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## Integral Diagnostics Acquires Exact Radiology

11 May 2022, Melbourne

Integral Diagnostics Limited (ASX:IDX) is pleased to announce that it has agreed to acquire Exact Radiology, which is located in Brisbane, Ipswich and surrounding areas. The acquisition provides IDX the opportunity to build and expand its business in South-East Queensland.

Exact Radiology is geographically aligned with IDX. The acquisition is attractive to IDX for the following reasons:

- Expands IDX's presence in South-East Queensland
- Comprehensive provider of radiology services at 11 clinics
- Holds 1 partial MRI license in Metropolitan MM1<sup>1</sup>
- Adds 6 skilled radiologists to the IDX group
- Delivers projected FY22 pro forma EBITDA<sup>2</sup> of \$5.25m, excluding the adverse impacts of COVID-19 and recent floods
- Attractive financial metrics, including earnings accretive in year 1

Dr Ian Kadish, MD and CEO of Integral Diagnostics said, "We are delighted to welcome the Exact Radiology doctors and staff to IDX. With our deep clinical expertise, we look forward to working with them to develop the practices to their full potential. This transaction consolidates IDX's presence in South-East Queensland, from the NSW border in the South to Mackay in the North."

Dr Peter Dunn, Dr Neelash Ratanjee and Dr Manesh Ratanjee of The Exact Radiology Group, said, "The Exact Radiology Group doctors are delighted to be joining the Integral Diagnostics group with its strong footprint in Southern Queensland. The Integral Diagnostics business has extensive expertise and clinical services to support the growth of Exact Radiology."

The key terms of the deal include:

- An upfront purchase consideration of \$37.5m in cash, on a cash and debt free basis
- An earn-out of up to \$1.875m to be completed within FY22, subject to revenue performance targets being achieved

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<sup>1</sup> The Modified Monash Model (MMM) is used to determine eligibility for a range of health workforce programs, such as rural Bulk Billings. MM1 captures Metropolitan areas including Major Cities accounting for 70% of Australia's population.

<sup>2</sup> EBITDA is before the implementation of AASB16 *Leases* (AASB 16). This is more reflective of the underlying cashflows of the business and the impacts of the implementation of AASB 16 are uncertain until leases have received change of control approvals.

Consistent with IDX's existing remuneration arrangements, the three vendor radiologists and one vendor sonographer have committed to long term employment contracts with IDX and will receive additional escrowed shares to ensure ongoing interests are aligned<sup>3</sup>.

The acquisition is expected to be completed in early FY23, subject to satisfaction of customary conditions and will be funded by both proceeds from IDX's recent capital raising and existing debt facilities.

**For further details contact**

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Authorised for lodgement by the Integral Diagnostics Board of Directors

*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 71 radiology clinics, including 29 comprehensive 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. For more information, please visit [www.integraldiagnostics.com.au/](http://www.integraldiagnostics.com.au/).*

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<sup>3</sup> Three vendor radiologists have been offered \$1m in shares each, and one vendor sonographer has been offered \$100,000 in shares, which will be issued at \$3.96 per share, being the 30 day volume weighted average price of IDX shares through to the end of the trading day before signing. Subject to limited exceptions, the release of escrowed shares occurs in equal tranches on the third, fourth and fifth anniversaries of the share issuance date.