

Unaudited FY22 Results and Operational Update

27 July 2022, Melbourne

Integral Diagnostics Limited (ASX:IDX) (the **Company**) provides unaudited FY22 results and an update on key operational and financial matters, including the impact of COVID-19 and influenza.

Unaudited FY22 Results

Key Financial Measures					
\$ million	FY22 ¹	FY21	Change		
Operating revenue - AUS	316.3	302.6	13.7	5%	▲
Operating revenue - NZ	42.8	46.2	(3.4)	-7%	▼
Operating revenue - Consolidated	359.1	348.8	10.3	3%	▲
Operating EBITDA - \$	74.8 ²	93.5	(18.7)	-20%	▼
Operating EBITDA - %	20.8%	26.8%			
Operating NPAT	21.7 ²	38.1	(16.4)	-43%	▼

As reported for the first half of FY22, the second half of FY22 continued to be impacted by COVID-19 across all geographic areas in which we operate. Influenza during the winter months is also further disrupting operations and adversely impacted performance. This is consistent with the experience across the broader industry, with Medicare benefits for similar geographic areas showing a 5.5% decrease in weighted average benefits paid for the period from January to June 2022. In comparison IDX showed an equivalent decrease of 3.6%.

The impacts continued to include:

- Reduced patient activity due to:
 - Restrictions on elective surgery, together with backlogs even where these restrictions have eased.
 - Patients' reluctance or inability to attend healthcare services.
 - Staff shortages caused by high levels of sick leave and/or personal leave where a close contact and required to isolate, requiring site closures or reduced operations.
- Increased employee costs due to an increased use of sick and/or personal leave, a reduction in annual leave taken and border restrictions and its residual effects impacting staffing.

¹ Audited results may vary from unaudited results.

² AASB 16 is the Australian Accounting Standard 16 "Leases" an adopted accounting standard effective from 1 July 2019. Full details of the impacts of AASB 16 on FY22 results will be disclosed as part of the FY22 results announcement on Monday, 29 August 2022. In the interim it should be noted that the impact of AASB16 in FY22 increased depreciation by \$13.1m and increased interest expense by \$4.0m.

- Increased consumable costs due to ongoing use of personal protective equipment.
- Supply chain disruptions for equipment delivery and repairs resulting in delays in organic growth initiatives and increased downtime of equipment.

Operational Update

While prior experience of operating in a post COVID-19 restricted environment had seen a return to historical levels of operations and a period of “catch-up” resulting in higher volumes of exams for some months, the disruptive nature of COVID-19, combined with influenza during the winter months, has meant that we are yet to experience this recovery and we expect it to be more gradual.

Despite FY22 challenges in the operating environment, the Company has delivered organic revenue growth of \$4.8m or 1.6% in Australia.

In New Zealand, the Company experienced an organic revenue decline of (\$3.4m) or (7.4)% reflecting the absence of any COVID-19 impact in FY21. New Zealand revenues have continued to be impacted by referrer-owned radiology practices in Auckland. The company continues to work with industry and regulatory authorities to maintain professional, quality, arms-length referral practices that protect patient interests.

In FY22 capital expenditure totalled \$31.3m, with \$10.4m relating to growth initiatives including the development of three new sites, including Benowa and Burleigh Heads on the Gold Coast together with O'Connor in Perth which opened in October 2021, April 2022 and June 2022 respectively.

In addition, the Company has progressed targeted bolt-on acquisitions that expand the scope and depth of service locations to patients and broadens our referrer base in existing geographies. These strategic acquisitions include the previously announced transactions to acquire Peloton Radiology in Queensland and Horizon Radiology in New Zealand, both of which completed on 1 July 2022. In addition, the previously announced acquisition of Exact Radiology in Queensland is expected to complete in the first quarter of FY23. The Company is now focussed on integrating these acquisitions and is not contemplating any further acquisitions at this time.

The Company believes the underlying fundamentals of the radiology industry remain strong and the Company is confident that patient volumes and historical growth patterns will over time return to pre-COVID-19 levels, and that continued investment in our workforce and infrastructure will position the Company well.

At 30 June 2022 the company had net debt of \$93.1m, comprising cash on hand of \$122.7m and drawn borrowings of \$215.8m.

CEO of IDX Dr Ian Kadish said: *“The operating environment continues to be disrupted by COVID-19, as well as by influenza through the winter months, adversely impacting patient activity and operational costs. We remain grateful to frontline healthcare workers across IDX, and elsewhere, who continue to provide world class healthcare in a challenging environment. Despite current COVID-19 and influenza impacts, diagnostic imaging will continue to play an integral role in healthcare diagnosis and treatment going forward. We have recently announced three targeted acquisitions that deepen our service offering in existing geographies and we are focussed on optimally integrating these acquisitions.”*

The Company will release its audited FY22 results to the ASX on Monday, 29 August 2022 and under the Continuous Disclosure and Communication Policy remains in a blackout period until this time. A group investor conference call will be held at **10:00 am AEDT on Monday, 29 August 2022** following the release of the FY22 results.

For those wishing to dial into the call, please register for the call through the following link:

<https://s1.c-conf.com/diamondpass/10024079-3nsh32.html>

Alternatively, at the time of the call, dial your respective number below and provide the conference ID **10024079** to the operator, noting there may be wait times:

AUSTRALIA: 1800 809 971

AUSTRALIA Local : 02 9007 3187

NEW ZEALAND: 0800 453 055

AUCKLAND Local: +64 9 929 1687

Contact details:

Name: Kirsty Lally

Title: Company Secretary

Tel: +61 3 9321 4918

Email: klally@idxgroup.com.au

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 89 radiology clinics, including 31 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/.

FORWARD-LOOKING STATEMENTS

This announcement contains certain "forward-looking statements". The words "expect", "anticipate", "estimate", "intend", "believe", "guidance", "should", "could", "may", "will", "predict", "plan" and other similar expressions are intended to identify forward-looking statements. Forward-looking statements, opinions and estimates provided in this announcement are based on assumptions and contingencies that are subject to change without notice and involve known and unknown risks and uncertainties and other factors that are beyond the control of IDX, its directors and management, including any further impacts of COVID-19 on IDX's continued trading and operations. This includes statements about market and industry trends, which are based on interpretations of current market conditions.

You are strongly cautioned not to place undue reliance on forward-looking statements, particularly in light of the current economic climate. Forward-looking statements are provided as a general guide only and should not be relied upon as an indication or guarantee of future performance. Actual results, performance or achievements may differ materially from those expressed or implied in such statements and any projections and assumptions on which these statements are based. These statements may assume the success of IDX's business strategies. The success of any of those strategies will be realised in the period for which the forward-looking statement may have been prepared or otherwise. Readers are cautioned not to place undue reliance on forward-looking statements and except as required by law or regulation, none of IDX or its representatives assumes any obligation to update these forward-looking statements. No representation or warranty, express or implied, is made as to the accuracy, likelihood of achievement or reasonableness of any forecasts, prospects, returns or statements in relation to future matters contained in this announcement. The forward-looking statements are based on information available to IDX as at the date of this announcement. Except as required by law or regulation (including the ASX Listing Rules), none of IDX or its representatives undertakes any obligation to provide any additional or updated information whether as a result of a change in expectations or assumptions, new information, future events or results or otherwise. Indications of, and guidance or outlook on, future earnings or financial position or performance are also forward-looking statements.