

30 March 2022

To: ITL Health Group Limited Shareholders

Share Holder Update

As you may be aware ITL Health Group Limited (“ITL”) released its December 31 2021 half year results recently which are available at <https://www.itlhealthgroup.com/financial-reports-2/>

Key highlights included:

- Revenue \$15.2m +25% from December 2020
- Profit after Tax \$3.6m +38%
- EBITDA \$5.3m +102%
- Earnings per Share 1.78 cps – (0.71 cps December 2020):

In the half year report ITL highlighted several areas of shareholder interest on which we would like to provide further advice:

Dividends:

Since the voluntary delisting in February 2019 ITL has returned more than \$10Mil to shareholders and intends to continue paying dividends where appropriate. These dividends have been unfranked.

Due to ongoing strong performances ITL is now in a tax paying position which generates franking credits for shareholders on dividend payments.

In its consideration of an interim dividend at the February 2022 board meeting it was brought to the Board’s attention that, due to Australian tax laws, ITL would be obliged to remit this dividend based on the same Franking % as used in the previous dividend paid in the same financial year. This would mean that if ITL was to pay a dividend between now and the 30th June 2022 it would carry the same Franking credit % as the August 2021 dividend which was unfranked.

In order to generate the best outcome to shareholders, ITL has submitted an application to the Australian Taxation Office (“ATO”) to allow it to vary the Franking credits % and utilise Franking credits which are rightfully available. This would result in a dividend, if paid before 30 June 2022, being either fully or partially franked depending on the amount of the dividend.

The ATO guidelines are to assess the application within 28 days so we expect this by the end of April although we are unable to guarantee this.

If the application is successful ITL would be able to pay a dividend, if the normal considerations are met, with Franking credits available before 30 June 2022.

In the case the application is rejected the Directors believe the best outcome for shareholders would be to delay any payment to the next financial year when the Franking credit % would be reset and utilisation of credits available.

Listing

Over the last 12-18 months ITL's profitability has improved and the Directors have been preparing for a potential relisting on the Australian Securities Exchange ("ASX").

Late in 2021 one of our major customers advised us that some of their blood bank customers would be converting to an alternate technology which could have an effect on near term sales growth of ITL's SSK products in the USA market. The extent of this is not yet fully known although will be offset to some extent by expected growth outside the USA market.

As a result the Directors advised in the half year report that this process will be delayed due to some uncertainty over the FY22-23 results.

Over the next 2-3 months ITL will be liaising with its customers to gain a fuller understanding of the position and in particular the effect on growth opportunities in the future, and the directors will re-assess the relisting program at that time.

The directors are very aware that these issues are extremely important for shareholders and they are trying to get the best results for shareholders as soon as possible.

Yours Sincerely



William Mobbs
Chairman