

TRANSFORMATIVE MERGER WITH CAPITOL HEALTH

Investor Presentation

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A transformative merger

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



CAPITOLHEALTH
LIMITED

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

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

✓ Highly synergistic combination, with significant ongoing value creation potential

Vision for MergeCo

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

Transaction summary

Integral Diagnostics and Capitol Health have entered into a Merger Implementation Deed to create one of the largest diagnostic imaging companies in ANZ

Merger structure overview	<ul style="list-style-type: none"> Capitol shareholders to receive 0.12849 Integral shares for every Capitol share ("Merger Ratio") Integral and Capitol shareholders will own approximately 63% and 37% of the combined group respectively Transaction to be implemented via a Capitol Scheme of Arrangement
Implied valuation	<ul style="list-style-type: none"> Based on Integral's closing share price on 14 June 2024¹, Merger Ratio implies an offer price of \$0.3264 per Capitol share, representing: <ul style="list-style-type: none"> an equity value of \$351 million and enterprise value of \$413 million for Capitol² an EV / FY25F EBITDA acquisition of multiple of 8.1x (including pro forma anticipated annual pre-tax net cost synergies of \$10 million)³ and 10.0x (before synergies)
Combined group	<ul style="list-style-type: none"> Combined pro forma FY23 revenues of \$651 million and enterprise value of \$1,229 million^{1,2}
Board and management	<ul style="list-style-type: none"> Board will be comprised of existing Integral Directors with Toby Hall as Chair Two of Capitol's Directors to join the Board of the combined group as independent non-executive directors Dr. Ian Kadish will be Managing Director and CEO of the combined group, and Justin Walter will move into the transitional role of Chief Integration Officer to drive the successful integration of the two businesses
Capitol Board recommendation	<ul style="list-style-type: none"> The Board of Capitol unanimously recommends that Capitol shareholders vote in favour of the Merger, in the absence of a superior proposal and subject to an Independent Expert concluding (and continuing to conclude) that the Merger is in the best interests of Capitol shareholders Subject to these qualifications, each Capitol Director has confirmed that they intend to vote any shares that they hold or control in favour of the Merger
Permitted dividends	<ul style="list-style-type: none"> Integral intends to pay a final dividend for the financial year ending 30 June 2024 in-line with its ordinary course dividend policy. Capitol may determine and pay a fully franked final dividend for the financial year ending 30 June 2024, provided that the dividend per Capitol share is no more than the final dividend per Integral share (as determined by Integral) multiplied by the Merger Ratio, and minus the adjustment as determined by Capitol within the parameters agreed by the parties
Key approvals, conditions and timing	<ul style="list-style-type: none"> Customary court, regulatory and Capitol shareholder approval Other conditions set out in the Merger Implementation Deed (attached to the Transaction announcement) Completion expected in 4Q CY2024

Attractive 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 155 clinics supported by more than 350 radiologists¹ and c. 3,000 employees



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

- ✓ Deep clinical expertise across a wider network 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 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

Overview of Capitol Health

Capitol Health is an ASX-listed pure-play provider of diagnostic imaging services to the Australian healthcare market, employing over 100 radiologists across 8 brands

Overview



65 clinics across VIC, SA, TAS and WA



Over 1.4 million procedures every year



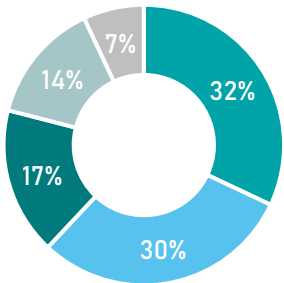
107 radiologists¹



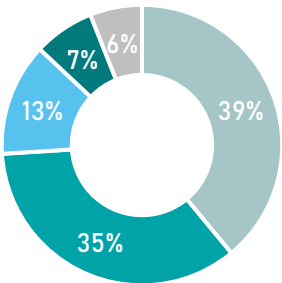
Over 1,000 staff

Revenue and # scans by modality

Revenue by modality²



scans by modality²



■ Ultrasound ■ CT ■ MRI ■ X-Ray ■ Other





Geographic footprint and brands



Notes: (1) Including contractor radiologists; (2) 12 months to June 2023.

Overview of the combined group

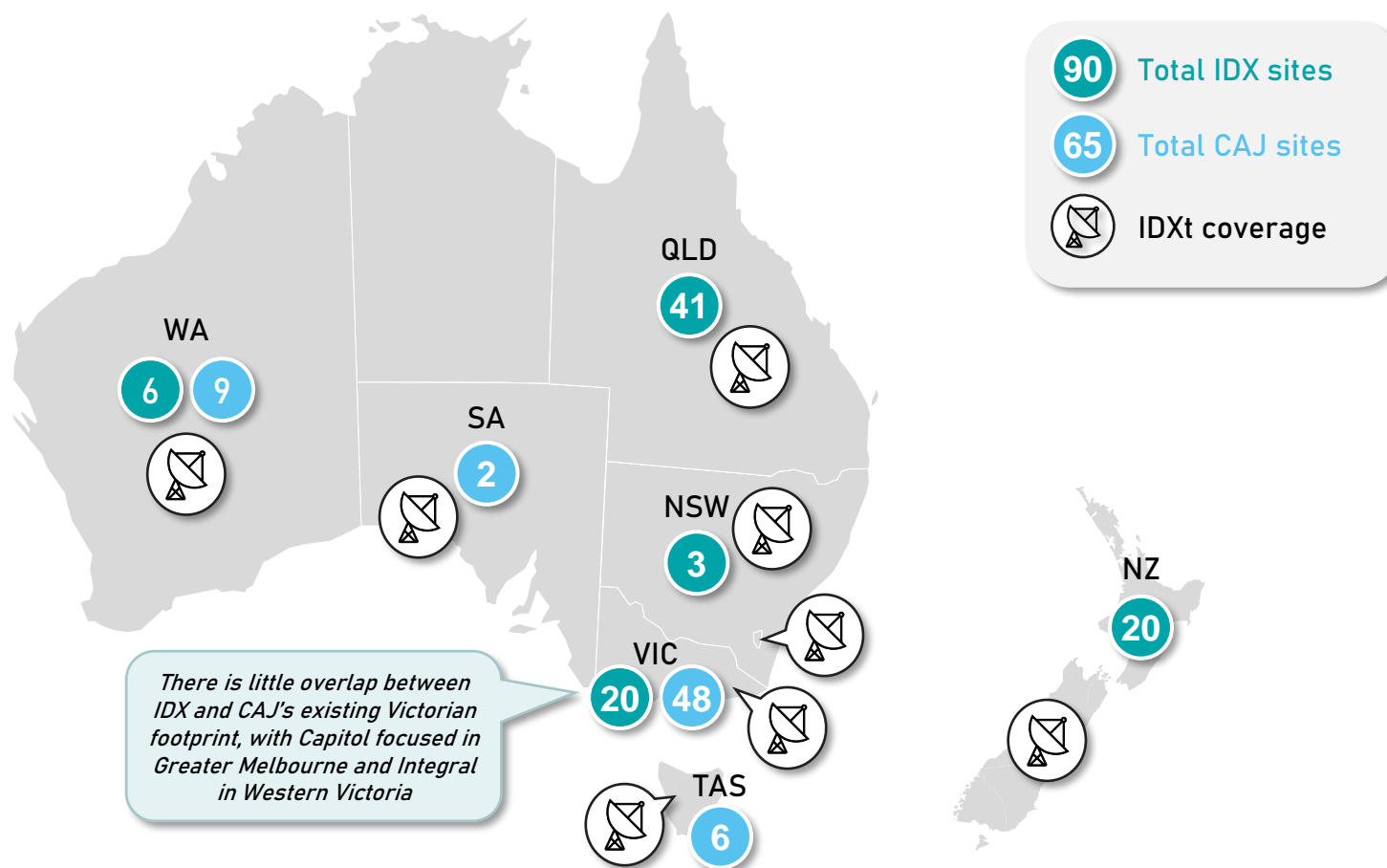
Merger delivers significant financial and operating scale to support future growth and enhanced ability to invest and innovate in a rapidly evolving market

	 idx Integral DIAGNOSTICS	 CAPITOLHEALTH LIMITED	Synergies	Combined Group
Equity value ^{1,2}	594	351		945
Enterprise value ^{1,2,3}	816	413		1,229
Revenue (FY23)	441	210		651
Pre-AASB 16 EBITDA (FY23)	66	26	10	103
<i>Margin (%)</i>	<i>15%</i>	<i>13%</i>		<i>16%</i>
Post-AASB 16 EBITDA (FY23)	85	40	10	135
<i>Margin (%)</i>	<i>19%</i>	<i>19%</i>		<i>21%</i>
Clinics	90	65		155
Radiologists ⁴	255	107		362
Employees	~2,000	~1,000		~3,000

Highly complementary footprints

Combination of two highly complementary footprints into a more geographically diversified portfolio, creating a leading player in ANZ diagnostic imaging

Combined clinical network of 155 practices



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

Significant improvement in clinical outcomes arising from merger, including deeper clinical expertise, technology benefits and enhanced clinical governance



Patients

- ✓ Access to increased sub-specialty expertise across the network
- ✓ Wider breadth of patient services (e.g. higher-end imaging modalities)
- ✓ AI-powered scan triaging, enhancing detection capability and prioritising urgent cases
- ✓ Overnight reporting enabled by teleradiology



Doctors and clinical staff

- ✓ Combining best-of-breed clinical expertise
- ✓ Best-in-class clinical technology
- ✓ Deeper specialist bench
- ✓ Fellowship training, development and research programs
- ✓ Minimal disruption to clinical activities



Referrers

- ✓ Quicker turnaround time for referrers through common patient worklists
- ✓ Greater network density (enabling improved clinical access and labour management)
- ✓ Improved referral networks

Significant cost synergies expected from the Merger, with upside

At least \$10 million in anticipated annual pre-tax net cost synergies, with majority to be achieved within 1 year post implementation and potential for further upside

Commentary

✓ Run-rate annual pre-tax net cost synergies of at least \$10 million expected to be achieved by at least the end of the second year post-implementation, with the majority expected to be realised within the first year post-implementation¹

✓ Additional upside expected from administrative synergies related to utilisation of Integral's AI-enabled technology to improve billing & claims processes

✓ Total post-tax one-off costs to implement transaction expected to be ~\$45 million² (including ~\$19.5 million accelerated Capitol JV liability payments outlined on pg. 11)

Key areas of expected synergies

Category	Detail
Corporate function	<ul style="list-style-type: none"> Consolidation of overlapping corporate function costs <i>Represents the majority of cost synergies</i>
Listed company costs	<ul style="list-style-type: none"> Board, ASX listing fee savings, cost savings from associated listed company costs
Indirect procurement	<ul style="list-style-type: none"> Identified costs related to travel and entertainment, insurance, telecommunications, technology and labour hire etc.
Clinical costs	<ul style="list-style-type: none"> In clinic savings associated with rebates on equipment repairs, procurement of consumables and medical supplies Transition of Capitol's teleradiology services to IDXt
Dis-synergies	<ul style="list-style-type: none"> Potential adjustments required to remuneration Additional role for ESG
Total	At least \$10m of annual pre-tax net cost synergies

Expected to deliver double-digit pro forma FY25 EPS accretion to Integral shareholders (including cost synergies)³

Revenue synergy opportunities

Further upside from doctor productivity improvements and additional revenue opportunities

Potential revenue synergies

Doctor productivity improvements

Focus on sub-specialty reporting



Achieve efficiencies across combined doctor base through a focus on sub-specialty reporting to enhance patient outcomes

Roll out of Clario to improve load sharing and utilisation



Optimises worklist prioritisation for patient care and efficiency

Scale and network benefits

Increased capacity to invest in higher-modality services



Combined entity will have greater scale and capacity to invest in higher-end modalities (e.g. CT, PET)

Secure additional national contracts, including teleradiology



Enhanced geographic coverage and comprehensive IT platform to unlock national hospital and corporate contracts

Cross-referral of specialist radiology services



Opportunity for patients and referrers to access wider network of sub-specialist radiologists

Radiologist staffing benefits across Capitol's network in North-West VIC and WA



Utilise IDX IMGs based in Western Melbourne, Ballarat and South-Western WA to provide staffing support to Capitol clinics

Well-positioned for future growth

The merger will enhance the capacity for the group to invest in high-end equipment and provides an opportunity to drive a step-change in teleradiology volumes through IDXt, while achieving radiologist alignment

Investment in higher-end equipment

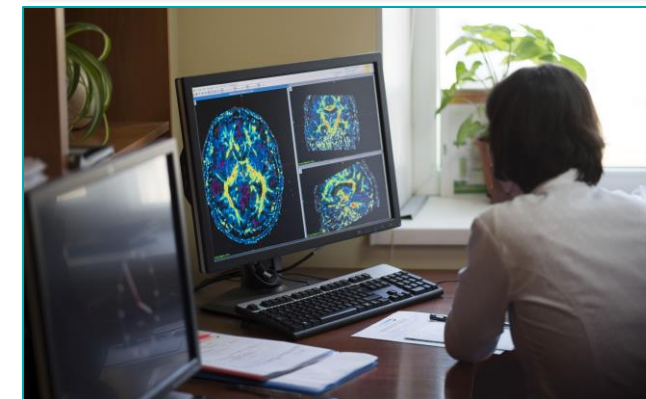
- ✓ Improved ability to invest in costly higher-end imaging modalities, including MRI and PET/CT
- ✓ Improved patient and referrer access to high-end equipment
- ✓ Ability to offer preventative and screening services (e.g. screening MRI)

Teleradiology

- ✓ Materially increase contribution from IDXt (currently ~15% of revenue) by offering participation to Capitol's radiologists
- ✓ Lower cost (vs. in-clinic), driving margin uplift
- ✓ Increases competitiveness at tender, positioning combined group to secure additional teleradiology contracts

Radiologist alignment achieved

- ✓ Due diligence has confirmed that Merger will accelerate payments under certain of Capitol's joint venture agreements
- ✓ Total one-off costs associated with these accelerated liabilities is expected to be up to c. \$19.5m (paid on completion of merger)
- ✓ To ensure alignment, Integral has put in place long-term incentive arrangements linked to future earnings growth



Pro forma leverage of c. 2.6x¹ (post-synergies) and trending downwards, and strong financial position to pursue further value-accretive investments (inc. M&A)

Integration framework

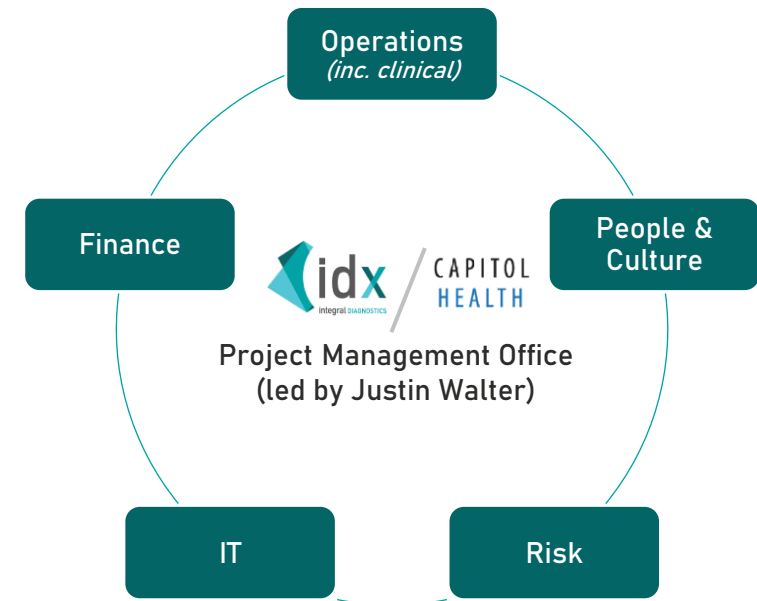
Integral will take a careful and measured approach in integrating Capitol to ensure the positive elements of both businesses are preserved

Integration principles

- ✓ Create a single combined organisation aligned to a unified, patient-centric vision, purpose and strategy
- ✓ Balance the dual priorities of a smooth and safe integration, with emphasis on business continuity, whilst ensuring accelerated synergy delivery and value realisation
- ✓ Protect the positive culture of both organisations, utilising a 'best-of-breed' principle to optimise clinical and corporate functions
- ✓ Minimise disruption to our doctors' clinical activities

Project Management Office

Integration effort to be led by a cross-functional Project Management Team with managers from both Integral and Capitol, headed by Capitol CEO Justin Walter



Recap: Key benefits of the merger



Significantly enhanced scale




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



Financially attractive opportunity



Well-positioned for future growth



Creates a leader in diagnostic imaging across ANZ for the benefit of our combined patients, doctors and shareholders

QUESTIONS



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