	(4.2)	(0.2)	(13.4)	(17.8)
Impairment	-	-	(6.0)	(6.0)
Exchange differences	(195.1)	(9.6)	(29.0)	(233.7)
As at 30 June 2022	**5,363.8**	**105.8**	**329.4**	**5,799.0**
30 June 2021				
Cost	3,766.3	220.9	513.6	4,500.8
Accumulated amortisation and impairment	-	(121.2)	(146.0)	(267.2)
	3,766.3	**99.7**	**367.6**	**4,233.6**
Movement:				
As at 1 July 2020	**3,783.4**	**115.5**	**347.2**	**4,246.1**
Additions	-	0.6	46.7	47.3
Business combinations	108.2	7.6	0.1	115.9
Reclassification (Note 11)	-	15.1	5.7	20.8
Amortisation	-	(34.7)	(15.4)	(50.1)
Disposals	(61.0)	-	(7.1)	(68.1)
Exchange differences	(64.3)	(4.4)	(9.6)	(78.3)
As at 30 June 2021	**3,766.3**	**99.7**	**367.6**	**4,233.6**
30 June 2020				
Cost	3,783.4	216.0	460.1	4,459.5
Accumulated amortisation and impairment	-	(100.5)	(112.9)	(213.4)
	3,783.4	**115.5**	**347.2**	**4,246.1**

1 Mainly brands and on-premise software costs, including both purchased and internally generated software.

13 Intangible assets (Continued)

Accounting Policies

GOODWILL

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of the business combination over the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities. The key factor contributing to the goodwill relates to the synergies existing within the acquired businesses and also expected to be achieved as a result of combining these facilities with the rest of the Group.

Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is determined to have an indefinite life.

Goodwill is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Each unit or group of units to which the goodwill is so allocated such that:
- It represents the lowest level within the Group at which the goodwill is monitored for internal management purposes; and
- Is not larger than an operating segment determined in accordance with *AASB 8 Operating Segments.*

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units), to which the goodwill relates. When the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. When goodwill forms part of a cash-generating unit (group of cash-generating units) and an operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this manner is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained. Impairment losses recognised for goodwill are not subsequently reversed.

SERVICE CONCESSION ASSETS

Service concession assets represent the Group's right to operate hospitals under Service Concession Arrangements. Service concession assets constructed by the Group are recorded at the fair value of consideration received or receivable for the construction services delivered. Service concession assets acquired by the Group are recorded at the fair value of the assets at the date of acquisition. All service concession assets are classified as intangible assets.

To the extent that the Group has an unconditional right to receive cash or other financial assets under the Service Concession Arrangements a financial asset has been recognised. The financial asset is measured at fair value on initial recognition and thereafter at amortised cost using the effective interest rate method. The financial asset will be reflected on initial recognition and thereafter as a 'loan or receivable'.

OTHER INTANGIBLE ASSETS

Intangible assets acquired separately are measured on initial recognition at cost. The cost of an intangible asset acquired in a business combination is its fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised software development costs, are not capitalised and expenditure is charged against profits in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised over the useful life and assessed for impairment whenever there is an indication that the intangible asset may be impaired.

Amortisation is calculated, consistent with the prior year, on a straight-line basis over the estimated useful life of the assets as follows:
- Service Concession Asset – over the term of the arrangement
- Software - 2 to 10 years

The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, which is a change in accounting estimate. The amortisation expense on intangible assets with finite lives is recognised in the Income Statement.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash-generating unit level consistent with the methodology outlined for goodwill impairment testing. Such intangibles are not amortised. The useful life of an intangible asset with an indefinite life is reviewed each reporting period to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for as a change in an accounting estimate and is thus accounted for on a prospective basis.

13 Intangible assets (Continued)

Accounting Policies

	Service Concession Assets	Brands	Software costs
Useful lives	Finite	Indefinite	Finite
Amortisation method used	Amortised over the period of the arrangement	Not applicable	Amortised over the period of expected future benefit from the related project on a straight line basis
Internally generated or acquired	Acquired	Acquired	Internally generated
Impairment testing	When an indication of impairment exists. The amortisation method is reviewed at each financial year end.	Annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.	When an indication of impairment exists. The amortisation method is reviewed at each financial year end.

Gains or losses arising from 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.

Key Accounting Judgements, Estimates and Assumptions

Useful lives of assets are estimated based on historical experience and the expected period of future consumption of embodied economic benefits. Useful lives are reviewed annually and adjustments made where deemed necessary.

14 Impairment testing of goodwill

Goodwill arises when the Group acquires a business. It is the portion of the purchase price that is higher than the sum of the fair value of net assets acquired, which represents the synergies expected to arise from the acquisition. Goodwill is impaired when its historical cost exceeds its current recoverable amount.

Description of the cash generating units and other relevant information

Goodwill acquired through business combinations has been allocated in part to individual cash generating units and part to segments as synergies are achieved from the larger Group. Management assess goodwill by aggregating cash generating units to the level of the operating segment for purposes of impairment testing because the goodwill relates to synergies existing within the acquired business and synergies achieved from combining acquired facilities with the rest of the Group. Goodwill is tested for impairment on an annual basis, as a minimum.

Goodwill has been allocated to the Asia Pacific operating segment, the UK operating segment, the French operating segment and the Nordics operating segment as shown in the table below. The provisional goodwill acquired through acquisition of Elysium Healthcare and GHP Specialty Care has not been allocated to operating segments at 30 June 2022.

	Asia Pacific $m	UK $m	France $m	Nordics $m	Unallocated $m	Total $m
2022	1,181.7	267.4	1,200.8	1,130.1	1,583.8	**5,363.8**
2021	1,181.7	279.6	1,250.2	1,054.8	-	**3,766.3**

Key Accounting Judgements, Estimates and Assumptions

The recoverable amount of the Asia Pacific operating segment, the UK operating segment, the French operating segment and the Nordics operating segment has been determined based on a value in use calculation using cash flow projections as at 30 June 2022 based on financial estimates approved by senior management and the Board of Directors covering the following financial year. In determining the 2023 (year 1) cash flow projections and subsequent year growth factors, management has factored in the performance of the Group in the current year, including the period impacted by COVID. Management currently forecasts that the Group volume and cost profiles will return to pre-COVID levels in 2023 for all CGUs. A growth factor is then applied to the following 4 years through to the end of the value in use models. Key assumptions used in the value in use calculations are outlined in the table below. Significant assumptions used in the impairment testing are inherently subjective and in times of economic uncertainty, such as that, caused by the COVID pandemic, the degree of subjectivity is higher than it might otherwise be.

	Asia Pacific %	UK %	France %	Nordics %
Terminal growth rate (Year 5+)				
2022	3.0	1.9	1.3	2.0
2021	3.0	1.9	1.0	2.0
Pre-tax discount rate				
2022	9.9	10.3	7.0	7.2
2021	9.7	8.4	7.9	7.6

Key inputs in value in use calculations are:
- Tax rates have been estimated at 30% for Australian operations, and 25% - 34.4% for overseas operations consistent with the current local tax legislation.
- Discount rates – discount rates reflect management's estimate of the time value and the risks specific to each of the cash generating units that are not already reflected in the cash flows. This is the benchmark used by management to assess operating performance and to evaluate future investment proposals. In determining appropriate discount rates for each unit, regard has been given to the weighted average cost of capital of the entity as a whole and adjusted for country and business risk specific to the unit.
- Growth rate estimates – they are based on management's internal estimates of long term growth rates for each of the cash generating units.

Management has performed sensitivity testing by CGU and on the aggregated CGUs based on assessing the effect of changes in hospital occupancy rates, health fund rates, wage increases, revenue growth rates and discount rates.

For Asia Pacific, UK, France and the Nordics, management do not consider that any reasonably likely changes in hospital occupancy rates, health fund rates, wage increases, revenue growth rates and discount rates would result in the carrying value of goodwill exceeding the recoverable amount.

15 Taxes

This note provides an analysis of the income tax expense and deferred tax balances, including a reconciliation of the tax expense recognised, reconciled to the Group's net profit before tax at the Group's applicable tax rate. A deferred tax asset or liability is created when there are temporary differences between the accounting profit and taxable profit, representing a future income tax receivable or payable.

(i) Income tax expense

	2022 $m	2021 $m
The major components of income tax expense are:		
Current income tax		
Current income tax charge	220.1	266.9
Deferred income tax		
Relating to origination and reversal of temporary differences	(58.7)	(31.2)
Adjustments in respect of deferred income tax of previous years	(2.1)	(5.6)
Income tax expense reported in the Consolidated Income Statement	**159.3**	**230.1**

(ii) Numerical reconciliation between aggregate tax expense recognised in the Consolidated Income Statement and tax expense calculated per the statutory income tax rate

	2022 $m	2021 $m
A reconciliation between tax expense and the product of the accounting profit before income tax multiplied by the Group's applicable income tax rate is as follows:		
Accounting profit before tax	538.5	741.6
At the Parent Entity's statutory income tax rate of 30% (2021: 30%)	161.5	222.5
Expenditure not allowable for income tax purposes	14.7	26.8
Amounts not assessable for income tax purposes	(29.6)	(11.1)
Impact of changes in foreign tax rates on deferred tax balances	(8.1)	(27.7)
Other French income tax expense	18.4	18.1
Foreign tax rate adjustment due to differences in rates between Australia and Other Countries	2.8	12.1
Other	(0.4)	(10.6)
Income tax expense reported in the Consolidated Income Statement	**159.3**	**230.1**

15 Taxes (Continued)

(iii) Recognised tax assets and liabilities

	2022 Current income tax $m	2022 Deferred income tax $m	2021 Current income tax $m	2021 Deferred income tax $m
As at 1 July	**(71.4)**	**222.1**	**(34.8)**	**178.4**
(Charged)/credited to income	(220.1)	60.8	(266.9)	36.8
(Charged)/credited to equity	-	(0.8)	-	4.8
Payments	229.3	-	228.2	-
Exchange differences	4.8	(4.3)	1.6	0.9
Acquisitions and disposals of subsidiary	(2.4)	(106.3)	0.5	1.2
As at 30 June	**(59.8)**	**171.5**	**(71.4)**	**222.1**

	Statement of Financial Position	
	2022 $m	2021 $m
Amounts recognised in the Statement of Financial Position for Deferred Income Tax at 30 June:		
Deferred tax liabilities		
Inventory	(28.6)	(20.5)
Deferred revenue	(17.4)	(17.4)
Depreciable assets	(178.6)	(124.6)
Other provisions and lease liabilities	(150.0)	(133.4)
Gross deferred tax liabilities	(374.6)	(295.9)
Set-off of deferred tax assets	67.4	60.4
Net deferred tax liabilities	**(307.2)**	**(235.5)**
Deferred tax assets		
Employee provisions	182.6	201.5
Other provisions and lease liabilities	299.2	243.1
Unearned income	23.7	6.6
Losses	35.1	55.4
Derivatives	5.5	11.4
Gross deferred tax assets	546.1	518.0
Set-off of deferred tax liabilities	(67.4)	(60.4)
Net deferred tax assets	**478.7**	**457.6**

(iv) Tax consolidation

Ramsay Health Care Limited and its 100% owned Australian resident subsidiaries formed a tax consolidated group effective 1 July 2003. Ramsay Health Care Limited is the head entity of the tax consolidated group. Members of the group have entered into a tax funding and sharing arrangement in order to allocate income tax expense to the wholly owned subsidiaries using a group allocation method on a modified standalone basis. In addition, the agreement provides for the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations. No amounts have been recognised in the financial statements in respect of this agreement on the basis that the possibility of default is remote.

TAX EFFECT ACCOUNTING BY MEMBERS OF THE TAX CONSOLIDATED GROUP

Members of the tax consolidated group have entered into a tax funding agreement. The tax funding agreement provides for the allocation of current and deferred taxes using a group allocation method, on a modified standalone basis in accordance with the principles of *AASB 112 Income Taxes*. Allocations under the tax funding agreement are made every six months.

The allocation of taxes under the tax funding agreement is recognised as an increase/decrease in the subsidiaries' inter-company accounts with the tax consolidated group head company. There is no difference between the current and deferred tax amounts allocated under the tax funding agreement and the amount subsequently charged to the subsidiary. Therefore, there is no contribution/distribution of the subsidiaries' equity accounts.

As a result of tax consolidation, intercompany assets of Ramsay Health Care Limited have decreased by $20.0 million (2021: increased by $9.7 million). This is included in the summarised information relating to Ramsay Health Care Limited. Refer to Note 25.

TAX LOSSES

At 30 June 2022, there were nil (2021: nil) losses carried forward and therefore no resulting deferred tax asset has been recognised.

15 Taxes (Continued)

Accounting Policies

INCOME TAX

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Deferred income tax is provided on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences except:

- when the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in the Income Statement.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

OTHER TAXES

Revenues, expenses and assets are recognised net of the amount of GST except:

- where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

Cash flows are included in the Statement of Cash Flows on a gross basis and the GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

Key Accounting Judgements, Estimates and Assumptions

In determining the Group's deferred tax assets and liabilities, management is required to make an estimate about the availability of future taxable profits and cash flows. Changes in circumstances will alter expectations, which may impact the amount of tax losses and temporary differences recognised.

16 Other assets/liabilities (net)

	Note	2022 $m	2021 $m
Prepayments – current and non-current		197.1	143.9
Other assets – current	16.a	24.5	1,982.4
Other financial assets – non-current		100.8	82.9
Investments in joint venture	16.b	238.1	217.5
Other receivables – non-current	9.a	79.0	70.6
Provisions – current and non-current	16.c	(537.0)	(571.3)
Defined employee benefit obligation	16.e	(157.8)	(249.1)
Other creditors – non-current		(98.6)	(30.7)
		(153.9)	1,646.2

16.a Other current assets

Other current assets relate to non-trade amounts owned by the Group which are due or receivable within 12 months.

	2022 $m	2021 $m
Business combination amounts held in escrow	-	1,958.1
Other current assets	24.5	24.3
Total	**24.5**	**1,982.4**

The business combination amounts held in escrow, as at 30 June 2021, were governed by the escrow agreement between Ramsay and third parties for the Spire Healthcare Group PLC (**Spire**) acquisition.

The proposed Spire acquisition did not proceed and as a result, the amounts held in escrow of $1,958.1 million at 30 June 2021 were released and used to pay down loans and borrowings of the Group.

16 Other assets/liabilities (net) (Continued)

16.b Investments in joint venture

A joint venture (**JV**) is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. The Group has a 50% interest in Ramsay Sime Darby Health Care Sdn Bhd (**RSDH**) (Malaysia registered company) and a 50% interest in Ascension Ramsay Global Sourcing Limited (UK registered company).

The Group has a 50% interest in RSDH, a joint venture involved in operating hospitals and day surgery facilities across Malaysia, Indonesia and Hong Kong, and a 50% interest in Ascension Ramsay Global Sourcing Limited. The Group's interest in joint venture is accounted for using the equity method in the consolidated financial statements.

	2022 $m	2021 $m
As at 1 July	**217.5**	**245.8**
Share of profit of joint venture	15.5	10.9
Dividend income received	-	(24.9)
Foreign currency translation and other equity movements	5.1	(14.3)
As at 30 June	**238.1**	**217.5**

Accounting Policies

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries.

The Group's investment in a joint venture is accounted for using the equity method. Under the equity method, the investment in a joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the joint venture since the acquisition date. Goodwill relating to the joint venture is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment.

The Income Statement reflects the Group's share of the results of operations of the joint venture. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the joint venture, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the joint venture are eliminated to the extent of the interest in the joint venture.

The aggregate of the Group's share of profit or loss of a joint venture is shown on the face of the Income Statement and represents profit or loss after tax and non-controlling interests in the subsidiaries of the joint venture.

The financial statements of the joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in the joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the joint venture and its carrying value, then recognises the loss as 'Share of profit of joint venture' in the Income Statement.

Upon loss of joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the joint venture upon loss of joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

16 Other assets/liabilities (net) (Continued)

16.c Provisions

A provision is a liability with uncertain timing and amount, but the expected settlement amount can be reliably estimated by the Group. The main provisions held are in relation to insurance, restructuring, legal obligations, unfavourable contracts and employee benefits.

	2022 $m	2021 $m
Current		
Restructuring provision	19.8	14.4
Unfavourable contracts	3.4	3.8
Insurance provision	18.3	19.3
Legal and compliance provision	83.8	89.5
Other provisions	54.9	58.0
	180.2	**185.0**
Non-current		
Employee and Director entitlements	39.7	42.3
Unfavourable contracts	40.6	45.7
Insurance provision	67.7	71.3
Restructuring provision	32.7	63.2
Legal and compliance provision	162.4	156.4
Other provisions	13.7	7.4
	356.8	**386.3**
Total	**537.0**	**571.3**

Movements in provisions

	Restructuring $m	Insurance $m	Unfavourable Contracts $m	Legal and Compliance $m	Other Provisions $m	Total $m
As at 1 July 2021	**77.6**	**90.6**	**49.5**	**245.9**	**65.4**	**529.0**
Business combinations	5.4	-	-	1.3	10.7	17.4
Arising during the year	12.6	10.4	-	56.9	68.2	148.1
Utilised during the year	(15.6)	(7.6)	(3.4)	(40.4)	(66.5)	(133.5)
Unused amounts reversed	(24.8)	(7.0)	(0.3)	(9.9)	(5.5)	(47.5)
Exchange differences	(2.7)	(0.4)	(1.8)	(7.6)	(3.7)	(16.2)
As at 30 June 2022	**52.5**	**86.0**	**44.0**	**246.2**	**68.6**	**497.3**
Current 2022	19.8	18.3	3.4	83.8	54.9	180.2
Non-current 2022	32.7	67.7	40.6	162.4	13.7	317.1
	52.5	**86.0**	**44.0**	**246.2**	**68.6**	**497.3**
Current 2021	14.4	19.3	3.8	89.5	58.0	185.0
Non-current 2021	63.2	71.3	45.7	156.4	7.4	344.0
	77.6	**90.6**	**49.5**	**245.9**	**65.4**	**529.0**

16 Other assets/liabilities (net) (Continued)

Nature and timing of provisions

RESTRUCTURING PROVISION

The restructuring provision primarily relates to:

- the restructuring of the Group subsequent to acquisitions. Provisions are made in the year the restructuring plans are drawn up and announced to employees; and
- restructuring of entities with the Group.

INSURANCE PROVISION

Insurance policies are entered into to cover the various insurable risks. These policies have varying levels of deductibles. The medical malpractice provision is made to cover deductibles arising under the Medical Malpractice Insurance policy, including potential uninsured and 'Incurred but not Reported' claims.

EMPLOYEE LEAVE BENEFITS

Wages, salaries, and annual leave

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within 12 months of the reporting date are recognised in 'Trade and other creditors' in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled.

Long service leave

The liability for long service leave is recognised in the provision for employee entitlements 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 using the projected unit credit method. 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 high quality corporate bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

UNFAVOURABLE CONTRACTS

This provision consists of VAT and other taxes payable on impaired right of use assets for certain leases.

LEGAL AND COMPLIANCE PROVISION

The legal and compliance provision primarily relates to amounts provided for litigation that is currently in the court process or a matter under review by a relevant authority.

Accounting Policies

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the Income Statement net of any reimbursement.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Key Accounting Judgements, Estimates and Assumptions

The insurance provision is actuarially assessed at each reporting period using a probability of sufficiency between 80% - 95% based on differing exposures to risk. The greatest uncertainty in estimating the provision is the costs that will ultimately be incurred which is estimated using historical claims, market information and other actuarial assessments. Included in the insurance provision is an amount for claiming handling expenses at between 5%-10% of the estimated Ramsay claim cost.

16.d Superannuation commitments

The Group contributes to industry and individual superannuation funds established for the provision of benefits to employees of entities within the economic entity on retirement, death or disability. Benefits provided under these plans are based on contributions for each employee and for retirement are equivalent to accumulated contributions and earnings. All death and disability benefits are insured with various life insurance companies. The entity contributes to the funds at various agreed contribution levels, which are not less than the statutory minimum.

16 Other assets/liabilities (net) (Continued)

16.e Defined employee benefit obligation

A defined benefit plan is an employer-based program that pays retirement benefits based on a predetermined formula such as the employee's length of employment, age and salary history. The Group has a defined employee benefit obligation in France as required to be paid under local legislation. There is also a defined benefit obligation in the Nordics.

In contrast to a defined contribution plan, the employer, not the employee, is responsible for all of the planning and investment risk of a defined benefit plan. The Group has a defined contribution obligation in other jurisdictions. Refer Note 16.d.

The following tables summarise the funded status and amounts recognised in the consolidated Statement of Financial Position for the plans:

	2022 $m	2021 $m	2020 $m	2019 $m	2018 $m
Net (liability) included in the Statement of Financial Position					
Present value of defined benefit obligation	(386.6)	(473.5)	(418.4)	(389.9)	(85.7)
Fair value of plans assets	228.8	224.4	195.5	174.6	5.3
Net (liability) – non-current	**(157.8)**	**(249.1)**	**(222.9)**	**(215.3)**	**(80.4)**

	2022 $m	2021 $m
Net expense for the defined employee benefit obligation (Note 3) (recognised in superannuation expenses)	28.8	21.1

	2022 $m	2021 $m
Changes in the present value of the defined benefit obligation are as follows:		
As at 1 July	**(473.5)**	**(418.4)**
Business combinations	-	(1.3)
Current service cost	(24.0)	(18.5)
Finance cost	(5.7)	(5.1)
Benefits paid	11.4	14.1
Actuarial gains/(losses)	71.4	(51.1)
Exchange differences on foreign plans	33.8	6.8
As at 30 June	**(386.6)**	**(473.5)**
Changes in the fair value of plan assets are as follows:		
As at 1 July	**224.4**	**195.5**
Expected return	3.4	2.5
Contributions by employer	16.8	17.5
Benefits paid	(3.7)	(3.7)
Actuarial gains	9.1	11.4
Exchange differences on foreign plans	(21.2)	1.2
As at 30 June	**228.8**	**224.4**
Actuarial return on plan assets	3.4	2.5

16 Other assets/liabilities (net) (Continued)

Plan assets are invested as follows:

	2022 %	2021 %
Equities	28.9	27.8
Bonds	40.3	46.1
Property	10.4	8.3
Other	20.4	17.8

The Group expects to contribute nil to its defined benefit obligations in 2023.

	2022 $m	2021 $m
Actuarial (gains)/losses recognised in the Statement of Comprehensive Income	(80.5)	39.7
Cumulative actuarial losses recognised in the Statement of Comprehensive Income	61.8	142.3

The principal actuarial assumptions used in determining obligations for the liabilities are shown below (expressed as weighted averages):

	2022 %	2021 %
Discount rate	3.1 to 3.4	0.9 to 2.0
Future salary increases	1.8 to 3.4	1.0 to 2.9
Future pension increases	1.0 to 2.0	1.0 to 2.0

Accounting Policies

The Group has defined employee benefit obligations in the Nordics and in France, arising from local legislative requirements.

The cost of providing benefits under these obligations are determined using the projected unit credit method using actuarial valuations. Actuarial gains and losses for the defined obligation are recognised in full in the period in which they occur in Other Comprehensive Income. Such actuarial gains and losses are also immediately recognised in retained earnings and are not reclassified to profit or loss in subsequent periods.

Unvested past service costs are recognised as an expense on a straight line basis over the average period until the benefits become vested. Past service costs are recognised immediately if the benefits have already vested, immediately following the introduction of, or changes to, the obligation.

The defined benefit liability comprises the present value of the defined benefit obligation (using a discount rate based on corporate bonds) less unrecognised past service costs.

Key Accounting Judgements, Estimates and Assumptions

The actuarial valuation involves making assumptions about discount rates, future salary increases and mortality rates. All assumptions are reviewed at each reporting date. In determining the appropriate discount rates, the interest rates of corporate bonds in France and the Nordics is considered. The mortality rate is based on publicly available mortality rates for France and the Nordics. Future salary increases are based on expected future inflation rates in France and the Nordics.

IV Risk Management

This section discusses the Group's exposure to various risks and shows how these could affect the Group's financial position and performance.

17 Financial risk management

This note provides a summary of the Group's exposure to key financial risks, including interest rate, foreign currency, credit and liquidity risks, along with the Group's policies and strategies to mitigate these risks. There have been no material changes to our risk management policies since 1 July 2021.

Primary responsibility for identification and control of financial risks rests with the Audit Committee under the authority of the Board. The Board reviews and agrees policies for managing each of the risks identified below, including the setting of limits for trading in derivatives, hedging cover of foreign currency and interest rate risk, credit allowances, and future cash flow forecast projections.

The Group's principal financial instruments comprise receivables, payables, bank loans and overdrafts, cash and short-term deposits, derivatives, and other financial assets.

The Group manages its exposure to key financial risks, including market risk (interest rate and foreign currency risk), credit risk and liquidity risk in accordance with the Group's financial risk management policy. The objective of the policy is to support the delivery of the Group's financial targets whilst protecting future financial security.

The Group enters into derivative transactions, principally interest rate swap contracts and foreign exchange forward contracts. The purpose is to manage the interest rate and currency risks arising from the Group's operations and its sources of finance. The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk. The Group uses different methods to measure and manage different types of risks to which it is exposed. These include monitoring levels of exposure to interest rate and foreign exchange risk and assessments of market forecasts for interest rate and foreign exchange. Ageing analyses and monitoring of specific credit allowances are undertaken to manage credit risk and liquidity risk is monitored through the development of future rolling cash flow forecasts.

The Group has entered into Syndicated Facility Agreements with its Banks. The Syndicated Facility Agreements are with prime financial institutions. By entering into Syndicated Facility Agreements with a number of financial institutions in addition to Bilateral Facility Agreements, the Group has reduced its counterparty risk.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Group's exposure to market interest rates relates primarily to the Group's long-term debt obligations with floating interest rates. The level of debt is disclosed in Note 8.b.

At reporting date, the Group had the following mix of financial assets and liabilities exposed to variable interest rate risk that are not designated in cash flow hedges:

	2022 $m	2021 $m
Financial Assets		
Cash and cash equivalents	314.2	1,004.8
Business combination amounts held in escrow	-	1,958.1
	314.2	2,962.9
Financial Liabilities		
Bank Loans	(4,146.7)	(3,070.2)
Net exposure	(3,832.5)	(107.3)

Interest rate derivatives contracts are outlined in Note 8.d, with a net positive fair value of $54.3 million (2021: negative $38.1 million) which are exposed to fair value movements if interest rates change.

17 Financial risk management (Continued)

Interest rate sensitivity

The following sensitivity analysis has been determined based on the exposure to interest rates for both derivative and non-derivative instruments at the end of the reporting period and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period.

At the end of the reporting period, as specified in the following table, if the interest rates had been higher or lower than the year end rates and all other variables were held constant, the consolidated entity's post tax profit and Other Comprehensive Income would have been affected as follows:

Judgements of reasonably possible movements:	Post Tax Profit Higher/(Lower)		Other Comprehensive Income Higher/(Lower)	
	2022 $m	2021 $m	2022 $m	2021 $m
AUD				
+100 basis points (2021: +60 basis points)	(8.7)	(3.5)	11.8	1.4
-100 basis points (2021: -60 basis points)	8.7	3.5	(12.2)	(1.1)
GBP				
+100 basis points (2021: +50 basis points)	0.5	2.2	-[1]	-[1]
-100 basis points (2021: -50 basis points)	(0.5)	(2.2)	-[1]	-[1]
EUR				
+20 basis points (2021: +30 basis points)	(1.2)	14.3	-[1]	-[1]
-20 basis points (2021: -30 basis points)	1.2	(12.5)	-[1]	-[1]

1 There were no outstanding interest rate derivative contracts which have been designated as effective hedges at the year end.

The assumed movement in basis points for the interest rate sensitivity analysis is based on the interest rate volatility observed during the relevant financial year. The change in sensitivity applied for 2022, versus 2021, is due to the change in interest rate volatilities applicable to 2022.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense is denominated in a different currency from the functional currency).

The Group manages its foreign exchange rate exposure within approved policy parameters by utilising foreign currency swaps and forwards.

When a derivative is entered into for the purpose of being a hedging instrument, the Group negotiates the terms of those derivatives to match the terms of the hedged exposure. For hedges of forecast transactions, the derivatives cover the period of exposure from the point the cash flows of the transactions are forecasted up to the point of settlement of the resulting receivable or payable that is denominated in foreign currency.

Foreign currency sensitivity

The following tables demonstrate the sensitivity to a reasonably possible change in GBP, Euro and MYR exchange rates, with all other variables held constant. The impact on the Group's post tax profit is due to changes in the fair value of monetary assets and liabilities including non-designated foreign currency derivatives and embedded derivatives. The impact on the Group's equity is due to changes in the fair value of forward exchange contracts designated as cash flow hedges. The Group's exposure to foreign currency changes for all other currencies is not material.

	Post Tax Profit Higher/(Lower)		Other Comprehensive Income Higher/(Lower)	
	2022 $m	2021 $m	2022 $m	2021 $m
British Pound (GBP)				
+20% (2021: +15%)	-	(0.1)	-	(55.2)
-20% (2021: -15%)	-	0.1	-	74.6
Euro (EUR)				
+20% (2021: +15%)	-	-	-	(110.6)
-20% (2021: -15%)	-	-	-	149.5
Malaysian Ringgit (MYR)				
+20% (2021: +15%)	-	-	-	(28.7)
-20% (2021: -15%)	-	-	-	38.8

The movement in the post-tax profit amounts is a result of a change in the fair value of derivative financial instruments not designated in a hedge relationship and monetary assets and liabilities denominated in foreign currencies, where the functional currency of the entity is a currency other than the above currencies. Although the derivatives have not been designated in a hedge relationship, they act as an economic hedge and will offset the underlying transactions when they occur.

17 Financial risk management (Continued)

Credit risk

Credit risk arises from the financial assets of the Group, which comprise cash and cash equivalents, trade and other receivables, derivative instruments and other financial instruments. The Group's exposure to credit risk arises from potential default of the counter party, with a maximum exposure equal to the carrying amount of these instruments. Exposure at reporting date is addressed in each applicable note.

Trade receivables

The Group trades only with recognised, creditworthy third parties, and as such collateral is not requested nor is it the Group's policy to securitise its trade and other receivables. The majority of transactions are with the Governments and Health Funds.

The Group's credit policy requires all debtors to pay in accordance with agreed terms. The payment terms for the major debtors range from 15 days to 30 days.

Collectability of trade receivables is reviewed on an ongoing basis at an operating unit level. Individual debts that are known to be uncollectable are written off when identified. An impairment provision is recognised based on expected credit loss where the Group measures the impairment using a lifetime expected loss allowance for all trade receivables. Financial difficulties of the debtor, default payments or debts more than 60 days overdue are considered in default. The amount of the impairment loss is the receivable carrying amount compared to the present value of estimated future cash flows, discounted at the original effective interest rate.

The Group's credit risk is spread across a number of Health Funds and Governments. Whilst the Group does have significant credit risk exposure to a single debtor or group of related debtors, the credit quality of these debtors is considered high, as they are either Health Funds, governed by the prudential requirements of APRA, or Governments.

The credit quality of financial assets that are neither past due nor impaired is considered to be high, due to the absence of defaults, and the fact that the Group deals with creditworthy Health Funds and the Governments. Management has also put in place procedures to constantly monitor the exposures in order to manage its credit risk.

Financial instruments and cash deposits

Credit risks related to balances with banks and financial institutions are managed by Ramsay Group Treasury in accordance with Board approved policies. Such policies only allow financial derivative instruments to be entered into with high credit quality financial institutions with a minimum long-term credit rating of A- or better by Standard & Poor's. In addition, the Board has approved the use of these financial institutions, and specific internal guidelines have been established with regard to limits, dealing and settlement procedures. Limits are set to minimise the concentration of risks and therefore mitigate financial loss through potential counterparty failure. The investment of surplus funds is made only with approved counterparties and within credit risk in relation to derivatives undertaken in accordance with the consolidated entity's hedging and risk management activities.

The Group does not hold any credit derivatives to off-set its credit risk exposure. The Group's maximum exposure for financial derivative instruments is noted in the liquidity table below.

17 Financial risk management (Continued)

Liquidity risk

Liquidity risk arises from the financial liabilities of the Group and the Group's subsequent ability to meet their obligations to repay their financial liabilities as and when they fall due.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans, bonds and leases.

To monitor existing financial assets and liabilities as well as to enable an effective controlling of future risks, Ramsay has established management reporting covering its worldwide business units that reflects expectations of management's expected settlement of financial assets and liabilities.

The Group continually reviews its liquidity position including cash flow forecasts to determine the forecast liquidity position and maintain appropriate liquidity levels.

The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments.

	Less than 3 months $m	3 to 12 months $m	1 to 5 years $m	> 5 years $m	Total $m
As at 30 June 2022					
Trade and other liabilities	(3,027.3)	-	-	-	(3,027.3)
Loans and borrowings	(26.5)	(170.9)	(5,024.3)	(264.7)	(5,486.4)
Lease liabilities	(149.2)	(447.7)	(1,504.3)	(6,549.5)	(8,650.7)
Financial derivatives[1]	-	-	-	-	-
	(3,203.0)	(618.6)	(6,528.6)	(6,814.2)	(17,164.4)
As at 30 June 2021					
Trade and other liabilities	(2,998.8)	-	-	-	(2,998.8)
Loans and borrowings	(23.9)	(104.3)	(4,007.6)	(1,613.2)	(5,749.0)
Lease liabilities	(150.8)	(452.4)	(1,737.3)	(5,174.0)	(7,514.5)
Financial derivatives	(4.6)	(13.3)	(23.1)	-	(41.0)
	(3,178.1)	(570.0)	(5,768.0)	(6,787.2)	(16,303.3)

1 Derivatives in the current financial year are a financial asset based on current market rates. Hence they are not included in the liquidity risk table above.

The disclosed financial derivative instruments in the above table are the net undiscounted cash flows. However, those amounts may be settled gross or net. The following table shows the corresponding reconciliation of those amounts to their carrying amounts.

	Less than 3 months $m	3 to 12 months $m	1 to 5 years $m	> 5 years $m	Total $m
As at 30 June 2022[1]					
Inflows	-	-	-	-	-
Outflows	-	-	-	-	-
Net	-	-	-	-	-
Discounted at the applicable interbank rates	-	-	-	-	-
As at 30 June 2021					
Inflows	-	0.1	1.6	-	1.7
Outflows	(4.6)	(13.4)	(24.7)	-	(42.7)
Net	(4.6)	(13.3)	(23.1)	-	(41.0)
Discounted at the applicable interbank rates	(1.6)	(13.3)	(23.2)	-	(38.1)

1 Derivatives in the current financial year are a financial asset based on current market rates. Hence they are not included in the liquidity risk table above.

V Other Information

This section includes other information that must be disclosed to comply with the accounting standards and other pronouncements, but that is not immediately related to individual line items in the financial statements.

18 Share based payment plans

A share based payment is a transaction in which the Group receives goods or services in exchange for rights to its own shares. Ramsay operates a performance rights scheme, where share rights may be issued to eligible employees.

An executive performance rights scheme was established in January 2004 where Ramsay Health Care Limited may, at the discretion of the Board, grant rights over the ordinary shares of Ramsay Health Care Limited to executives of the consolidated entity. The rights are issued for nil consideration and are granted in accordance with the plan's guidelines established by the Directors of Ramsay Health Care Limited. The rights cannot be transferred and will not be quoted on the ASX. Non-executive directors are not eligible for this plan.

Information with respect to the number of rights granted under the Executive Performance Rights Plan is as follows:

	2022		2021	
	Number of Rights	Weighted Average Fair Value	Number of Rights	Weighted Average Fair Value
Balance at beginning of year	1,044,337		1,277,546	
granted	220,614	$53.30	246,907	$43.30
vested	(29,042)	$66.22	(7,505)	$68.22
forfeited	(602,745)	$40.30	(472,611)	$56.17
Balance at end of year	633,164		1,044,337	
Exercisable at end of year	-		-	

The following table summarises information about rights held by participants in the Executive Performance Rights Plan as at 30 June 2022:

Number of Rights	Grant Date	Vesting Date[1]	Weighted Average Fair Value[2]
99,934	15-Nov-19	31-Aug-22	$33.36
102,161	15-Nov-19	31-Aug-22	$68.62
7,687	20-Apr-20	20-Apr-23	$65.05
104,212	15-Dec-20	31-Aug-23	$27.14
104,227	15-Dec-20	31-Aug-23	$59.45
107,471	15-Dec-21	31-Aug-24	$42.05
107,472	15-Dec-21	31-Aug-24	$64.55
633,164			

1 The vesting date shown is the most likely vesting date subject to full satisfaction of the respective performance conditions.
2 Fair value at grant date

18 Share based payment plans (Continued)

Accounting Policies

The Group provides benefits to employees (including Executive Directors) of the Group in the form of share-based payment transactions, whereby employees render services in exchange for shares or rights over shares (**equity-settled transactions**).

There is currently one plan in place to provide these benefits, being the Executive Performance Rights Plan (Equity-settled transactions), which provides benefits to senior executives and Directors.

The cost of these equity settled transactions with employees is measured by reference to the fair value at the date at which they were granted. The fair value is determined by an external valuer using the Monte Carlo or the Black Scholes models.

In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of Ramsay Health Care Limited (**market conditions**).

EQUITY-SETTLED TRANSACTIONS

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity (Share Based Payment Reserve), over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (**vesting date**).

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects:

- The extent to which the vesting period has expired and
- The number of awards that, in the opinion of the Directors of the Group, will ultimately vest. This opinion is formed based on the best available information at reporting date.

No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date.

TREASURY SHARES

Shares in the Group held by the Executive Performance Rights Plan are classified and disclosed as Treasury shares and deducted from equity.

Key Accounting Judgements, Estimates and Assumptions

Performance rights are issued for nil consideration and are granted in accordance with the plan's guidelines established by the Directors of Ramsay Health Care Limited.

The fair value of share rights with TSR performance conditions (market based conditions) are estimated on the date of grant using a Monte Carlo model. The fair value of share rights with non-market performance conditions are estimated at the date of grant using the Black Scholes Option Pricing model. The following weighted average assumptions were used for grants made on 15 November 2019, 15 December 2020 and 15 December 2021:

	Granted 15-Dec-21	Granted 15-Dec-20	Granted 15-Nov-19
Dividend yield	2.21%	2.40%	2.31%
Expected volatility	29.56%	30.32%	22.50%
Risk-free interest rate	0.86%	0.10%	0.75%
Effective life of incentive right	3 years	3 years	3 years

The expected volatility is based on the historic volatility (based on the remaining life of the options), adjusted for any expected changes to future volatility due to publicly available information.

The dividend yield reflects the assumption that the current dividend payout will continue with no anticipated increases. The expected life of the rights is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome.

19 Capital commitments and contingent liabilities

Capital commitments are the Group's contractual obligation to make future payments in relation to purchases of assets.

Contingent liabilities are possible future cash payments arising from past events that are not recognised in the financial statements, as the likelihood of payment is not considered probable or cannot be reliably measured.

19.a Capital commitments

Significant capital expenditure contracted for at the end of the reporting period but not recognised as liabilities is as follows:

	2022 $m	2021 $m
Property, plant and equipment	298.8	58.1

19.b Contingent liabilities

The Group has a number of bank guarantees to third parties for various operational and legal purposes, none of which are individually material to the Group. No provision has been made in the financial statements in respect of these bank guarantees, as the probability of having to make a payment under these guarantees is considered remote.

The only material guarantee is for workers compensation self-insurance liabilities as required by State WorkCover authorities for $42.9 million as at 30 June 2022 (2021: $31.5 million). No provision has been recognised in the financial statements for these contingent liabilities. However a provision for self-insured risks relating to workers compensation claims in 'Other provisions' has been provided for (Refer Note 16.c).

20 Subsequent events

This note outlines events which have occurred between the reporting date, being 30 June 2022, and the date this financial report is authorised.

There have been no significant events after the reporting date that may significantly affect the Group’s operations in future years, the results of these operations in future years or the Group’s state of affairs in future years.

21 Related party transactions

This note discloses the Group's transactions with its related parties, including their relatives or related businesses.

Transactions with Related Party Entities

As at 30 June 2022 there were no outstanding transactions (2021: $nil) to be billed to or billed from related party entities.

Compensation of Key Management Personnel

	2022 $	2021 $
Non-Executive Directors		
Short term benefits	2,264,421	2,287,212
Post-employment benefits	170,945	153,526
	2,435,366	2,440,738
Executive Directors		
Short term benefits	3,013,110	3,256,881
Post-employment benefits	23,568	21,694
Other long term benefits	543,582	321,157
Performance/Incentive rights	2,107,511	1,456,965
	5,687,771	5,056,697
Executives		
Short term benefits	1,431,432	1,854,055
Post-employment benefits	23,568	27,117
Other long term benefits	259,548	162,660
Performance/Incentive rights	827,897	941,055
	2,542,445	2,984,887
Total		
Short term benefits	6,708,963	7,398,148
Post-employment benefits	218,081	202,337
Other long term benefits	803,130	483,817
Performance/Incentive rights	2,935,408	2,398,020
	10,665,582	10,482,322

22 Auditors' remuneration

This note summarises the total remuneration received or receivable by the Group's external auditors for their audit, assurance and other services.

	2022 $	2021 $
Amounts received or due and receivable by Ernst & Young (Australia) for:		
An audit or review of the financial report of the entity and any other entity in the consolidated group	2,461,495	2,127,656
Fees for other assurance and agreed-upon-procedures services under other legislation or contractual arrangements where there is discretion as to whether the service is provided by the auditor or another firm	120,000	-
Other services in relation to the entity and any other entity in the consolidated group		
Tax compliance	210,978	557,709
Assurance related	10,000	-
Advisory services	-	2,134,941
	2,802,473	4,820,306
Amounts received or due and receivable by overseas member firms of Ernst & Young (Australia) for:		
An audit or review of the financial report of the entity and any other entity in the consolidated group	4,302,839	3,944,572
Other services in relation to the entity and any other entity in the consolidated group		
Tax compliance	142,831	60,356
	4,445,670	4,004,928
Total	7,248,143	8,825,234
The total fees paid to Ernst & Young member firms by service type are:		
Audit Services	6,764,334	6,072,228
Non-audit Services	483,809	2,753,006
Total	7,248,143	8,825,234
Amounts received or due and receivable by non-Ernst & Young audit firms for:		
Audit or review of the financial report	2,459,569	2,493,263

23 Information relating to subsidiaries

This note provides a list of all the significant entities controlled by the Group as at the reporting date, including those included in the Closed Group.

Name	Country of Incorporation	% Equity Interest 2022	% Equity Interest 2021
RHC Nominees Pty Limited[1]	Australia	100%	100%
RHC Developments Pty Limited[1]	Australia	100%	100%
Ramsay Health Care Investments Pty Limited[1]	Australia	100%	100%
Ramsay Hospital Holdings Pty Limited[1]	Australia	100%	100%
Ramsay Hospital Holdings (Queensland) Pty Limited[1]	Australia	100%	100%
Ramsay Finance Pty Limited[1]	Australia	100%	100%
Ramsay Aged Care Holdings Pty Limited[1]	Australia	100%	100%
Ramsay Aged Care Properties Pty Limited[1]	Australia	100%	100%
RHC Ancillary Services Pty Limited[1]	Australia	100%	100%
Linear Medical Pty Limited[1]	Australia	100%	100%
Newco Enterprises Pty Limited[1]	Australia	100%	100%
Sydney & Central Coast Linen Services Pty Limited[1]	Australia	100%	100%
Benchmark Healthcare Holdings Pty Limited[1]	Australia	100%	100%
Benchmark Healthcare Pty Limited[1]	Australia	100%	100%
AHH Holdings Health Care Pty Limited[1]	Australia	100%	100%
AH Holdings Health Care Pty Limited[1]	Australia	100%	100%
Ramsay Centauri Pty Limited[1]	Australia	100%	100%
Alpha Healthcare Pty Limited[1]	Australia	100%	100%
Ramsay Health Care Australia Pty Limited[1]	Australia	100%	100%
Donvale Private Hospital Pty Limited[1]	Australia	100%	100%
The Benchmark Hospital Group Pty Limited[1]	Australia	100%	100%
Dandenong Valley Private Hospital Pty Limited[1]	Australia	100%	100%
Benchmark – Surrey Pty Limited[1]	Australia	100%	100%
Benchmark – Peninsula Pty Limited[1]	Australia	100%	100%
Benchmark – Donvale Pty Limited[1]	Australia	100%	100%
Benchmark – Windermere Pty Limited[1]	Australia	100%	100%
Benchmark – Beleura Pty Limited[1]	Australia	100%	100%
Beleura Properties Pty Limited[1]	Australia	100%	100%
Affinity Health Holdings Australia Pty Limited[1]	Australia	100%	100%
Affinity Health Finance Australia Pty Limited[1]	Australia	100%	100%
Affinity Health Pty Limited[1]	Australia	100%	100%
Affinity Health Foundation Pty Limited[1]	Australia	100%	100%
Affinity Health Holdings Indonesia Pty Limited[1]	Australia	100%	100%
Hospitals of Australia Pty Limited[1]	Australia	100%	100%
Glenferrie Private Hospital Pty Limited[1]	Australia	100%	100%
Relkban Pty Limited[1]	Australia	100%	100%
Relkmet Pty Limited[1]	Australia	100%	100%
Votraint No. 664 Pty Limited[1]	Australia	100%	100%
Votraint No. 665 Pty Limited[1]	Australia	100%	100%
Australian Medical Enterprises Pty Limited[1]	Australia	100%	100%
AME Hospitals Pty Limited[1]	Australia	100%	100%
Victoria House Holdings Pty Limited[1]	Australia	100%	100%
C&P Hospitals Holdings Pty Limited[1]	Australia	100%	100%
HCoA Hospital Holdings (Australia) Pty Limited[1]	Australia	100%	100%
AME Properties Pty Limited[1]	Australia	100%	100%
AME Superannuation Pty Limited[1]	Australia	100%	100%

1 *Entities included in the deed of cross guarantee as required for the instrument*

23 Information relating to subsidiaries (Continued)

Name	Country of Incorporation	% Equity Interest 2022	2021
Attadale Hospital Property Pty Limited[1]	Australia	100%	100%
Glengarry Hospital Property Pty Limited[1]	Australia	100%	100%
Hadassah Pty Limited[1]	Australia	100%	100%
Rannes Pty Limited[1]	Australia	100%	100%
Hallcraft Pty Limited[1]	Australia	100%	100%
Jamison Private Hospital Property Pty Limited[1]	Australia	100%	100%
Affinity Health (FP) Pty Limited[1]	Australia	100%	100%
Armidale Hospital Pty Limited[1]	Australia	100%	100%
Caboolture Hospital Pty Limited[1]	Australia	100%	100%
Joondalup Hospital Pty Limited[1]	Australia	100%	100%
Joondalup Health Campus Finance Limited[1]	Australia	100%	100%
Logan Hospital Pty Limited[1]	Australia	100%	100%
Noosa Privatised Hospital Pty Limited[1]	Australia	100%	100%
AMNL Pty Limited[1]	Australia	100%	100%
Mayne Properties Pty Limited[1]	Australia	100%	100%
Port Macquarie Hospital Pty Limited[1]	Australia	100%	100%
HCoA Operations (Australia) Pty Limited[1]	Australia	100%	100%
Hospital Corporation Australia Pty Limited[1]	Australia	100%	100%
Dabuvu Pty Limited[1]	Australia	100%	100%
HOAIF Pty Limited[1]	Australia	100%	100%
HCA Management Pty Limited[1]	Australia	100%	100%
Malahini Pty Limited[1]	Australia	100%	100%
Tilemo Pty Limited[1]	Australia	100%	100%
Hospital Affiliates of Australia Pty Limited[1]	Australia	100%	100%
C.R.P.H Pty Limited[1]	Australia	100%	100%
Hospital Developments Pty Limited[1]	Australia	100%	100%
P.M.P.H Pty Limited[1]	Australia	100%	100%
Pruinosa Pty Limited[1]	Australia	100%	100%
Australian Hospital Care Pty Limited[1]	Australia	100%	100%
Australian Hospital Care (Allamanda) Pty Limited[1]	Australia	100%	100%
Australian Hospital Care (Latrobe) Pty Limited[1]	Australia	100%	100%
Australian Hospital Care 1988 Pty Limited[1]	Australia	100%	100%
AHC Foundation Pty Limited[1]	Australia	100%	100%
AHC Tilbox Pty Limited[1]	Australia	100%	100%
Australian Hospital Care (Masada) Pty Limited[1]	Australia	100%	100%
Australian Hospital Care Investments Pty Limited[1]	Australia	100%	100%
Australian Hospital Care (MPH) Pty Limited[1]	Australia	100%	100%
Australian Hospital Care (MSH) Pty Limited[1]	Australia	100%	100%
Australian Hospital Care (Pindara) Pty Limited[1]	Australia	100%	100%
Australian Hospital Care (The Avenue) Pty Limited[1]	Australia	100%	100%
Australian Hospital Care Retirement Plan Pty Limited[1]	Australia	100%	100%
eHealth Technologies Pty Limited[1]	Australia	100%	100%
Health Technologies Pty Limited[1]	Australia	100%	100%
Rehabilitation Holdings Pty Limited[1]	Australia	100%	100%
Bowral Management Company Pty Limited[1]	Australia	100%	100%

1 *Entities included in the deed of cross guarantee as required for the instrument*

23 Information relating to subsidiaries (Continued)

Name	Country of Incorporation	% Equity Interest 2022	2021
Simpak Services Pty Limited[1]	Australia	100%	100%
APL Hospital Holdings Pty Limited[1]	Australia	100%	100%
Alpha Pacific Hospitals Pty Limited[1]	Australia	100%	100%
Health Care Corporation Pty Limited[1]	Australia	100%	100%
Alpha Westmead Private Hospital Pty Limited[1]	Australia	100%	100%
Illawarra Private Hospital Holdings Pty Limited[1]	Australia	100%	100%
Northern Private Hospital Pty Limited[1]	Australia	100%	100%
Westmead Medical Supplies Pty Limited[1]	Australia	100%	100%
Herglen Pty Limited[1]	Australia	100%	100%
Mt Wilga Pty Limited[1]	Australia	100%	100%
Sibdeal Pty Limited[1]	Australia	100%	100%
Workright Pty Limited[1]	Australia	100%	100%
Adelaide Clinic Holdings Pty Limited[1]	Australia	100%	100%
eHospital Pty Limited[1]	Australia	100%	100%
New Farm Hospitals Pty Limited[1]	Australia	100%	100%
North Shore Private Hospital Pty Limited[1]	Australia	100%	100%
Phiroan Pty Limited[1]	Australia	100%	100%
Ramsay Health Care (Asia Pacific) Pty Limited[1]	Australia	100%	100%
Ramsay Health Care (South Australia) Pty Limited[1]	Australia	100%	100%
Ramsay Health Care (Victoria) Pty Limited[1]	Australia	100%	100%
Ramsay Health Care Services (QLD) Pty Limited[1]	Australia	100%	100%
Ramsay Health Care Services (VIC) Pty Limited[1]	Australia	100%	100%
Ramsay Health Care Services (WA) Pty Limited[1]	Australia	100%	100%
Ramsay Pharmacy Retail Services Pty Limited[1]	Australia	100%	100%
Ramsay Professional Services Pty Limited[1]	Australia	100%	100%
Ramsay Diagnostics (No. 1) Pty Limited[1]	Australia	100%	100%
Ramsay Diagnostics (No. 2) Pty Limited[1]	Australia	100%	100%
Ramsay Health Care (UK) Limited	UK	100%	100%
Ramsay Health Care Holdings UK Limited	UK	100%	100%
Ramsay Health Care UK Operations Limited[2]	UK	100%	100%
Ramsay Santé SA[2]	France	52.8%	52.5%
Capio AB[2]	Sweden	52.8%	52.5%
Ramsay Elysium Holding Limited[2]	UK	100%	0%

1 Entities included in the deed of cross guarantee as required for the instrument
2 This entity owns a number of subsidiaries, none of which are individually material to the Group

24 Closed group

This note presents the consolidated financial performance and position of the Australian wholly owned subsidiaries, which together with the Parent Entity, Ramsay Health Care Limited, are referred to as the Closed Group.

Entities subject to instrument

Pursuant to Instrument 2016/785, relief has been granted to the entities in the table of subsidiaries in Note 23, (identified by footnote 1) from the *Corporations Act 2001* requirements for preparation, audit and lodgement of their financial reports.

As a condition of the Instrument, these entities entered into a Deed of Cross Guarantee on 22 June 2006 or have subsequently been added as parties to the Deed of Gross Guarantee by way of Assumption Deeds dated 24 April 2008, 27 May 2010, 24 June 2011, 20 October 2015, 17 December 2015 and 14 May 2019. The effect of the deed is that Ramsay Health Care Limited has guaranteed to pay any deficiency in the event of winding up of a wholly owned Australian entity or if they do not meet their obligations under the terms of overdrafts, loans, leases or other liabilities subject to the guarantee. The controlled entities have also given a similar guarantee in the event that Ramsay Health Care Limited is wound up or if it does not meet its obligation under the terms of overdrafts, loans, leases or other liabilities subject to the guarantee.

The consolidated Income Statement and Statement of Financial Position of the entities that are members of the Closed Group are as follows:

	Closed Group	
Consolidated Income Statement	2022 $m	2021 $m
Profit before tax from continuing operations	402.2	564.2
Income tax expense	(100.7)	(178.3)
Net profit for the year	**301.5**	**385.9**
Retained earnings at the beginning of the year	1,737.6	1,467.0
Dividends paid	(351.9)	(115.3)
Retained earnings at the end of the year	**1,687.2**	**1,737.6**

24 Closed group (Continued)

	Closed Group	
	2022	2021
Consolidated Statement of Financial Position	$m	$m
ASSETS		
Current assets		
Cash and cash equivalents	46.5	17.1
Trade and other receivables	819.5	691.6
Inventories	165.1	160.7
Derivative financial instruments	11.3	-
Income tax receivables	11.5	-
Prepayments	51.2	30.2
Other current assets	3.9	1,314.6
Total current assets	**1,109.0**	**2,214.2**
Non-current assets		
Other financial assets	663.7	648.4
Investments in joint venture	238.1	217.5
Property, plant and equipment	2,779.8	2,440.5
Right of use assets	891.8	458.2
Intangible assets	2,294.1	1,076.3
Deferred tax assets	149.3	193.9
Prepayments	10.7	10.9
Derivative financial instruments	29.6	-
Other receivables	206.4	207.1
Total non-current assets	**7,263.5**	**5,252.8**
TOTAL ASSETS	**8,372.5**	**7,467.0**
LIABILITIES		
Current liabilities		
Trade and other creditors	600.6	153.7
Lease liabilities	21.0	21.0
Derivative financial instruments	-	2.7
Provisions	84.3	66.1
Income tax payables	-	6.4
Total current liabilities	**705.9**	**249.9**
Non-current liabilities		
Loans and borrowings	2,042.6	1,947.1
Lease liabilities	1,015.0	565.1
Provisions	130.7	129.0
Derivative financial instruments	-	4.3
Total non-current liabilities	**3,188.3**	**2,645.5**
TOTAL LIABILITIES	**3,894.2**	**2,895.4**
NET ASSETS	**4,478.3**	**4,571.6**
EQUITY		
Issued capital	2,197.6	2,197.6
Treasury shares	(72.4)	(76.7)
Convertible Adjustable Rate Equity Securities (CARES)	252.2	252.2
Other reserves	413.7	460.9
Retained earnings	1,687.2	1,737.6
TOTAL EQUITY	**4,478.3**	**4,571.6**

25 Parent entity information

This note presents the stand-alone summarised financial information of the parent entity Ramsay Health Care Limited.

	2022 $m	2021 $m
Information relating to Ramsay Health Care Limited		
Current assets	2,837.2	2,831.4
Total assets	2,980.2	2,976.1
Current liabilities	0.6	2.0
Total liabilities	0.6	2.0
Issued capital	2,197.6	2,197.6
Other equity	782.0	776.5
Total shareholders' equity	2,979.6	2,974.1
Net profit for the year after tax	353.4	282.3

As a condition of the Instrument (set out in Note 24), Ramsay Health Care Limited has guaranteed to pay any deficiency in the event of winding up of a controlled entity or if they do not meet their obligations under the terms of overdrafts, loans, leases or other liabilities subject to guarantee.

26 Material partly–owned subsidiaries

This note provides information of the significant subsidiaries that the Group owns less than 100% shareholding in.

Ramsay Santé (formerly Ramsay Générale de Santé) has a material non-controlling interest (**NCI**): This entity represents the French and Nordic segments for management and segment reporting.

Financial information in relation to the NCI is provided below:

Proportion of equity interest and voting rights held by non-controlling interests

Refer to Note 23 which discloses the equity interest held by the Ramsay Group. The remaining equity interest is held by the non-controlling interest.

Voting rights for Ramsay Santé at 30 June 2022 are 53.0% (2021: 52.8%). The remaining interest is held by the non-controlling interest.

Accumulated balances of non-controlling interests

Refer to the Consolidated Statement of Changes in Equity.

Profit allocated to non-controlling interests

Refer to the Consolidated Income Statement.

Summarised Statement of Profit or Loss and Statement of Financial Position for 2022 and 2021

Refer to Note 1. The French and Nordic segments consist only of this subsidiary that has a material non-controlling interest.

Summarised cash flow information

	2022 $m	2021 $m
Operating	237.7	872.3
Investing	(730.7)	(325.5)
Financing	(239.2)	(418.4)
Net (decrease)/increase in cash and cash equivalents	(732.2)	128.4

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Independent auditor's report to the members of Ramsay Health Care Limited

Report on the audit of the financial report

Opinion

We have audited the financial report of Ramsay Health Care Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 30 June 2022, the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

a) Giving a true and fair view of the consolidated financial position of the Group as at 30 June 2022 and of its consolidated financial performance for the year ended on that date; and

b) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

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 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 and 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the financial report* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial report. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial report.

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Why significant	How our audit addressed the key audit matter

1. Carrying value of goodwill
 	
As disclosed in Note 14 of the financial report and in accordance with the requirements of the Australian Accounting Standards, the Group performed an annual impairment test of the Asia Pacific, UK, French and Nordics cash generating units ("CGUs") to determine whether the recoverable value of these assets exceeds their carrying amount at 30 June 2022.
 	
A value in use model was used to calculate the recoverable amount of each cash generating unit ("CGU").
 	
Significant assumptions used in the impairment testing referred to above are inherently subjective and in times of economic uncertainty caused by the COVID-19 pandemic, the degree of subjectivity is higher than it might otherwise be.
 	
This matter was considered a Key Audit Matter due to the extent of audit effort and judgement required to assess the reasonableness of the forecast cash flows, growth rates, discount rates and terminal growth rates used by the Group in undertaking the impairment review.
	Our audit procedures included the following:
	
	► Assessed whether the methodology used by the Group met the requirements of Australian Accounting Standards.
	
	► For the Group's value in use models, we:
	  ► Tested the mathematical accuracy of the value in use models;
	  ► Assessed the basis of preparing cash flow forecasts, considering the accuracy of previous forecasts and budgets, current trading performance and the impact of COVID-19;
	  ► Assessed the appropriateness of other key assumptions such as the discount and terminal growth rates applied with reference to publicly available information on comparable companies in the industry and markets in which the Group operates; and
	  ► Performed sensitivity analysis on the key assumptions including discount rates, terminal growth rates and EBIT forecasts for each of the Group's CGUs and evaluated whether a reasonably possible change in these assumptions could cause the carrying amount of the cash generating unit to exceed its recoverable amount.
	
	We involved valuation specialists in performing these procedures over the value in use models where appropriate.
	
	We evaluated the adequacy of the related disclosures in the financial report including those made with respect to judgements and estimates.

Why significant	How our audit addressed the key audit matter
2. Provision for insurance As disclosed in Note 16(c) of the financial report, the provision for insurance covers deductibles arising under insurance policies, including potential uninsured claims. Significant judgement is required in its determination due to the uncertainty in predicting future claims arising from past events. The Group engages a third-party actuary to assess the carrying value at each reporting date. This assessment involves evaluating assumptions in relation to ultimate outcomes on individual claims, claims handling costs and discount rates. This matter was considered a Key Audit Matter due to the level of judgement required to estimate the value of the liability.	Our audit procedures included the following: ► Assessed the key assumptions adopted by the actuary and used by the Group to determine the value of the provision. Specifically, we have reviewed the assumptions compared to industry practice, potential known claims and actual historical claims. ► Assessed the competence, qualifications and objectivity of the independent actuary the Group used. ► As the appropriateness of these provisions relies on specific claims information, we have reviewed and tested controls over the operating effectiveness of the Group's processes for capturing and recording the data. ► Evaluated the adequacy of the disclosures relating to the provision in the financial report, including those made with respect to judgements and estimates. Given the specialist nature of the calculation performed to value the provision, our actuarial specialists were involved in the assessment of the valuation model and key assumptions.

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Information other than the financial report and auditor's report thereon

The directors are responsible for the other information. The other information comprises the information included in the Company's 2022 annual report 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, with the exception of the Remuneration Report and our related assurance opinion.

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, 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 that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters relating 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 this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated to the directors, we determine those matters that were of most significance in the audit of the financial report of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the audit of the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 45 to 64 of the directors' report for the year ended 30 June 2022.

In our opinion, the Remuneration Report of Ramsay Health Care Limited for the year ended 30 June 2022, 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.

Ernst & Young

Ernst & Young

Ryan Fisk

Ryan Fisk
Partner
Sydney
27 September 2022

13.

Additional information

Additional information required under ASX Listing Rule 4.10 and not shown elsewhere in this Annual Report is as follows. This information is current as at 5th September 2022.

a Distribution of Shareholders – Ordinary Shareholders

Size of Holding	Number of Shareholders	Ordinary Shares	% of Issued Capital
1-1,000	67,602	17,417,483	7.610
1,001-5,000	8,979	17,679,502	7.720
5,001-10,000	629	4,295,207	1.880
10,001-100,000	242	4,994,995	2.180
100,0001 and over	51	184,494,518	80.610
Totals	**77,503**	**228,881,705**	**100.000**

b Less than marketable parcels of ordinary shares

The number of shareholdings held in less than marketable parcels is 665 holders, for a total of 1,983 ordinary shares.

c 20 Largest Shareholders – Ordinary Shareholders

	Name	Number of fully paid Ordinary Shares	% of Issued Capital
1	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	50,420,484	22.029%
2	PAUL RAMSAY HOLDINGS PTY LIMITED	42,999,269	18.787%
3	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	28,626,473	12.507%
4	CITICORP NOMINEES PTY LIMITED	18,648,136	8.147%
5	NATIONAL NOMINEES LIMITED	6,685,364	2.921%
6	BNP PARIBAS NOMS PTY LTD <DRP>	5,124,318	2.239%
7	WOOLWICH INVESTMENTS PTY LTD <THE SIDDLE FAMILY TRUST>	3,750,000	1.638%
8	CUSTODIAL SERVICES LIMITED <BENEFICIARIES HOLDING A/C>	2,845,793	1.243%
9	WARBONT NOMINEES PTY LTD <UNPAID ENTREPOT A/C>	2,348,254	1.026%
10	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED-GSCO ECA	2,046,974	0.894%
11	ARGO INVESTMENTS LIMITED	2,023,131	0.884%
12	BNP PARIBAS NOMINEES PTY LTD <AGENCY LENDING DRP A/C>	1,589,495	0.694%
13	UBS NOMINEES PTY LTD	1,497,930	0.654%
14	AUSTRALIAN FOUNDATION INVESTMENT COMPANY LIMITED	1,368,779	0.598%
15	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED <NT-COMNWLTH SUPER CORP A/C>	1,015,900	0.444%
16	NETWEALTH INVESTMENTS LIMITED <WRAP SERVICES A/C>	997,282	0.436%
17	BNP PARIBAS NOMINEES PTY LTD HUB24 CUSTODIAL SERV LTD <DRP A/C>	986,195	0.431%
18	MUTUAL TRUST PTY LTD	952,276	0.416%
19	CERTANE CT PTY LTD <RAMSAY UNALLOCATED AC>	915,012	0.400%
20	WASHINGTON H SOUL PATTINSON AND COMPANY LIMITED	896,499	0.392%
	Total of Securities	175,737,564	76.781%

d Substantial Shareholders

The names of the Substantial Shareholders listed in the Company's Register as at 5th September 2022:

Shareholders	Number of fully paid Ordinary Shares	% of Issued Capital
Paul Ramsay Foundation Limited/Paul Ramsay Holdings Pty Limited	42,999,269	18.79
State Street Corporation	11,433,448	5.00

e Voting Rights

In accordance with the Constitution each member present at a meeting whether in person, or by proxy, or by power of attorney, or by a duly authorised representative in the case of a corporate member, shall have one vote on a show of hands, and one vote for each fully paid ordinary share, on a poll.

f On-market purchases

During the year ended 30th June 2022 the Company purchased NIL ordinary shares on-market for the purposes of its employee and Non-Executive Director share plans (including to satisfy the entitlements of holders of vested performance rights to acquire shares under the Executive Performance Rights Plan).

g Distribution of Convertible Adjustable Rate Equity Securities (CARES) Holders

Size of Holding	Number of CARES holders	CARES	% of Issued Securities
1-1,000	3,777	1,125,411	43.290
1,001-5,000	274	546,204	21.010
5,001-10,000	19	133,140	5.120
10,001-100,000	12	370,472	14.250
100,0001 and over	2	424,773	16.340
Totals	**4,084**	**2,600,000**	**100.000**

h Less than marketable parcels of CARES

The number of CARES held in less than marketable parcels is 3 holders, for a total of 6 CARES.

i 20 Largest CARES Holders

	Name	Number of fully paid CARES	% of Issued Capital
1	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	295,885	11.380%
2	CITICORP NOMINEES PTY LIMITED	128,888	4.957%
3	MUTUAL TRUST PTY LTD	83,474	3.211%
4	NATIONAL NOMINEES LIMITED	82,013	3.154%
5	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	56,866	2.187%
6	NETWEALTH INVESTMENTS LIMITED <WRAP SERVICES A/C>	28,183	1.084%
7	LONGHURST MANAGEMENT SERVICES PTY LTD	20,969	0.806%
8	UBS NOMINEES PTY LTD	16,679	0.642%
9	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 2	16,195	0.623%
10	FIRST SAMUEL LTD ACN 086243567 <ANF ITS MDA CLIENTS A/C>	14,975	0.576%
11	AUSTRALIAN EXECUTOR TRUSTEES LIMITED <IPS IOOF EMPLOYER SUPER A/C>	14,017	0.539%
12	PERODA NOMINEES PTY LIMITED <BERMAN SUPER FUND A/C>	13,895	0.534%
13	BNP PARIBAS NOMINEES PTY LTD HUB24 CUSTODIAL SERV LTD <DRP A/C>	11,736	0.451%
14	NULIS NOMINEES (AUSTRALIA) LIMITED <NAVIGATOR MAST PLAN SETT A/C>	11,470	0.441%
15	SCANLON CAPITAL NO 10 PTY LTD	10,000	0.385%
16	ERIC GOLF PTY LTD	10,000	0.385%
17	NETWEALTH INVESTMENTS LIMITED <SUPER SERVICES A/C>	8,387	0.323%
18	REGION HALL PTY LTD	7,676	0.295%
19	DAP1000 PTY LTD	7,550	0.290%
20	BETH MACLAREN SMALLWOOD FOUNDATION P/L	7,500	0.288%
	Total Securities of Top 20 Holdings	846,358	32.552%

j On-Market Buy-Backs

There is no current on-market buy-back in relation to the Company's securities.

14.

Corporate Directory & Key Dates

Directory
As at 22 September 2022

Directors
Non-Executive Directors
Michael Siddle (Chairman)
David Thodey AO
Alison Deans
James McMurdo
Karen Penrose
Claudia Süssmuth Dyckerhoff
Steven Sargent

Executive Director
Craig McNally (Managing Director & CEO)

Group General Counsel & Company Secretary
Henrietta Rowe

Registered Office
Suite 18.03, Level 18
126 Phillip Street
Sydney NSW 2000 Australia

Email: enquiry@ramsayhealth.com
Website: www.ramsayhealth.com
Telephone: +61 2 9220 1000
Facsimile: + 61 2 9220 1001

Share Registry
Boardroom Pty Limited
Level 12, Grosvenor Place
225 George Street
Sydney NSW 2000 Australia

Email: enquiries@boardroomlimited.com.au
Website: www.boardroomlimited.com.au
Telephone Enquiries (from within Australia):
1300 737 760
Telephone Enquiries (from outside Australia):
+61 2 9290 9600
Facsimile: +61 2 9279 0664

Auditor
Ernst & Young
200 George Street
Sydney NSW 2000 Australia

Key Dates
As at 22 September 2022

Annual General Meeting 2022
The 2022 Annual General Meeting will be held on 29th November at 10:30am. Full details will be available in Ramsay's Notice of Meeting.

Indicative Key Dates for 2023
Results Release Dates
Interim Results - Thursday, 23 February 2023

Preliminary Final Results - Thursday, 24 August 2023

Dividend Payment Dates - Ordinary Shares
Interim Dividend - Thursday 30th March 2023 (record date 7th March 2023)

Final Dividend - Friday 29th September 2023 (record date 7th September 2023)

Dividend Payment Dates - Cares
Thursday, 20th April 2023 (record date 30th March 2023)
Friday 20th October 2023 (record date 29th September 2023)

Annual General Meeting 2023
The 2023 Annual General Meeting of Ramsay Health Care Limited is scheduled to be held on 21st November 2023. Full details will be provided closer to the date.











Ramsay
Health Care