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## Integral Diagnostics Acquires Horizon Radiology

18 May 2022, Melbourne

Integral Diagnostics Limited (ASX:IDX) is pleased to announce that it has agreed to acquire Horizon Radiology, which is located in Auckland, New Zealand. The acquisition provides IDX the opportunity to expand its presence and service offering in the Auckland market.

The acquisition is attractive to IDX for the following reasons:

- Expands IDX's presence in New Zealand's largest market in Auckland
- A significant provider of obstetrics and musculoskeletal x-ray and ultrasound services
- Operates 8 clinics that are located close to major GP referrers
- Delivers projected FY22 pro-forma EBITDA<sup>1</sup> contribution of NZD\$3.5m to NZD\$4.0m (AUD\$3.2m to AUD\$3.6m<sup>2</sup>), excluding the adverse impacts of COVID-19
- Attractive financial metrics, including earnings accretive in year 1

Dr Ian Kadish, MD and CEO of Integral Diagnostics said, "We are very pleased to partner with Horizon Radiology and expand our presence in the Auckland market. Horizon Radiology is a significant provider of GP-referred obstetrics and musculoskeletal x-ray and ultrasound services which strategically complement our existing offering. We extend a warm welcome to the Horizon Radiology doctors and staff and look forward to partnering with them to enhance our services to our patients and further grow our combined business."

Mary Gordon, CEO of Horizon Radiology, said, "This is an exciting development for Horizon Radiology, and our team looks forward to collaborating with the Integral Diagnostic's team, to deliver meaningful benefits over time to patients, referrers and shareholders alike."

The key terms of the deal include:

- An upfront purchase consideration of NZD\$30.3m (AUD\$27.4m<sup>2</sup>) in cash, on a cash and debt free basis
- An earn-out of up to NZD\$3.0m (AUD\$2.7m<sup>2</sup>) over two years, subject to earnings outperformance

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<sup>1</sup> EBITDA is before the implementation of IFRS16 *Leases* (IFRS 16). This is more reflective of the underlying cashflows of the business and the impacts of the implementation of IFRS 16 are uncertain until leases have received change of control approvals.

<sup>2</sup> All AUD figures have been calculated based on the spot rate of NZD\$1:AUD\$0.91 on the day prior to the date of this announcement.

Consistent with IDX's existing remuneration arrangements, the key doctor and management vendor have committed to 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 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> The CEO and head radiologist of Horizon Radiology will receive NZD\$2m in shares in total (NZD\$0.7m to be funded by the vendor), which will be issued at AUD\$3.90 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, those shares will be released from escrow over a 5-year period.