

ASX ANNOUNCEMENT

23 February 2022

**Results for the Half-Year Ended 31 December 2021**

Capitol Health Limited (**Capitol** or the **Company**) (ASX: CAJ) announces its results for the half-year ended 31 December 2021 (1H FY22) and releases its Appendix 4D.

**Disciplined approach delivers results**

**Company highlights and commentary 1H FY22:**

- Revenue of \$94.8m, an increase of \$9.5m or 11.2% on previous corresponding period (pcp)
- Operating EBITDA of \$22.2m, an increase of \$1.4m or 6.9% on pcp\*
- Operating Margin of 23.4% down from 24.3% for pcp\*
- Statutory NPAT of \$8.1m, an increase of \$1.9m or 30.2% on pcp
- Net Debt below 0.1x last 12 months Operating EBITDA
- Interim dividend maintained at 0.5 cps fully franked

\* Operating pcp calculations exclude \$5.8m of government Jobkeeper funding received in 1H FY21

Capitol Health has delivered revenue for the half-year to 31 December 2021 of \$94.8m, up 11.2% from \$85.3m in the previous corresponding period (pcp). The operating EBITDA is \$22.2m (up \$1.4m or 6.9% compared to pcp\*) which represents an operating margin of 23.4%. The fully franked interim dividend of 0.5 cents per share has been maintained. The revenue was impacted by Victoria's sixth lockdown and the omicron variant impacts in late December.

During 1H FY22, Capitol Health opened a greenfield clinic in Pakenham, with the site performing to the Company's expectations. Two other greenfield clinics are planned to open by 30 June 2022. The Company also acquired Womens' Imaging for \$0.7m in November, a business based in Hobart, Tasmania, specialising in diagnostic ultrasound for pregnancy, gynaecology, and breast related referrals. With Womens' Imaging, Capitol further broadens its presence in the imaging industry and is proud to offer the most comprehensive ultrasound services to women. Capitol welcomed renowned clinicians Dr Lynne Brothers, Dr Kristine Barnden, Dr Jessica Monkhorst and, Dr Neil Caplin as part of the Capitol family.

Capitol Health's Managing Director and Chief Executive Officer Justin Walter said "*The Company continues to organically grow primarily driven by the initiatives identified in our strategic plan. The half year result vindicates our view that we remain well on track to deliver this plan despite the challenges of managing through the Covid-19 pandemic restrictions and the resultant fluctuating demand for services.*"

### **Covid-19 pandemic impact on result**

The Covid-19 pandemic and resulting lockdowns that we experienced during 1H FY22 impacted the Company's activity levels. As a result of being Covid-19 exposure sites, 14 clinics had to be closed for cleaning during the period, with the Company noting a revenue loss for 21 clinic trading days. The clinician attrition rate remained stable, the receptionist attrition rate increased through the latest lockdown, and clinician recruitment was and still is hampered by jurisdictional travel restrictions.

To protect its employees and its stakeholders from acquiring and transmitting Covid-19, and in line with the Government practices and recommendations, Capitol Health has implemented a mandatory vaccination policy. Unfortunately, 82 staff had to be absent from work and the Company recorded 381 staff days lost to either furlough or isolation.

The Company recognises the impact that Covid-19 has on all its stakeholders, particularly on its staff. The Company remains determined to provide a safe environment for all staff and patients. Capitol Health's Managing Director and Chief Executive Officer Justin Walter said *"We sincerely thank our staff for their dedication to the business. Despite the hardships resulting from Covid-19, they were resilient, and this contributed significantly to the Company's performance during 1H FY22."*

### **Outlook for FY22**

The Company continues to pursue its growth strategy whilst developing various synergies from the acquisition and opening of clinics in 1H FY22.

With the implementation of a Standard Operating Model, Capitol aims to standardise its processes across its' clinics. A unified patient information platform is also planned for implementation in late FY22, providing one enterprise platform to significantly enhance the connectivity of our staff, referrers, and patients. Through these strategic projects, Capitol is aiming to improve the quality of our service offering to patients and referrers, be a destination employer, and drive efficiency leading to outperformance.

Strategic priorities for the current year include:

- Commence the implementation of the Standard Operating Model;
- Build upon our new Clinical Governance Framework and Radiologist leadership roles;
- Branch rationalisation and refresh;
- Investment in the front end of our business in operating systems;
- Build momentum through greenfield / brownfield roll out;
- Continue to pursue value-creative bolt-on acquisitions aligned with our strategic plan; and
- Continue to improve the 'cost-to-serve' of the business.

Mr. Justin Walter, Managing Director, commented *"Our relentless focus and investment in our people helped us to navigate these challenging times. We continue to deliver high quality imaging services to our community and deliver on creating value for our shareholders."*

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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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