

Integral Diagnostics Limited

2024 Annual General Meeting – CEO's Address and Presentation

Ladies and gentlemen,

I am proud to be talking to you today about Integral Diagnostics, the work we do for patients and referrers in Australia and New Zealand, and our financial performance in FY24. In particular, I am pleased we were able to deliver a materially stronger second half to the FY24 financial year. And I am particularly proud to be leading a company that works hard every day to deliver the best health outcomes we can to every patient we serve.

The IDX Difference

IDX has a proud Values-driven culture.

We always put patients first, because we know that by putting patients first, we are also putting you, our shareholders, first.

We demonstrate medical leadership, and provide specialty expertise that is valued by our referrers.

We ensure everyone counts, all 1,977 employees, and we ensure that we create value for shareholders and all stakeholders over time. And we embrace change in a fast-moving industry that impacts the lives of over a million patients each year across Australia and New Zealand.

We are focused on providing high acuity, specialist diagnostic services using modalities including high speed cardiac CT, MRI, Nuclear Medicine and PET-CT scans.

- We employ more than 20 radiologists in Australia and New Zealand who are dual trained as Nuclear Medicine physicians and can report both radiology and nuclear medicine studies.
- We serve large, high growth regional markets in Australia – including the Gold Coast, Sunshine Coast, Western Victoria and Southwest WA.
- We serve the large, highly specialised greater Auckland market in New Zealand.

Importantly, we have leading hospital and clinic locations near major referrers.

IDX Today – Group Overview

The IDX Group currently comprises 90 clinics, 32 of which are comprehensive sites with CT and MRI and are located in hospitals and other locations near specialist referrers.

It is important to note that IDX also has 7 Nuclear Medicine PET-CT scanners, evidencing the high acuity work we perform. We opened a new PET-CT facility in South Auckland in February 2024, and will soon be opening a new PET-CT in Noosa on the Sunshine Coast.

The Noosa PET will be the 8th PET-CT in the IDX group and the 1st PET-CT facility to service our Sunshine Coast patients.

Continued Recovery in DI Industry Growth Rates: Australia

Industry growth rates have come back solidly, and are now plateauing above long term averages for both the number of tests performed as well as the benefits paid.

The top line on the chart represents Medicare benefits paid to DI providers, the bottom line on the chart represents the number of tests that were performed. The two lines are diverging due to the higher rate of increase in high acuity, high value tests like CT, MRI and PET-CT, relative to lower acuity tests, like basic XRay and ultrasound.

Regulatory Environment – Australia

The more significant changes in the Australian regulatory environment are noted on this slide.

MRI Licences

- On 1 November 2022, the Federal government de-regulated MRI services in regional and rural areas, facilitating the expansion of MRI services in regional areas.
- On 1 July 2025, Medicare will introduce universal practice-based MRI licensing, where all practice locations that have a full or partial Medicare license will receive a practice-based license that provides full Medicare eligibility to all MRI's at that site.
- On 1 July 2027, Medicare MRI licensing requirements will cease and all comprehensive practices will be able to provide Medicare funded MRI services.

Medicare Rate Changes

- Indexation of 3.5% was announced from 1 July 2024.
- On 1 November 2024, Non-PET Nuclear Medicine services will receive a one-off increase of 3.5%, followed by annual indexation from 1 July 2025.
- On 1 November 2024, Medicare will reduce benefits for CT services by 2%.

On 1 July 2025, the Federal Government will launch the National Lung Cancer Screening Program. This program will use low dose Chest CTs to screen for lung cancer in asymptomatic high risk populations, including smokers and ex-smokers between 50 and 70 years old. Disease will be detected earlier, expediting effective intervention and treatment. Similar programs in the US and Europe have had good success, expediting treatment and saving lives.

Regulatory Environment New Zealand

New Zealand

There is limited indexation of pricing in New Zealand, however we received CPI related increases from the majority of private health funds in December 2023.

The regulatory authorities in New Zealand determined that non-arms length referral practices by referrers who own interests in radiology practices are acceptable. In response, IDX has pursued several strategic initiatives, including a broadening of our referrer base in New Zealand to include more GP's, as the GP market is less impacted by non-arms length referral practices. We work with, educate and encourage our GP referrers to more comprehensively work up their patients prior to the specialist referral.

Skills Shortages in Australia and New Zealand

In both Australia and New Zealand, international medical graduates, including radiologists and referring doctors, and other overseas trained clinicians, including sonographers and nuclear medicine technologists, are steadily returning to regional Australia and to New Zealand, and helping to alleviate the skills shortage.

YTD September FY25 Trading Update

In the first quarter of FY25:

- Groupwide organic revenue has grown by 8.6% vs pcg.
 - 6.8% when adjusted for working days.
- Australian organic revenue grew by 7.9% vs pcg, continuing to deliver a strong high acuity case mix.
 - Slightly lower than the 11.1% weighted average Medicare Benefits in the States in which IDX operates, partly reflecting the impact of capped reporting contracts which reset on 1 October.
- Importantly, over the two year period to September 2024 on a 12 month rolling average basis, Australian organic revenues grew by 8.3%, being in line with Medicare growth of 8.5%.
- YTD September 2024 New Zealand organic revenues grew by 10.2% in NZD vs pcg.
 - 8.5% when adjusted for working days.

For FY25 IDX (excluding Capitol) expects:

- Replacement and growth capex to be in the range of \$40m to \$45m.
- Depreciation of ~\$49m, including depreciation of ~\$17m for right of use assets under AASB16.
- Finance costs of ~\$22m, including finance costs of ~\$6m for right of use assets under AASB16, and assuming current interest rates.

IDX Strategy – Good Medicine Is Good Business

At IDX we fundamentally believe that practicing good medicine will translate into good business. If we always do the right thing for the patient, then we will also be doing the right thing for the company and for our shareholders.

There are 2 core components to our strategy:

- Grow our existing business and margin – drive organic earnings, accelerate use of teleradiology, digital and AI to improve the patient experience and clinical efficiency, to drive our ESG initiatives, and to always lead through our values.
- Selectively execute accretive M&A with partners that represent a strong clinical, cultural and strategic fit.

The fundamentals of the essential radiology industry are strong. Our industry benefits from being at the confluence of major global trends – demographic and technological:

- Demographically, the ageing of the population and the increased prevalence of chronic disease and earlier detection will drive demand for diagnostic services.
- Technological advancements, digitisation and the growth of teleradiology and AI will improve the quality and efficiency of the care we deliver.
- Structural shifts to higher acuity modalities will continue.

IDX is a specialist, regionally focused, high-quality provider of diagnostic services and is strategically well positioned to benefit from these important trends and to grow services strongly going forward.

Transformational Proposed Merger with Capitol

As Toby indicated, the ACCC has not yet announced its findings in relation to the proposed merger with Capitol. We currently expect the ACCC to announce its findings on 28 November and as such Capitol has moved its shareholder meeting to vote on the merger to 2 December.

I believe that the combination of the two highly complementary businesses will realise significant, enduring benefits for our combined patients, doctors and shareholders.

- Creates a leader in Diagnostic Imaging in Australia and New Zealand.
- Acquisition terms are compelling and unanimously recommended by the Capitol Board, in the absence of a 'Superior Proposal' (as defined in the merger implementation deed) and subject to the independent expert continuing to conclude that the scheme is in the best interests of Capitol shareholders.
- Highly synergistic combination, with significant ongoing value creation potential.

Our vision for the combined entity is to be the Australia and New Zealand leader in diagnostic imaging; to deliver best-in-class clinical service, technology and capabilities; to achieve optimal healthcare outcomes for patients and referrers; and to provide the leading platform to attract and retain radiologists and key professionals.

Attractive Proposed Merger Rationale

If the proposed merger is approved and implemented, it will significantly enhance scale for the combined business, provide a platform to drive best-in-class clinical outcomes, have compelling financial metrics, and positions the combined entity well for future growth.

- A current footprint of 151 clinics, approximately 350 radiologists and about 3,000 employees.¹
- Deploys IDX's AI capabilities across a larger business.
- IDX has identified at least \$10m in anticipated annual pre-tax cost synergies, with the majority expected to be realized within the first year post completion.
- Expected to deliver double-digit pro-forma FY25 EPS accretion to Integral shareholders including the anticipated annual pre-tax net cost synergies, with potential additional upside from revenue synergies over time.
- Provides an improved ability to invest in costly higher-end imaging modalities, including MRI and PET/CT.
- Provides opportunity to grow teleradiology volumes by offering Integral's leading platform, IDXt, to Capitol's radiologists
- Increases radiologist alignment to drive sustained long-term earnings growth.
- Stronger financial position to pursue further value-accretive investments, including M&A.

In closing my address, I'd like to thank our frontline healthcare heroes at IDX who continue to put our patients first every day. Our doctors and staff include some of the finest healthcare professionals in the world. Their professionalism and dedication, and their commitment to our patients and referrers, is inspiring.

My thanks also to our patients who put their trust in us, to our loyal referrers who trust their patients to us, and to you, our shareholders, who put your faith in us.

My sincere thanks to Toby Hall, our Chair, and to the IDX Board and management team, for their valuable counsel, insight, commitment and support.

Good medicine is still good business.

Dr Ian Kadish
MD and CEO

¹ Based on IDX sites as at 30 June 2024 and Capitol sites as at 17 September 2024.

MANAGING DIRECTOR & CEO PRESENTATION

Dr Ian Kadish



THE IDX DIFFERENCE

- **Values-driven culture**
 - Put patients first always.
 - Demonstrate medical leadership, including specialty expertise valued by referrers.
 - Ensure everyone counts - all 1,977 employees.
 - Endeavour to create value for shareholders and all stakeholders over time.
 - Embrace change in an important, evolving industry.
- **By putting patients first, we also put shareholders first**
- **Focused on providing high acuity, specialist care – Cardiac CT, MRI, Nuclear Medicine and PET-CT**
 - >20 IDX radiologists are dual trained in Nuclear Medicine in Australia, or have the credentials required in NZ, to report high value nuclear medicine and PET-CT.
 - In Australia, we serve large, high growth regional markets – Gold Coast; Sunshine Coast; Western VIC; Southwest WA.
 - In NZ, we serve the highly specialised greater Auckland market.
- **Hospital and clinic locations near major referrers**



IDX TODAY – GROUP OVERVIEW – JUNE 2024

	Victoria		Queensland			Western Australia	New Zealand	Total IDX
							 AstraRadiology  SRGRadiology  TrinityMRI  HorizonRadiology	
Geographic Market	Victoria	Victoria & NSW	Queensland	Queensland & NSW	Queensland	Western Australia	New Zealand	
Core markets	Ballarat, Geelong, Warrnambool and outer western areas of Melbourne	Albury, Wodonga, Wangaratta, Yarrowonga and Lavington	Sunshine Coast, Rockhampton and Gladstone	Gold Coast, Toowoomba and Mackay	Brisbane, Sunshine Coast	South West, Western Australia	Auckland	
Sites	18	5	15	17	9	6	20	90
Comprehensive sites ¹	6	2	5	8	3	3	5	32
MRI machines ⁵	8	2	5	9	3	3	6	36
MRI Licences	4 full 0 partial	2 full 0 partial	4 full 1 partial	5 full 2 partial	0 full 3 partial	2 full 0 partial	N/A	17 full 6 partial
PET Scanners	2	-	-	2	-	1	2	7
Employed Radiologists ²	38	4	26	38	6	10	33 ³	155
# of Employees	392	74	311	449	166	205	225	1,822 ⁴

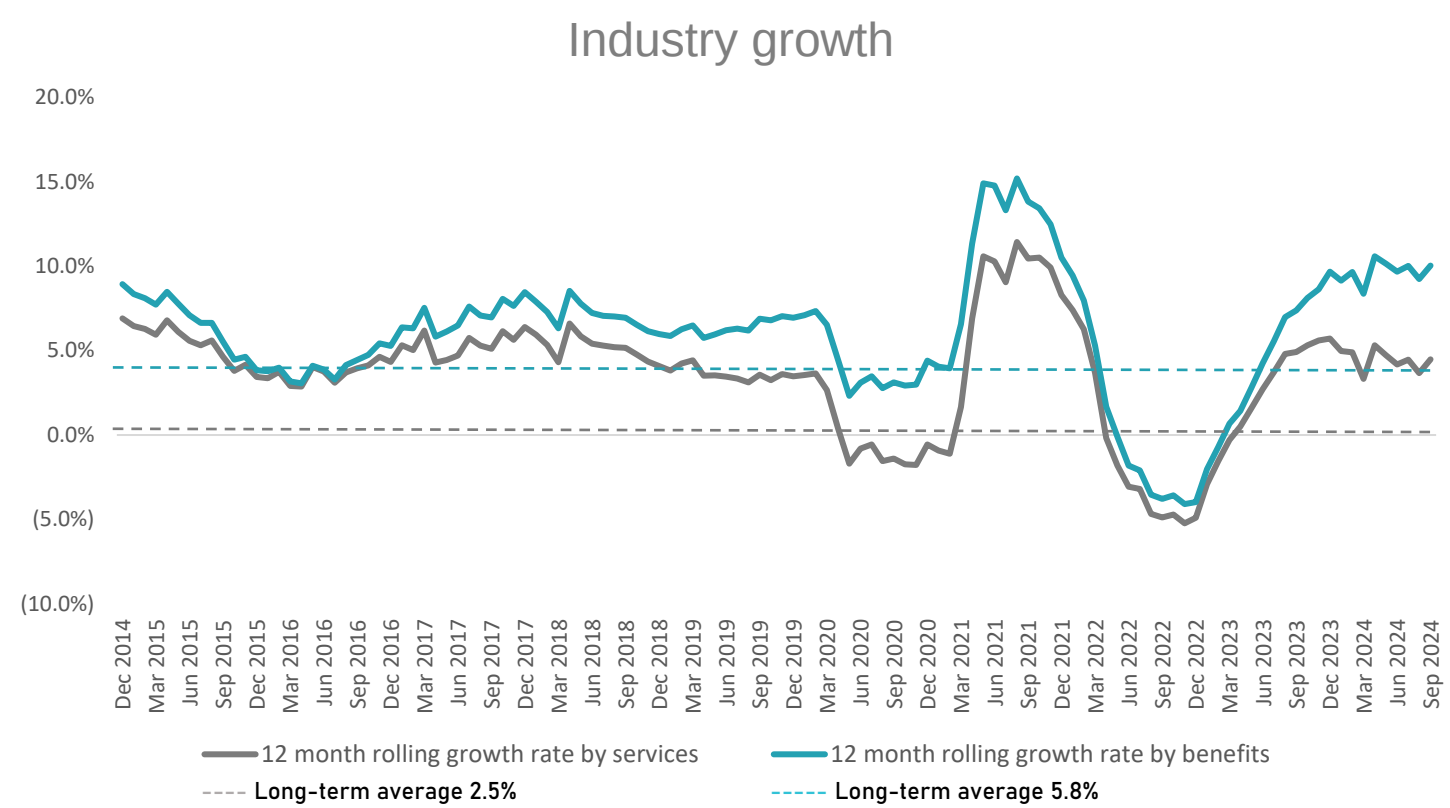
Full-times reflect data current at 30 June 2024

1. Comprehensive sites include a range of radiology equipment including MRI's and CT's and are located with or near major specialist referrers.
2. Relates to employed radiologists only. In addition, IDX has had 88 contractor radiologists providing services.

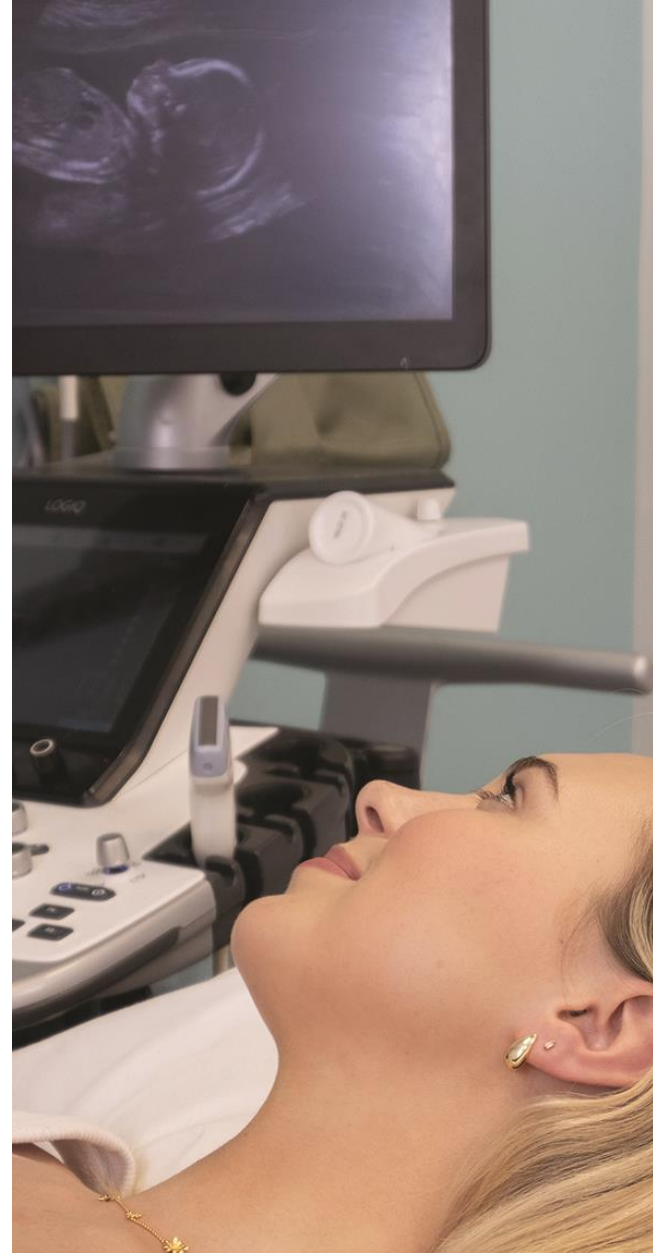
3. Consistent with the NZ private radiology model, all doctors work across the public and private sector and meet the criteria to be classified as contractors but are on terms and conditions similar to IDX employed radiologists.
4. This number represents the number of employees on employment contracts on either part time or full-time arrangements. It does not represent the number of full-time

5. equivalent employees or individual casual/contract arrangements. In addition, there are 155 employees in the corporate office (including IDXt) totalling 1,977 employees. Of the 30 MRI machines in Australia, 18 are located in MM1 areas, including 6 partially licenced machines, and 13 are located in MM2- MM7 areas

CONTINUED RECOVERY IN DI GROWTH RATES: AUSTRALIA



Industry growth rates, on a 12-month rolling basis, reflect improvement and recovery through CY23 and CY24 YTD. Prior to this, after coming back strongly in CY21, industry growth rates declined significantly in CY22 given the onset of the Omicron variant of COVID-19, as well as influenza, together with the lingering impact of these events.



REGULATORY ENVIRONMENT UPDATE

Australia

MRI Licences

- On 1 November 2022, the Federal government de-regulated MRI services in regional and rural areas, defined as Modified Monash Model 2-7.
- On 14 May 2024, the Federal government announced that:
 - From 1 July 2025, any practice location that holds a current licence (partial or full) will receive a 'practice-based' licence that provides full Medicare eligibility to all MRI equipment located at the practice.
 - From 1 July 2027, all comprehensive diagnostic imaging practices will have their ineligible MRI machines upgraded to access all Medicare funded MRI services, at which point all MRI licensing requirements will cease.

Key Medicare Changes

1 July 2024

- Indexation of 3.5% on all diagnostic imaging services (excluding nuclear imaging services).

1 November 2024

- Nuclear medicine subgroup for non-PET imaging services will receive a one-off fee increase of 3.5%, followed by annual indexation from 1 July 2025 onwards.
- Reduction by 2% in benefits for all CT services.

National Lung Cancer Screening Program

On 1 July 2025, the Federal Government will launch the National Lung Cancer Screening Program (NLCSP). This program will use low dose Chest CT's to look for lung cancer in asymptomatic high-risk populations. We expect this program will have far-reaching beneficial impacts for a large number of patients as disease will be detected earlier, expediting effective intervention and treatment.

REGULATORY ENVIRONMENT UPDATE (CONTINUED)

New Zealand

- There is limited indexation of pricing in New Zealand, however we have received CPI like increases commencing in December 2023 from the majority of private health insurers and continue to negotiate with other funders.
- The regulatory authorities in New Zealand have determined that non-arms length referral practices by referrers who own interests in radiology practices or equipment are acceptable. IDX is pursuing various strategic initiatives as a result of this situation, including diversifying our New Zealand referrer base to include more General Practitioners (GPs), and working with our GP referrers to more comprehensively work up their patients prior to specialist referral.

Skills Shortages in Australia and New Zealand

- International medical graduates (radiologists and referring doctors) and other clinicians (including sonographers and nuclear medicine technologists) are slowly returning to New Zealand and regional Australia, helping to alleviate the skills shortage.

YTD SEPTEMBER FY25 TRADING UPDATE

Q1 FY25

- Groupwide organic revenue growth of 8.6% vs pcp, for the financial year to 30 September 2024, being 6.8% adjusted for working days.
- YTD September 2024 Australian organic revenues grew 7.9% vs pcp, continuing to deliver a strong high acuity case mix. This compares to 11.1% weighted average Medicare benefits paid for the States in which IDX operates, partly reflecting the impact of capped reporting contracts which reset on 1 October.
- Adjusted for working days:
 - YTD September 2024 Australian organic revenues grew by 6.1% vs pcp, slightly lower than the 9.5% weighted average Medicare benefits paid for the States in which IDX operates for the reason mentioned above.
 - Over the two-year period to September 2024 on a 12-month rolling average basis, Australian organic revenues grew by 8.3%, being in line with Medicare growth of 8.5%.
- YTD September 2024 NZ organic revenues grew by 10.2% in NZD vs pcp*
- Adjusted for working days, YTD September 2024 NZ organic revenues grew by 8.5% in NZD vs pcp.

FY25 Capex, Depreciation and Finance Costs

For FY25 IDX (excluding Capitol Health Limited) expects:

- Replacement and growth capex to be in the range of \$40m to \$45m.
- Depreciation of ~\$49m, including depreciation of ~\$17m for right of use assets under AASB 16.
- Finance costs of ~\$22m**, including finance costs of ~\$6m for right of use assets under AASB 16, and assuming current interest rates.

* NZ represents ~12% of IDX Group revenue

** Assumes no re-financing relating to the proposed merger with Capitol

MANAGEMENT'S STRATEGY – GOOD MEDICINE IS GOOD BUSINESS

Strategy	1	Grow Existing Business and Margin			2	Strategic Mergers & Acquisitions
Drivers of Strategy in FY25 and Beyond	Drive organic earnings growth, including through continued focus on execution of key operational improvement initiatives	Accelerate use of teleradiology, digital and AI to improve the patient and referrer experience and doctor efficiency	Drive our environmental, social and governance (ESG) strategy	Lead through our Values	As balance sheet capacity permits, consider accretive mergers and acquisitions that represent a strong clinical, cultural and strategic fit	

The Company believes the fundamentals of the essential radiology industry are strong. Our industry benefits from being at the confluence of major global trends – demographic and technological:

- Demographically, the ageing of the population and the increased prevalence of chronic disease and earlier detection will drive demand for diagnostic services.
- Technological advancements, digitisation and the growth of teleradiology and AI is expected to improve the quality and efficiency of the care we deliver.
- Structural shifts to higher acuity modalities.

IDX as a specialist, regionally focused, high-quality provider of diagnostic services is strategically well positioned to benefit from these important trends and to grow services strongly going forward.

In FY25 and beyond the Company is focused on executing on the above-mentioned drivers of IDX's strategy to grow it's business.

The proposed merger of IDX's and Capitol Health's two highly complementary diagnostic imaging businesses is expected to realise significant and enduring benefits for our combined patients, doctors and shareholders.

PROPOSED MERGER WITH CAPITOL HEALTH LIMITED

Combination of two highly complementary diagnostic imaging businesses to realise significant and enduring benefits for all of our combined patients, doctors and shareholders



CAPITOL HEALTH
LIMITED

✓ Creates a leader in ANZ diagnostic imaging, with significant and enduring benefits

✓ Compelling acquisition terms, unanimously recommended by Capitol's Board ¹

✓ Highly synergistic combination, with significant ongoing value creation potential

Vision for MergeCo

- To be an ANZ leader in diagnostic imaging
- Deliver best-in-class clinical service, technology and capabilities
- Achieve optimal healthcare outcomes for patients and referrers
- Provide a leading platform to attract and retain radiologists and key professionals

1) In the absence of a 'Superior Proposal' (as defined in the merger implementation deed) and subject to the independent expert continuing to conclude that the scheme is in the best interests of Capitol shareholders.

ATTRACTIVE PROPOSED MERGER STRATEGIC RATIONALE AND FINANCIAL BENEFITS



Significantly enhanced scale

- ✓ Combination of two highly complementary footprints into a more geographically diversified portfolio
- ✓ Combined group will have a materially greater financial profile
- ✓ Nationwide footprint of 151 clinics supported by approximately 350 radiologists¹ and c. 3,000 employees¹



Platform to drive best-in-class clinical outcomes for patients, doctors and referrers

- ✓ Deep clinical expertise ensuring highest levels of clinical service quality
- ✓ Deploy Integral's advanced AI-enabled clinical technology, driving doctor productivity gains, enhancing detection capabilities and reducing turnaround times for patients whose lives depend on it
- ✓ Advanced clinical governance framework and increased training, fellowship and research opportunities for radiologists



Financially attractive opportunity

- ✓ Confirmatory due diligence has reaffirmed at least \$10m of anticipated annual pre-tax net cost synergies, with the majority expected to be realised within the first year post implementation
- ✓ Expected to deliver double-digit pro forma FY25 EPS accretion to Integral shareholders including anticipated annual pre-tax net cost synergies²
- ✓ Additional upside from potential administrative and revenue synergies over time



Well-positioned for future growth

- ✓ Improved ability to invest in costly higher-end imaging modalities, including MRI and PET/CT
- ✓ Opportunity to grow teleradiology volumes by offering Integral's leading platform, IDXt, to Capitol radiologists
- ✓ Achieved radiologist alignment to drive sustained long-term earnings growth
- ✓ Stronger financial position to pursue further value-accretive investments, including M&A

1) Including contractor radiologists. Sites as at 30 June 2024 for IDX and 17 September 2024 for Capitol.

2) Analysis on a pro forma basis assuming the full impact of the Merger and anticipated annual pre-tax net cost synergies for the full FY25 year.

DISCLAIMER

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