

ASX ANNOUNCEMENT

1 February 2021

COMPLETION OF DIRECT RADIOLOGY ACQUISITION

Capitol Health Limited (**Capitol** or the **Company**) (ASX: CAJ) is pleased to advise the completion of the Direct Radiology acquisition, as announced on 16 November 2020.

The Direct Radiology acquisition is aligned to the Company's strategic plan for long-term organic growth and expanding its network of high-quality community imaging centres. Direct Radiology has three state of the art clinics offering comprehensive diagnostic imaging services based in Fairfield, Monbulk and South Melbourne. Moreover, five highly respected radiologists, including the three founders, will join the CAJ network and the three founder-radiologists will continue with CAJ for a minimum of three years.

As mentioned in the announcement of 16 November 2020, the Company has acquired Direct Radiology through an initial cash purchase price pre-transaction costs of \$12m, of which \$9m was for the existing clinics at Fairfield and Monbulk, and \$3m for the greenfield clinic at South Melbourne. An amount of 2,347,752 Fully Paid Ordinary Shares (**Shares**) in the Company are also being issued to Direct Radiology as part of the earn out payable in FY24, to be held in voluntary escrow until 31 August 2023, with the Shares to be released subject to achieving \$10.6m in revenue in FY23.

Justin Walter, Managing Director, commented "*We are delighted to have worked collaboratively with the Direct Radiology vendor radiologists and all staff to smoothly complete the transaction and formally welcome them into the Capitol Health family. With this transaction we have added five radiologists and three clinics to our network and bolstered our Women's Health expert panel offering. In addition, CAJ has entered new growing geographical markets within greater Melbourne.*"

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This announcement is authorised for release to the market by the Board of Directors of Capitol Health Limited.

About Capitol Health

Capitol Health is a leading provider of diagnostic imaging and related services to the Australian healthcare market. Headquartered in Melbourne, Victoria, the Company owns and operates clinics throughout Victoria, Tasmania, South Australia, and Western Australia. The Company's operational focus is on delivering a community-based infrastructure for radiologists and related medical practitioners to deliver optimal, efficient, accurate healthcare service outcomes for patients.

Capitol also has an investment in diagnostic imaging artificial intelligence through Enlitic Inc in the US.