

Integral Diagnostics Limited

2024 Annual General Meeting – Chair's Address and Presentation

Ladies and gentlemen,

I am very pleased to be addressing you today at my first AGM as Chair.

Integral Diagnostics is a health care company built on excellent foundations. Our services dramatically improve the diagnosis and treatment of illness and injury in the communities in which we operate. Our doctors and employees are motivated and committed and I'm proud to be leading IDX as it enters an exciting new chapter of growth.

I believe that the fundamentals of the radiology industry are strong, and that Integral Diagnostics is well placed to take advantage of key industry trends.

Financial Performance

In what was a challenging economic environment in the financial year to 30 June 2024, IDX delivered a materially stronger second half profit result, demonstrated by an improvement in Group EBITDA margins following a focus on key operational improvement initiatives.

Operating Net Profit After Tax increased 1.3% to \$18.1m compared to the prior corresponding period. IDX reported a Statutory Loss after Tax of \$60.7m for FY24, driven largely by an impairment loss of \$71.6m recognised in the New Zealand division in the first half of FY24. Since then, the New Zealand business has performed well.

We achieved solid revenue growth of 6.6% to \$469.7m compared to the prior corresponding period, driven by Medicare indexation, annualisation of FY24 out of pocket fee increases and continued favourable mix impact.

Operating EBITDA increased 7.4% to \$91.5m compared to the prior corresponding period, while our Operating EBITDA margin of 19.5% improved slightly by 20 basis points compared to the prior corresponding period.

At 30 June 2024 net debt was \$183.5m. Net debt to EBITDA (pre-AASB16) was 2.6x, down from 2.9x at 30 June 2023, and continuing its downward trend towards our target ratio of 2.5x or less over time.

IDX declared fully franked dividends totalling 5.8cps for FY24 (slightly down on 6.0cps for FY23), representing almost 75% of FY24 Operating NPAT.

Proposed Merger with Capitol Health

As we announced earlier this week, as the ACCC has not announced its findings in relation to our proposed merger with Capitol Health Limited (Capitol), Capitol has postponed the scheme meeting at which its shareholders will vote on the proposed merger to 2 December 2024. As set out in Capitol's scheme booklet, the ACCC's provisional decision date for the announcement of its findings is 28 November 2024. We are working constructively with the ACCC on this process.

Within the legal constraints on IDX and Capitol prior to the merger being implemented, integration planning is well advanced to enable the combined group to take advantage of the opportunities presented by the merger. We understand that effective cultural alignment is one of the most important factors for successful integrations and with this in mind, integration planning has focused on identifying the values and culture for the merged entity.

On implementation of the proposed merger, I expect the combined business to be a market leader in diagnostic imaging services in Australia and New Zealand.

The strengths and capabilities of both companies will be focused on delivering superior clinical outcomes for patients, doctors and referrers, and expanding access to advanced imaging technologies. The combined group is expected to have increased capacity to invest in higher-end imaging modalities, including MRI and PET/CT. It is also expected to have an improved ability to deploy advancements in technology and AI, and will leverage IDX's leading teleradiology capabilities across the broader platform of the combined group.

It is proposed that our Managing Director and CEO, Dr Ian Kadish, will lead the combined group, ably supported by Craig White, our CFO. I am also pleased that Justin Walter, the CEO of Capitol has agreed to take on the important role of Chief Integration Officer for the merged business. Justin will be responsible for driving the successful integration of the two businesses.

The merger, which is proposed by way of a scheme of arrangement, will, when completed, result in IDX acquiring 100% of Capitol. When the merger is finally approved and implemented, IDX will issue approximately 138 million new shares to Capitol shareholders, taking the total number of IDX shares on issue after the merger to approximately 372 million.

On completion of the merger, IDX shareholders will own approximately 63% of the combined group and Capitol shareholders will own approximately 37%.

Completion of the merger remains subject to customary conditions and approvals for a transaction of this nature, including court, regulatory and Capitol shareholder approvals, as well as no material adverse changes or prescribed occurrences.

I look forward to welcoming all the Capitol shareholders to IDX to share in the exciting future for the merged business.

Governance

The Board has progressed through a well-managed process of renewal, which started in 2022 when Andrew Fay joined the Board. When John Atkins who had served as a Non-Executive Director for 8 years retired last year, Andy took over John's role as Chair of the People, Culture and Remuneration Committee. Andy has brought a strong focus and deep experience to IDX's remuneration framework.

Of course, last year at the AGM I took over from Helen Kurincic as Chair after she had led IDX through 9 years of strong operational performance.

Last year, we also welcomed Ingrid Player as a Non-Executive Director. In April this year, the Board determined to split the Audit and Risk Committee into two separate committees – an Audit Committee which continues to be well chaired by Raelene Murphy; and a new Risk, Compliance and Sustainability Committee which is now chaired by Ingrid. The creation of a dedicated risk committee reflects our belief in the importance of value-adding risk management and I congratulate her on successfully assuming that role.

The IDX Board is committed to a leadership model which includes radiologists as directors to ensure a specialist medical perspective is an intrinsic part of our decision making and we have always had radiologists as executive directors on our Board.

With the resignation of Dr Jacqueline Milne, our Radiologist Executive Director, in August after 5 years on the Board, we are actively recruiting amongst our outstanding radiologists for a replacement for her.

The merger with Capitol will also bring two new Non-Executive Directors from Capitol to join the IDX Board, Ms Laura McBain and Dr Kevin Shaw.

Ms McBain has extensive executive and leadership experience having held roles as Managing Director at Bellamy's Australia, Maggie Beer Holdings and Lark Distilling. Dr Shaw is a highly qualified radiologist with fellowship training in MRI. He is the Director of Medical Imaging at University Hospital Geelong and will add depth to the medical leadership on our Board.

I look forward to welcoming Laura and Kevin to the IDX Board when the proposed merger is implemented.

Sustainability

I am pleased with the continuing development and implementation of IDX's ESG strategy, which is a key element of our planning for a sustainable future. In September we released our 2024 ESG Report which described the company's activities and highlighted how they contribute to society, and reported outcomes and progress against our sustainability targets.

We completed a gap analysis of the Australian Sustainability Reporting Standards which will come into effect next year and completed our roadmap for ASRS implementation.

We quantified and disclosed IDX's total Scope 1 and Scope 2 emissions.

We continued our community based initiatives including our Tonga Twinning Program where for many years we have been working to bring diagnostic imaging expertise, training and equipment to the people of Tonga.

Amongst a range of training programmes, we conducted psychosocial safety training for our people leaders to make them aware of their important responsibilities to protect our staff.

IDX achieved a "Prime" rating by Sustainalytics and "Low" ESG Risk Rating by ISS for our ESG programme and we will continue to seek to improve the impact we have on the communities and environments in which we operate, to demonstrate our commitment to creating a healthier world.

I take this opportunity to thanks my fellow directors, IDX's leadership team and you, our shareholders, for your continued support.

Toby Hall
Chair

CHAIR ADDRESS

Toby Hall - Chair



FY24 FINANCIAL HIGHLIGHTS

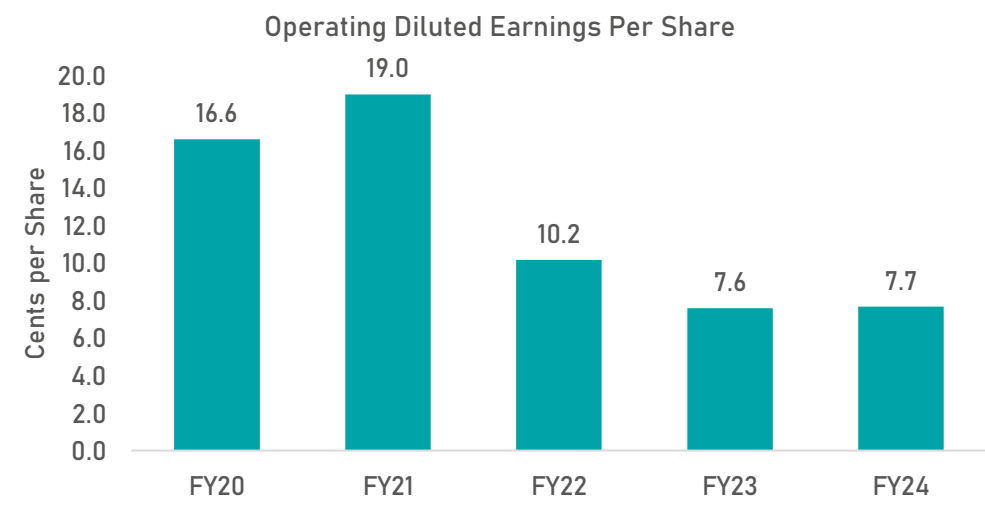
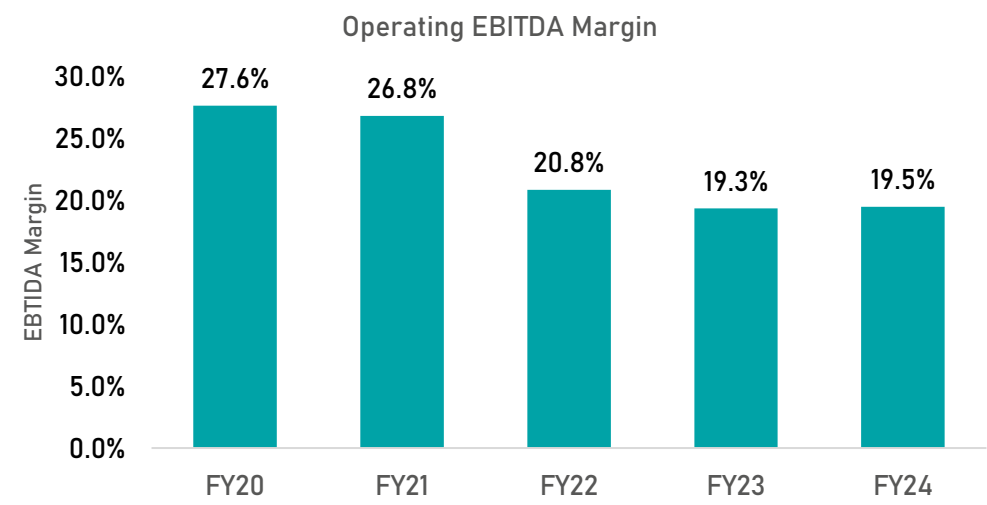
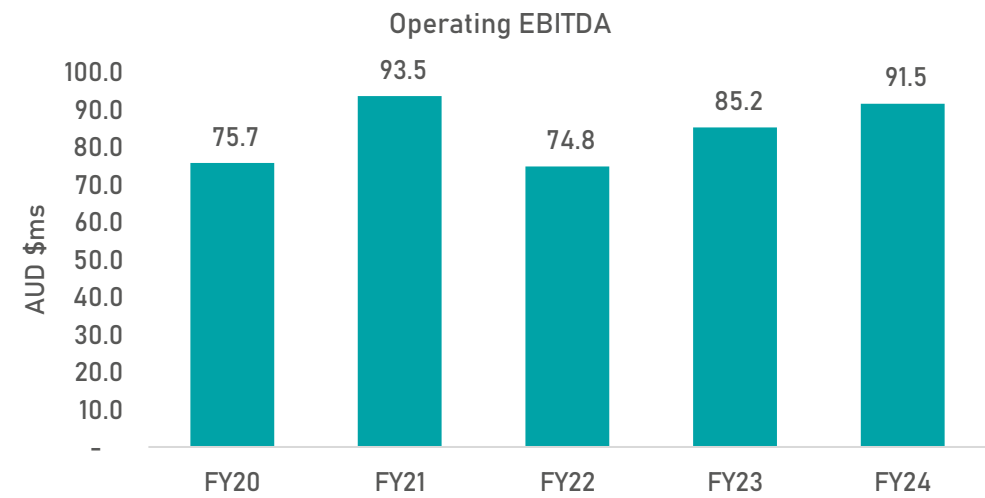
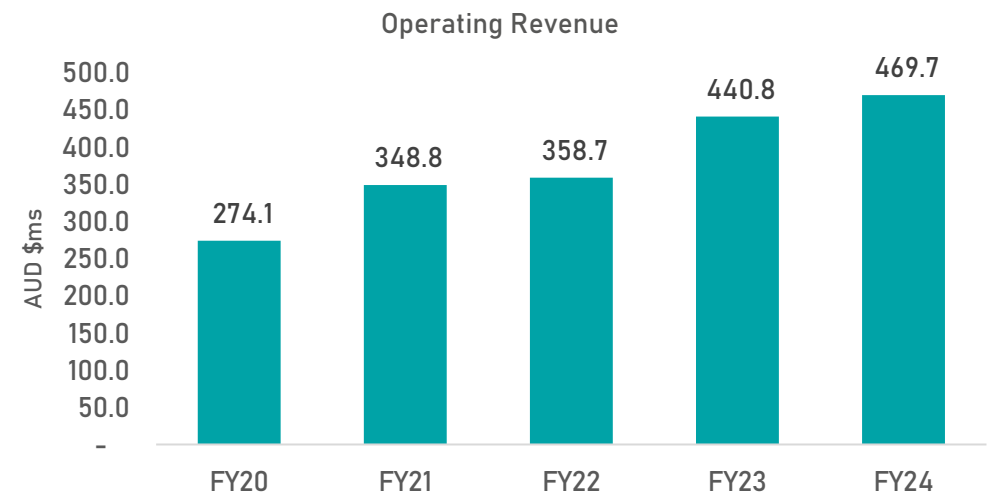
Solid revenue and Operating EBITDA growth of 6.6% and 7.4% respectively, with an improvement in operating EBITDA margin to 19.5% (FY23: 19.3%)

Statutory NPAT (\$60.7m)	1.3% increase in Operating NPAT \$18.1m	7.4% increase in Operating EBITDA \$91.5m	1.0% increase in operating diluted EPS 7.7cps	6.6% increase in revenue \$469.7m	5.5% increase in free cash flow \$56.0m	Net debt / EBITDA (pre-AASB 16) 2.6x
-----------------------------	--	--	---	--	--	--

IDX's operating results for FY24 are consistent with the guidance provided at the time of the 1H FY24 results announced on 20 February 2024:

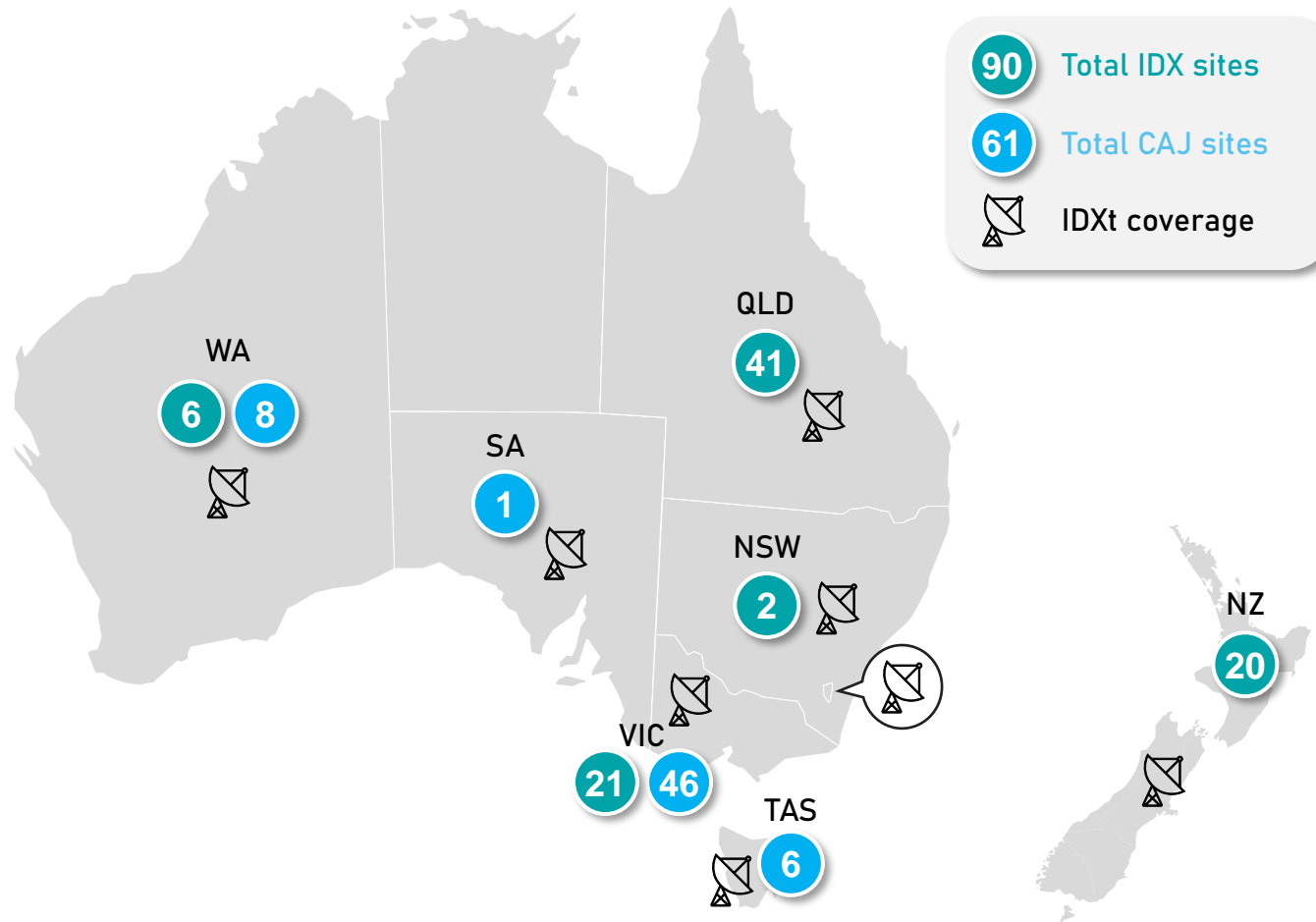
- Solid revenue growth of 6.6% driven by Medicare indexation (3.6% increase effective 1 July 2023 and an additional 0.5% increase effective 1 November 2023, both increases exclude nuclear medicine), annualisation of FY24 out of pocket fee increases and continued favourable mix impact.
- Prolonged cost pressures, especially higher labour costs, driven by inflation and labour market supply constraints, together with higher interest funding costs. Management has focused on various key operational improvement initiatives to contain and reduce costs wherever possible.
- Operating EBITDA margin of 19.5%, being an increase of 20 bps compared to 19.3% in the prior corresponding period.
- An impairment loss announced in 1H FY24 of \$71.6m recognised in the New Zealand division, reflecting the impact of changes in patient referral patterns.
- Statutory Loss after Tax of (\$60.7m) after impairment losses, transaction, restructuring and integration costs, amortisation of customer contracts and other costs, net of tax, of \$78.8m.
- Free cash flow reflects the increase in Operating EBITDA, changes in the working capital profile driven by timing of payments as well as lower replacement capital expenditure in FY24.
- Net debt to EBITDA (pre-AASB 16) of 2.6x at 30 June 2024, being lower than 2.9x at 30 June 2023 and 3.0x at 31 December 2023, and projected to continue to trend down to the Group's target ratio of 2.5x or less over time.

HISTORICAL PERFORMANCE



PROPOSED MERGER WITH CAPITOL HEALTH

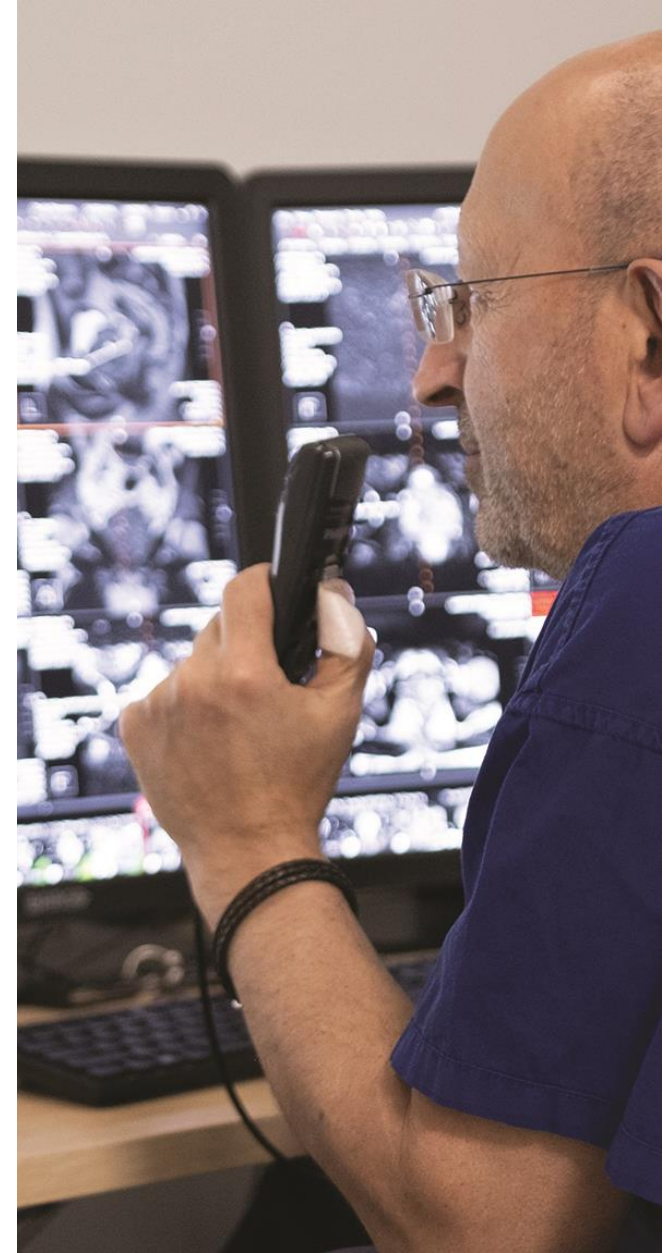
Highly complementary geographic footprints totaling 151 DI sites



- Combined business expected to be a market leader in DI in Australia and New Zealand.
- Merged group to be led by IDX CEO Dr Ian Kadish.
- IDX shareholders will own ~63% of the combined group and Capitol shareholders ~37%.

GOVERNANCE

- A well-managed process of Board renewal has been executed.
- IDX is actively recruiting amongst our outstanding radiologists for a replacement for a Radiologist Executive Director to ensure a specialist medical perspective is an intrinsic part of our decision making.
- The proposed merger with Capitol Health will also bring two new Non-Executive Directors from Capitol Health to join the IDX Board, Ms Laura McBain and Dr Kevin Shaw.



SUSTAINABILITY

FY24 ESG Report highlights include:

- Gap analysis of the Australian Sustainability Reporting Standards which will come into effect next year and completing our roadmap for ASRS implementation.
- Quantification and disclosure of IDX's total Scope 1 and Scope 2 emissions.
- Our continued community-based initiatives including our Tonga Twinning Program to bring diagnostic imaging expertise, training and equipment to the people of Tonga.
- Psychosocial safety training for our people leaders to make them aware of their important responsibilities to protect our staff.
- IDX achieved a "Prime" rating by Sustainalytics and "Low" ESG Risk Rating by ISS for our ESG program.

