

MARKET UPDATE COVID-19

10 June 2020, Melbourne

Integral Diagnostics Limited (ASX: IDX) (the **Company**) provides the following update on key operational and financial matters following its ASX announcement on the 30 March 2020 on the ongoing uncertainty created by the Coronavirus pandemic (COVID-19).

The pandemic and associated Government response can be expected to continue to have an impact on the Company which cannot be accurately projected at this point.

COVID-19

A dedicated Incident Management Team (IMT) was established in March to oversee and monitor the Company's COVID-19 response. The IMT includes key radiologists, management and clinical staff who are experienced in infection control. The IMT updates the Company's Clinical Leadership Committee and Board on a regular basis.

The IMT has worked with our five business units and 64 sites to align our response with both National (Australia and New Zealand) and State Government guidelines.

To date, no one in our active workforce has tested positive to COVID-19.

Our focus, as always, is to keep our patients and employees safe. We have secured adequate supply of personal protective equipment for all our hospital and community sites with strict screening, hygiene and infection control protocols in place.

Patient Activity

Overall the Government imposed restrictions, including the cancellation of elective surgery and sporting activities, as well as a slowdown in regular hospital activity and patients' reluctance to visit their doctors, resulted in significant declines in diagnostic imaging volumes.

During the peak of the restriction period in April, IDX patient revenue declined against pre-COVID-19 expectations by between 24% and 50% across business units.

As restrictions were eased, IDX patient revenue began to improve in May with declines against pre-COVID-19 expectations of between 5% and 16% across business units.

The start of June has been positive with patient revenue continuing to gradually improve in most sites, however the future level of recovery remains dependent on uncertain future events, including potential COVID-19 infections and Government responses.

In line with expectations outlined in our previous announcement the Company closed eight of our smaller community sites. Three of these sites have since been re-opened and the other five sites are under consideration for re-opening.

The new Hope Island site on the Gold Coast commenced operations in June 2020 (pre-COVID-19 was planned to open in April 2020) and patient activity has been positive to date.

Restrictions across Australia continue to ease, with elective surgery resuming and surgery expected to return to normal levels over the coming months.

New Zealand has no active COVID-19 cases and has now removed all restrictions (including social distancing), with the exception of border controls.

Operational Costs

The Board and management are focussed on ensuring the financial health of the Company whilst retaining our highly skilled workforce and ensuring that operations can quickly and safely return to operating levels that match activity as it returns.

A number of initiatives have been implemented to reduce operating costs, including:

- Ensuring we maintain patient and employee safety, matching our workforce to activity in each of our sites through utilisation of annual leave and/or leave without pay. This has included a number of Radiologists, Board and executives taking up to 20% reductions in remuneration;
- Reductions in service costs of equipment from April to June have been negotiated and agreed from our equipment providers;
- Reductions in rentals have been negotiated and agreed with the majority of our landlords across our 72 leased properties; and
- All non-essential operating expenditure has been ceased or reduced as much as practicable.

Parts of the Company became eligible for the Australian Government's JobKeeper program resulting in a net wages subsidy of approximately \$1.8m per month that the program operates.

In New Zealand the company qualified for a net wages subsidy of approximately NZ\$100k per month for 3 months.

The cost saving initiatives and Government programs have assisted the Company in managing the financial impact of the reduced patient activity. The support of our radiologists, employees and key stakeholders is gratefully acknowledged and sincerely appreciated.

Capital Expenditure

As previously advised the Company had expected capital expenditure for FY20 of approximately \$25m. This expenditure had either occurred or been committed to prior to COVID-19 and is unchanged.

Liquidity

IDX has cash reserves of approximately \$55m as at the 9th of June, and committed cash advance facilities, of which \$75m remain undrawn. The Company's debt facilities are not due to mature until December 2021 and the Company is in compliance with all of the covenants under its debt facilities.

Full Year Result

The Company will release its FY20 full year results to the ASX on 25 August 2020.

Contact details:

Name: Ian Kadish
Title: CEO and Managing Director
Tel: +61 3 5339 0704
Email: ikadish@idxgroup.com.au

About IDX:

Integral Diagnostics (IDX) is a leading provider of medical imaging services across Australia and New Zealand. The Company provides state of the art diagnostic services to patients and their referrers at 64 radiology clinics, including 20 hospital sites. IDX employs some of Australasia's leading radiologists and nuclear medicine specialists in a unique medical leadership model that ensures quality patient care, service and access. Good medicine is good business.

Authorised for lodgement by the Integral Diagnostics Board of Directors