

ASX ANNOUNCEMENT

28 June 2023

## Trading and Business Update

Capitol Health Limited (**Capitol Health** or the **Company**) (ASX: CAJ) provides a business update including its trading performance and, in response to the current range of analyst forecasts, the Company provides earnings guidance for FY23.

### Company highlights and commentary FY23:

- Revenue expected to exceed \$208.0m for the year ended 30 June 2023, representing 12.9% growth on previous corresponding period
- Organic (ex FMIG) revenue growth rate expected YOY of 2.7%
- Operating EBITDA<sup>1</sup> expected to be in the range of \$39.3m to \$40.0m
- Integration of Future Medical Imaging Group (FMIG) substantially completed and performing to expectations
- Ongoing delivery of brownfield opportunities - additional MRIs at Cranbourne and Hoppers Crossing clinics opened H2 FY23
- Full development of a new MRI comprehensive clinic at Sunshine Private Hospital opening early July 2023
- Medicare indexation for imaging services of 3.6% to apply from 1 July 2023 countering business cost pressure

Capitol Health expects to deliver revenue in excess of \$208.0m for FY23 with returning demand for its medical imaging services late in Q4 FY23. This was offset by impacts during the year including a disrupted GP workforce, constrained GP visitation activity, covid related high staff absenteeism, and one less operating day for the Queen's funeral public holiday.

The operating EBITDA for FY23 is forecast to be in the range of \$39.3m to \$40.0m. Capitol Health has maintained operational infrastructure and people to support the expected demand for medical imaging services as experienced in late Q4 FY23. In addition, increased labour costs associated with workforce constraints, temporary higher recruitment expenditure with onboarding of additional Radiologists, and increased clinic occupancy costs have been incurred in H2 FY23.

The Company continues to deliver on its strategy with implementation of a standard operating model, pursuit of brownfield opportunities, becoming a destination employer and continuing the roll out of internal training programs for clinical and non-clinical staff. The Company has commenced implementation of its key initiative of a unified clinic operating system to deliver enhanced quality of service, operating efficiencies, scalability for growth, and improved patient, staff, and referrer experience with full integration expected to be achieved by December 2024.

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<sup>1</sup> Operating EBITDA is profit before depreciation and amortisation, finance costs, and income tax and prior to non-operating items including investments movement in fair value, impairment of non-current assets, transaction and restructure costs, unrealised foreign exchange gain/loss, and financial liabilities movement in fair value.

Capitol Health's Managing Director and Chief Executive Officer Justin Walter said:

*"We are well advanced with implementation of our strategic plan which has assisted the Company to remain resilient in a turbulent macro environment. Demand for our services is returning and we expect this to continue as we enter FY24. Our recent success of recruiting quality Radiologists and staff to join the new CAJ demonstrates the impact of our initiatives to be a Destination Employer and provides a highly credentialed workforce to prepare for further organic growth in the year ahead.*

*Our strategy continues to focus on organic growth, brownfield opportunities and acquisitions that drive value for shareholders while removing temporary and structural costs in the face of the cost pressure headwinds in the Australian economy. In particular, we look forward to the opening of the MRI comprehensive Sunshine Private Hospital clinic in July and the full year of an integrated FMIG to support revenue in FY24."*

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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.

### **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.

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