

FY23 RESULTS

Year Ended 30 June 2023

Justin Walter – Chief Executive Officer & Managing Director
Craig Bremner – Chief Financial Officer

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LIMITED

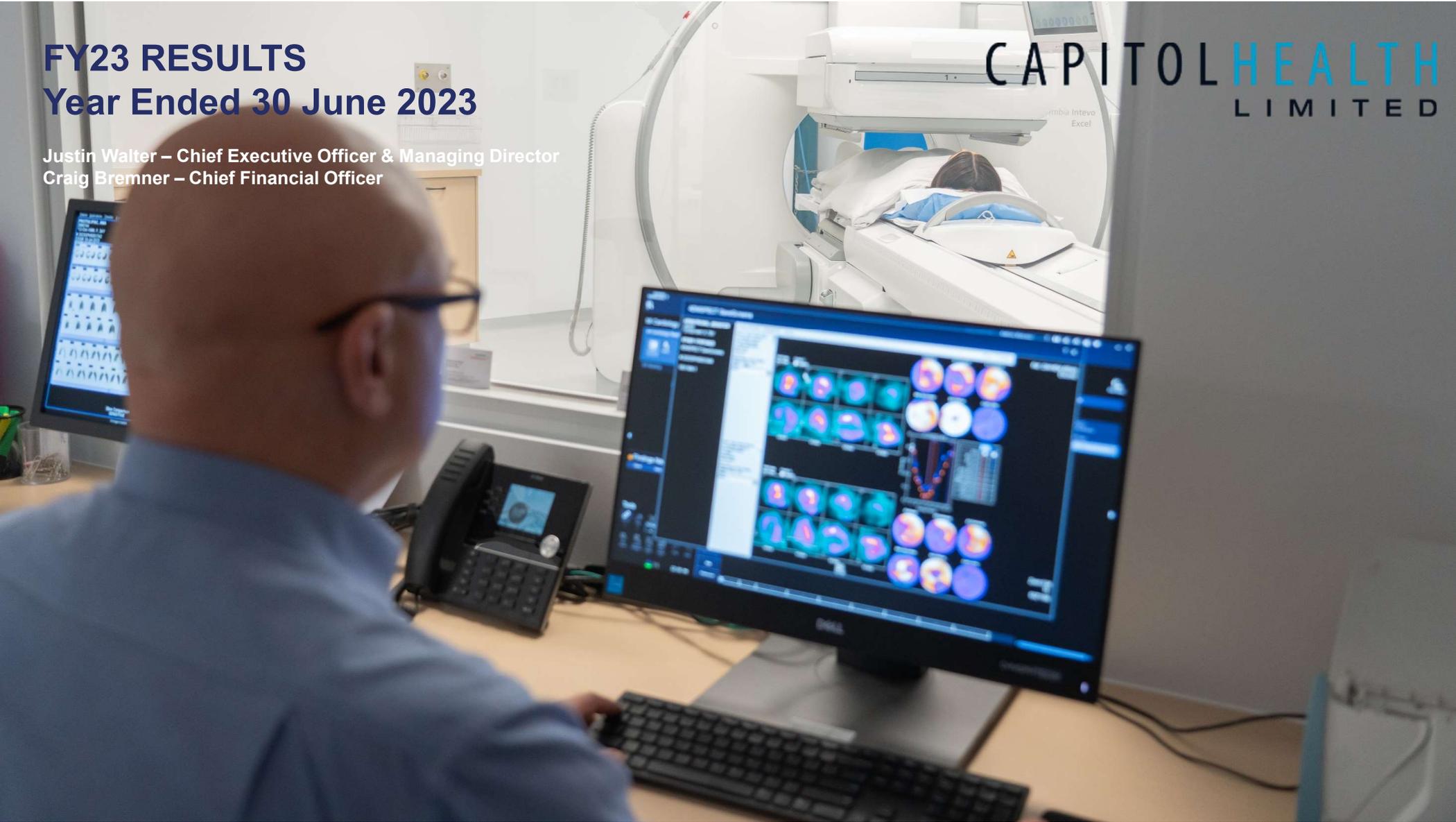


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01. HIGHLIGHTS

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FY23 RESULTS SUMMARY

REVENUE

\$209.6m

Up 13.8% pcp

OPERATING EBITDA *

\$40.2m

Down 2.3% pcp

OPERATING EBITDA MARGIN *

19.2%

Down from 22.3% pcp

FREE CASH FLOW

\$20.5m

Up 10.8% pcp

NET DEBT / LTM OPERATING EBITDA

1.4x

calculated on last 12 months operating EBITDA

FINAL DPS

0.5 cps

Fully franked

* 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, and Financial liabilities movement in fair value

FY23 HIGHLIGHTS

Financial Highlights

- Revenue from operations of \$209.6m up \$25.4m or 13.8% over pcp
- Revenue from operations excluding FMIG increased 4.7% over pcp
- Total Operating Costs up 18.4% on pcp to \$169.4m
- Operating EBITDA decreased by 2.3% on pcp from \$41.1m to \$40.2m
- Operating Margin of 19.2% is down from 22.3% pcp
- Non-cash pre-tax fair value adverse adjustment of \$17.6m to the carrying value of the Enlitic investment in the statement of financial position
- Net Debt is 1.4x annualised Operating EBITDA
- Interim dividend FY23 maintained at 0.5 cents per share fully franked



FY23 HIGHLIGHTS

Delivered on Strategic plan pillars:

- Group expansion with FMIG now fully integrated into the Capitol network

Operational Excellence:

- Our new MRI comprehensive clinic in Sunshine Private Hospital has opened early July-23, while there has been a closure of small unprofitable clinics and cessation of low margin services.
- Delivered growth opportunities with additional MRIs – Cranbourne, Hoppers Crossing, Sunshine Private Hospital.
- Contact Centre fully operational.

Next-Generation Technology:

- Unified national clinic operating system now under-way, enhancing patient and referrer experience.

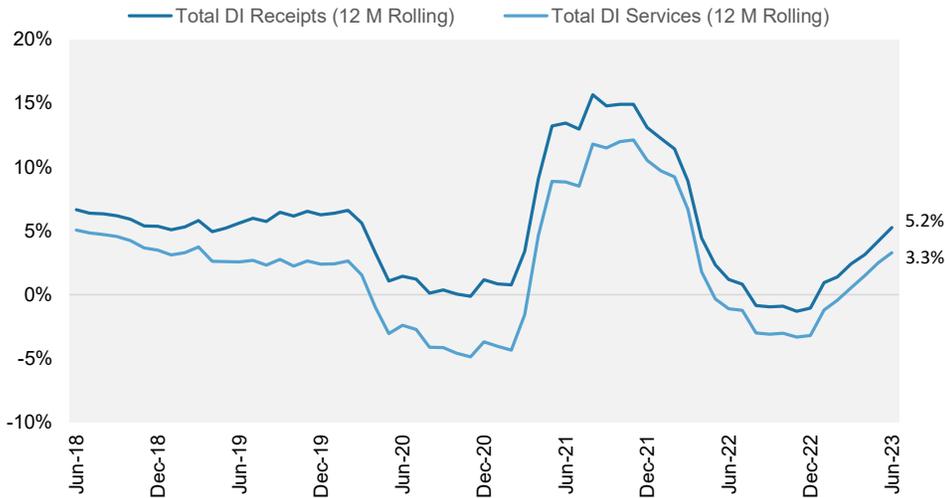
Destination employer:

- Radiologist recruitment strengthened throughout the year with the successful implementation of our centralised talent acquisition framework.
 - 8 new radiologists commenced by end FY23
 - 2-year pipeline of potential recruits established
- Clinic workforce stable with low clinician attrition rates, while non-clinical staff attrition trending back towards historical levels.
- In-house training program established for sonography



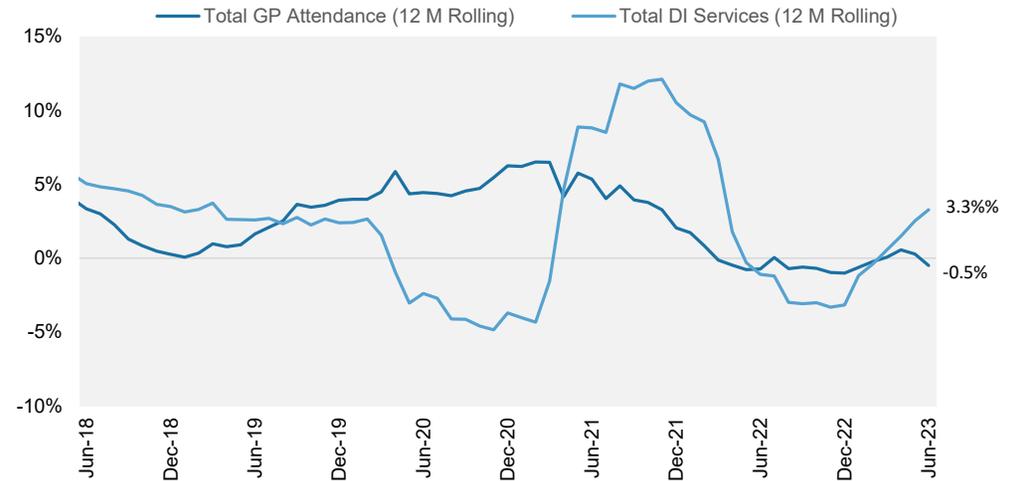
HISTORICAL INDUSTRY GROWTH PROFILE

DI Services and Revenues – CAJ States¹



- Demand for DI services severely impacted and deferred, with temporary elective surgery suspensions, public hospital Code Brown, and GP access constrained.
- DI Receipts (revenues) increasing due to shift to higher value modalities and annual MBS indexation of certain items.

GP Attendance & DI Services - CAJ States¹



- GP attendances, including telehealth visits, remain below historical trend of 4-6%.
- Rolling 12-month growth rate in GP attendances constrained and slow to return to historical levels.

¹ – Data included in each graph is inclusive of only the states in which Capitol Health operates in (VIC, TAS, WA, SA)
 Source: Medicare Australia Statistics - http://medicarestatistics.humanservices.gov.au/statistics/mbs_group.jsp

02. FINANCIALS

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FY23 – OPERATING RESULTS

Operating EBITDA reconciliation (expressed in \$000)	FY23	FY22	Change	% Change
Revenue	209,592	184,158	25,434	13.8%
Wages, Contractor Costs, Salaries	(134,595)	(114,610)	(19,985)	17.4%
Other Operating Costs	(34,806)	(28,422)	(6,384)	22.5%
Operating EBITDA	40,191	41,126	(935)	-2.3%
<i>Operating EBITDA Margin</i>	<i>19.2%</i>	<i>22.3%</i>	<i>-3.2%</i>	<i>-14.1%</i>
Impairment of financial assets	(17,581)	(2,123)	(15,458)	728.1%
Transaction and restructure costs	(1,619)	(1,000)	(619)	61.9%
Impairment of other non-current assets	(2,086)	0	(2,086)	-
Financial liabilities' movement in fair value	293	130	163	125.4%
Unrealised foreign exchange gain/(loss)	350	1,782	(1,432)	-80.4%
Profit before Finance Costs, Inc Tax, Dep. and Amort.	19,548	39,915	(20,367)	-51.0%

- Revenue of \$209.6m is up \$25.4m or 13.8% over pcp.
 - FMIG revenue \$16.8m since acquisition (Nov22)
 - Pandemic disruption to clinics / referrers
 - National day of mourning additional public holiday
 - Closure of small non profitable sites / modalities
 - FMIG Footscray clinic impacted by neighbouring fire event in Feb-23
- Bulk billing revenue mix at 75% down from 77% pcp
- Wages, Contractor Costs, Salaries increased by \$20.0m or 17.4% over pcp.
 - Radiologist workforce increase and FMIG staffing
 - Payroll on cost increases – payroll tax, superannuation
 - Increased staff absenteeism
 - Increased head office fixed term staff in delivery of group strategy
- Other Operating Costs increased \$6.4m or 22.5% over pcp.
 - Occupancy costs (rent, electricity)
 - Recruitment costs
 - Insurance
- Operating EBITDA of \$40.2m, a decrease of \$0.9m or 2.3% on pcp
- Operating EBITDA margin of 19.2%, down from 22.3% pcp
- Transaction and restructure costs relate to the acquisition of FMIG
- Investments' adverse movement in fair value of \$17.6m and unrealised foreign exchange gain of \$0.4m is in relation to Enlitic.
- Impairment of WA clinic and Brimbank building lease

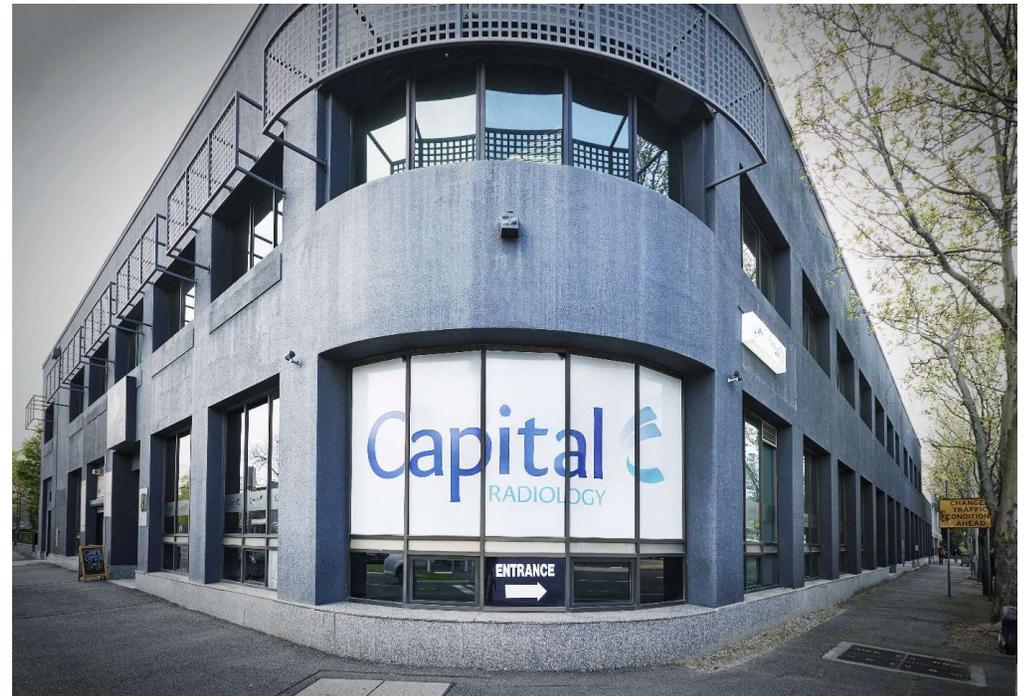


FY23 – CAPEX INVESTMENT

Capital Expenditure (expressed in \$000)	FY23	FY22
Maintenance	8,783	9,684
Growth	10,173	3,494
Total	18,956	13,178

Depreciation & Amortisation	(24,747)	(21,060)
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- Maintenance CAPEX in line with previous comparative period with 26 ultrasound machines replaced in 2HFY23.
- Brownfield growth CAPEX primarily driven by investment in MRI-comprehensive Sunshine Private Hospital site of \$5.2m and two additional MRI machines in existing clinics of \$2.9m.
- MRI services now total 28 with 10 partial licences and 14 unfunded
- Depreciation and Amortisation increasing due to FMIG acquisition and brownfield investment program



FY23 – CASH FLOW

Key Cash Measures (expressed in \$000)	FY23	FY22	Change	% Change
Operating EBITDA	40,191	41,126	(935)	-2.3%
Net Cash from Operating activities (excluding interest and tax)	43,223	40,074	3,149	7.9%
Capital expenditure - Maintenance	(8,783)	(9,684)	901	-9.3%
Lease cash payments	(13,945)	(11,891)	(2,054)	17.3%
Free Cash Flow	20,495	18,499	1,996	10.8%
Free Cash Flow / Operating EBITDA	51.0%	45.0%		

- Net cash from operating activities increased due to FMIG acquisition and timing of receivables
- Lease cash payments increased due to the acquisition of FMIG
- Free cash flow conversion to operating EBITDA of 51.0% is up on pcp of 45.0%



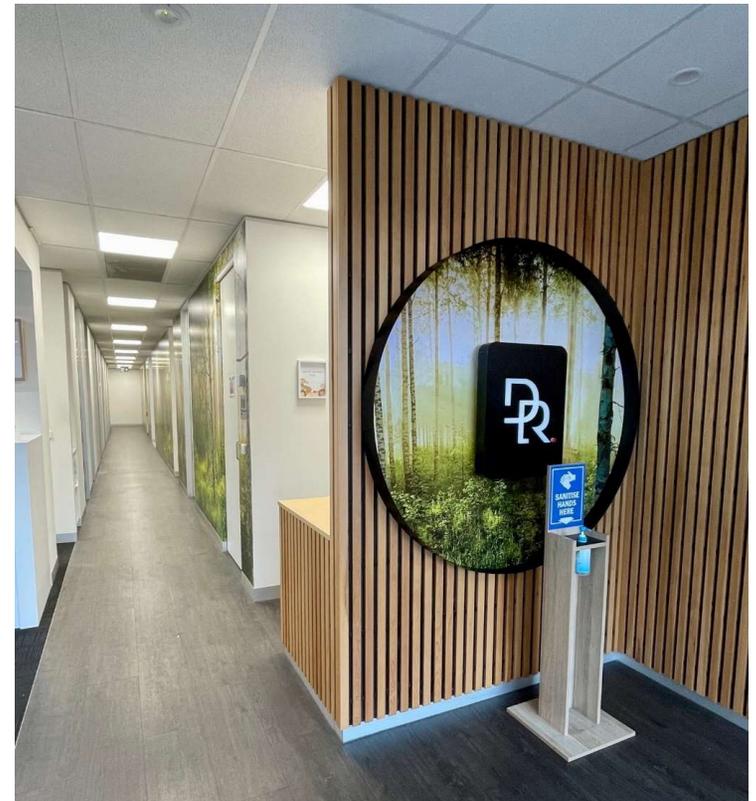
03. GROWTH



OUTLOOK

FY24

- Our August YTD revenue position ex FMIG has the Company growing at 16.6% as we cycle off a pandemic impacted July 2022.
- The FMIG acquisition continues to perform strongly and has been integrated
- Our new flagship MRI-comprehensive clinic, Sunshine Private Hospital in the western suburbs of Melbourne, has opened and performing strongly
- Three additional MRIs planned for the network and one greenfield clinic
- Management remains focused on organic growth of revenue and cost control whilst navigating a high inflationary environment.
- Continuing to deliver upon initiatives of;
 - brownfield developments
 - aligning labour resources to patient demand
 - cost to serve review of clinics
 - standard operating model
- Implementation of;
 - an organisation wide operating cost procurement review
 - assisted reporting software tool for radiologist efficiency
 - review of low margin services
- Key strategic initiative underway to unify clinic operating systems nationally and project on track.



QUESTIONS?

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04. APPENDIX

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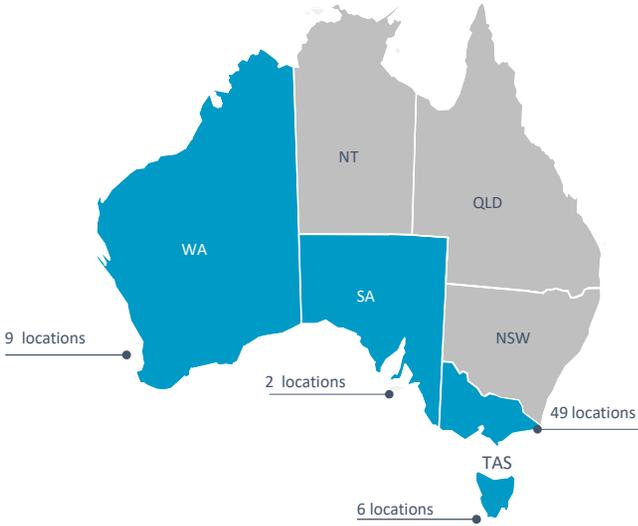


THE CAPITOL HEALTH BUSINESS

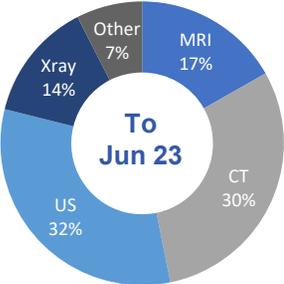
Overview

- Capitol is an ASX-listed provider of diagnostic imaging and related services to the Australian healthcare market. We are a talented team of experts motivated by our patients' needs
- We own and operate 66 clinics throughout VIC, SA, TAS and WA, with a growth focus aided by our scalable operating model
- As a community focused company, our facilities are predominantly suburban rather than hospital-based, with priority given to service and minimisation of administrative burdens for healthcare professionals
- We meet a growing consumer demand and conduct more than 1.4 million procedures every year, employing over 1000 staff and over 100 radiologists
- Our market position means we can adapt to changing industry dynamics and make strategic investments.

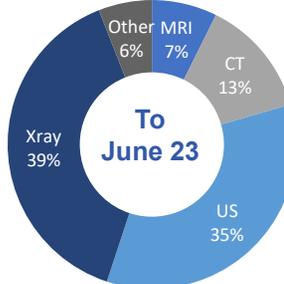
Location and Brands



12-month Revenue by Modality



12-month Services by Modality



Our Vision:

To be the diagnostic imaging specialists of choice, serving our communities with compassion, integrity and precision

Our Aspirations:

 <p>No. 1 in patient satisfaction</p>	 <p>Top repeat-referral rate</p>	 <p>Leading team satisfaction & retention rate</p>	 <p>Sustained market-share growth</p>	 <p>Industry-leading shareholder returns</p>
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Our Values:

<p>Patient centred</p> <p>We create positive patient experiences. We listen with respect, inform with empathy and involve patients in their care</p>	<p>One Team</p> <p>Our people are our best asset. Our outcomes are better when we work together. We treat each other with respect and nurture a culture of recognition, empathy and inclusion</p>	<p>Integrity</p> <p>We are open and honest. We take pride in the way we work. Our patients and partners trust us because we are accountable and reliable</p>	<p>Excellence</p> <p>Together we pursue excellence – in outcomes and experience for our patients, referrers and community. We utilise the best technology to deliver timely, precise results</p>	<p>Community focused</p> <p>We are more than a network, we are a community. We create meaningful connections with our patients, referrers and colleagues built on trust, support and shared goals</p>
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The Pillars of our Business:

Operational Excellence	Destination Employer	Next-generation Technology	First-choice Provider	Values-based Communications
<ul style="list-style-type: none"> Standardised operating model as platform for organic growth Value creation through post-acquisition integration Performance management through business intelligence and analytics 	<ul style="list-style-type: none"> Employee Value Proposition Clear performance & reward mechanisms Focus on professional development Values driven people processes 	<ul style="list-style-type: none"> Highly secure and effective technology model Holistic approach to technology encompassing clinical outcomes, operational efficiency and patient experience 	<ul style="list-style-type: none"> Differentiated customer and marketing plan Focus on and resourcing referrer relationship management including CRM implementation Patient experience management 	<ul style="list-style-type: none"> Coherent stakeholder communications strategy Focus on developing industry and government relationships Industry thought leadership program

FY23 – BALANCE SHEET

Balance Sheet Summary (expressed in \$000)	FY23	FY22
Current Assets		
Cash and cash equivalents	19,118	13,384
Trade and other receivables	5,985	3,637
Investments	103	113
Other assets	2,261	1,797
Income tax receivable	0	1,176
Total Current Assets	27,467	20,107
Non-Current Assets		
Plant and equipment	58,333	43,694
Right-of-use assets	56,050	56,701
Intangible assets	174,179	125,881
Investments	1,950	19,181
Other receivables	216	294
Deferred tax asset	0	0
Total Non-Current Assets	290,728	245,751
Total Assets	318,195	265,858
Current Liabilities		
Trade and other payables	22,460	11,507
Lease liabilities	11,624	10,346
Other financial liabilities	697	0
Employee benefit liabilities	12,423	11,685
Income tax liabilities	1,183	-
Total Current Liabilities	48,387	33,538
Non-Current Liabilities		
Borrowings	72,800	19,000
Lease liabilities	50,624	51,860
Other financial liabilities	2,782	3,771
Provisions	3,309	2,611
Employee benefit liabilities	401	437
Deferred tax liabilities	1,810	598
Total Non-Current Liabilities	131,726	78,277
Total Liabilities	180,113	111,815
Net Assets	138,082	154,043



FY23 – CASH FLOW

Cash Flow Summary (expressed in \$000)	FY23	FY22	% Change
Receipts from customers	208,381	184,874	
Payments to suppliers and employees	(163,539)	(143,800)	
Interest received	292	32	
Interest and other finance charges on borrowings	(3,500)	(1,077)	
Interest on lease liabilities	(1,667)	(1,861)	
Income tax paid	(807)	(5,308)	
Payment of transaction costs	(1,619)	(1,000)	
Net Cash from operations	37,541	31,860	17.83%
Cash flows from Investing Activities			
Purchase of plant and equipment	(16,842)	(13,168)	
Payments for business acquisitions, investments, net of cash	(45,776)	(700)	
Net Cash from Investing Activities	(62,618)	(13,868)	351.53%
Cash flows from Financing Activities			
Proceeds on exercise of options	0	4,270	
Proceeds/(repayment) of secured loans	53,800	(10,000)	
Payment of dividends	(10,541)	(10,388)	
Payment of dividends to non-controlling interests	(170)	(209)	
Cash payment of lease liabilities	(12,278)	(10,030)	
Net Cash from Financing Activities	30,811	(26,357)	-216.90%
Net increase/(decrease) in Cash and equivalents	5,734	(8,365)	
Cash at Beginning	13,384	21,749	
Cash at End	19,118	13,384	42.84%



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