

ASX ANNOUNCEMENT

25 August 2021

Results for the Year Ended 30 June 2021

Capitol Health Limited (**Capitol** or the **Company**) (ASX: CAJ) announces its results for the financial year ended 30 June 2021.

FY21 highlights and commentary

- Increase in Revenue to \$178.0m vs pcg of \$153.8m representing an increase of 15.7% (+\$24.2m)
- Increase in statutory EBITDA to \$44.2m vs pcg of \$32.0m (+\$12.2m or 38.1%)
- Increase in NPAT to \$12.0m vs pcg of \$1.1m (+\$11.0m or 1005.6%)
- Final dividend payment maintained at 0.5 cps fully franked
- Increase in net cash from Operations of 16.8% to \$40.9m
- Revaluation of Enlitic investment decreasing holding value by \$2.6m
- Increase in EPS (basic) to 1.17 cps (up from 0.11 cps vs pcg)
- Net Debt/Operating EBITDA 0.2x

During the period the Company delivered revenue of \$178.0m (up \$24.2m or ~15.7% compared to prior period) and a statutory EBITDA of \$44.2m (up \$12.2m or ~38.1% compared to prior period). Final 2021 fully franked dividend was maintained at 0.5 cps to provide a total dividend of 1.0 cps for FY21. The Company delivered improved net cash from operations of \$40.9m, up ~16.8% on prior corresponding period.

We observed modest industry growth in Medicare demand in FY21 which was reflected across the Company's network. GP attendance, which is a strong driver of referrals for the Company, was also modest in FY21. Despite these conditions, the Company achieved organic revenue growth of 10.3% for the full year in FY21.

Covid-19 impact

As a result of the COVID-19 restrictions and lockdowns across several jurisdictions, the revenue of the Company was impacted. Despite this, the Company's revenue ultimately increased during the financial year in comparison to the previous corresponding period due to organic growth initiatives, indexation of certain Medicare rebates, and the benefit of newly acquired businesses.

The Company was a recipient of the JobKeeper scheme and received \$5.8m net of payment of wage top-ups to staff in line with government policy up until September 2020. The JobKeeper payments enabled the Company to retain its highly trained medical professionals and support staff whilst experiencing reduced demand for services. Management continued to maintain tight control over the cost base of the business with particular focus on optimising staff levels to patient demand, and where appropriate temporary closure of smaller sites. The Company also received the government supported business cashflow relief on income tax, but this was eventually fully repaid in early December 2020.

Outlook for FY22

The Company delivered the full integration of the Direct Radiology business while continuing to move ahead with its geographical expansion, via greenfield and brownfield developments across Australia. Strategic priorities for FY21 will flow into FY22 and include, but are not limited to:

- Ongoing investment in systems, people, and capability to enhance our referrer relationships
- Standard operating model implementation to catalyse scalability
- Consolidation of several smaller clinics into comprehensive sites to optimise organic growth opportunities
- Continuous measurement and enhancement of the patient experience
- Review of information and communication technology in support of clinics, referrers, and patients.

The medical imaging industry growth continues to be supported by population growth, an aging population and MBS re-indexation. The Company believes it is well placed to continue its' growth with our community clinic locations and sustainable bulk-billing revenue remaining the dominant component of revenue for the business.

Mr. Justin Walter, Managing Director, commented *"Our transformational journey via implementation of our strategy is on track. Our relentless focus and investment in our people, ensuring they are valued, equipped and supported, has helped navigate us through extraordinary challenges. Together, we have delivered high quality imaging services to our communities and created further value to our loyal shareholders. I take this opportunity to commend our Doctors, staff, and referrers for delivering compassion and care to our patients during a disruptive pandemic."*

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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.

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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