

ASX ANNOUNCEMENT

3 May 2022

Company Update: FY22 YTD Performance

Capitol Health Limited (**Capitol** or the **Company**) (ASX: CAJ) provides the following update to the market on its performance for the period ended 31 March 2022.

Business Impacts of COVID-19 Omicron outbreak

- CAJ defined as a permissible service so allowed to continue services across all four operating jurisdictions.
- From mid December 2021 through to end of March 2022, we experienced reduced clinic activity. This was primarily driven by:
 - Reduced demand for our services due to the State Government instigation of a code brown response in Victoria and suspension of all elective surgery except category one patients resulting in the lowest monthly surgical volumes since April 2020.
 - COVID-19 outbreaks across all States in which CAJ operates and the resultant lockdowns and service disruptions.
 - The continued need for clinical staff to furlough due to either contracting covid or being a primary contact, with 1,036 working days lost including 80 radiologist working days.
- All sites remained open except for 4 small sites that temporarily closed to consolidate services, protect staff, and comply with DoH guidelines.
- March 2022 Medicare statistics for Diagnostic Imaging align with our demand fluctuations YTD. Medicare statistics also indicate a return of face-to-face GP consultations occurring. On balance, demand is returning with management's expectation of a return to historical trends.
- Our clinic workforce remains intact and clinician attrition rates stable, placing CAJ in a strong position to service demand as it returns.

Performance and Strategy Update

- During Q3 FY22, Capitol opened two comprehensive greenfield clinics in Melton and Knox, Victoria, with the sites performing to the Company's expectations.
- YOY revenue growth for Mar22YTD of 5.9% with operating margin at 22.8%.
- Continued tight management of cost base a priority given the pandemic's impact.
- Capital allocation continues to prioritise greenfield and brownfield opportunities while progressing bolt-on acquisition identification.
- Recent Federal budget announcements improving patient access to Medicare funded MRI services in regional, rural, and remote areas complimentary to our current MRI profile across our network and brownfield plans
- Acceleration of our brownfield strategy to implement additional modalities and services across our fleet of clinics, including three additional MRIs.
- Our Standard Operating Model is currently being rolled out to all clinics, improving the patient and referrer experience whilst driving optimisation
- A unified patient information platform has been scoped and planned to roll out in FY23.
- Renegotiated banking facilities for a further 3 years.

Capitol Health's Managing Director and Chief Executive Officer Justin Walter said *"The Company continues to grow primarily driven by the initiatives identified in our strategic plan. The impacts of COVID-19 remain an ongoing challenge for the Company and our valued staff in clinics, albeit temporary in nature. Our long-term outlook remains positive, supported by the improvements achieved by all as we implement our strategic plan and transformation agenda."*

For further information, please
contact: Craig Bremner
Chief Financial Officer
(03)9348 3333
investors@capitolhealth.com.au

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.

Forward-Looking Statements

Certain statements in this announcement are forward looking statements. Forward looking statements can generally be identified by the use of words such as "anticipate", "estimate", "expect", "project", "intend", "plan", "believe", "target", "may", "assume" and words of similar import. These forward-looking statements speak only as at the date of this announcement. These statements are based on current expectations and beliefs and, by their nature, are subject to a number of known and unknown risks and uncertainties that could cause the actual results, performances and achievements to differ materially from any expected future results, performance or achievements expressed or implied by such forward looking statements.

No representation, warranty or assurance (express or implied) is given or made by CAJ that the forward-looking statements contained in this presentation are accurate, complete, reliable or adequate or that they will be achieved or prove to be correct. Except for any statutory liability which cannot be excluded, CAJ and its respective officers, employees and advisers expressly disclaim any responsibility for the accuracy or completeness of the forward-looking statements and exclude all liability whatsoever (including negligence) for any direct or indirect loss or damage which may be suffered by any person as a consequence of any information in this presentation or any error or omission therefrom.

Subject to any continuing obligation under applicable law or relevant listing rules of the ASX, CAJ disclaims any obligation or undertaking to disseminate any updates or revisions to any forward-looking statements in these materials to reflect any change in expectations in relation to any forward-looking statements or any change in events, conditions, or circumstances on which any statement is based. Nothing in these materials shall under any circumstances create an implication that there has been no change in the affairs of CAJ since the date of the presentation.