

# CAPITOLHEALTH LIMITED

ABN 84 117 391 812

## **Notice of Annual General Meeting Explanatory Statement and Proxy Form**

Date of Meeting:  
**Wednesday, 15 November 2023**

Time of Meeting:  
**11.30AM (AEDT)**

The Meeting will be held via live webcast at:  
<https://meetnow.global/M2U7TVD>

*In accordance with the Corporations Act 2001 (Cth) which provides for permanent relief for companies to use electronic communications to send meeting materials, no hard copy of the Notice of Meeting and Explanatory Statement (AGM Materials) will be circulated, unless shareholders have elected to receive the AGM Materials in paper form. The Notice of Meeting is also available on the Australian Securities Exchange Announcement platform and on the Company's website <https://www.capitolhealth.com.au/>.*

*This Notice of Annual General Meeting and Explanatory Statement should be read in its entirety.  
If Shareholders are in doubt as to how they should vote, they should seek advice from their  
accountant, solicitor or other professional advisor without delay.*

# CAPITOL HEALTH LIMITED

ABN 84 117 391 812

Registered office: Level 2, 288 Victoria Parade, East Melbourne, VIC 3002

## NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting (**AGM** or **Meeting**) of shareholders of Capitol Health Limited (the **Company** or **CAJ**) will be held virtually via live webcast on Wednesday, 15 November 2023 at 11.30am (AEDT).

The technology used to hold the Meeting virtually will provide CAJ Shareholders with a reasonable opportunity to ask questions or make comments. Voting at the Meeting is occurring by way of a poll rather than a show of hands, each person entitled to vote is to be given the opportunity to vote in real time, and this Notice of Meeting includes information about how shareholders can participate in the Meeting. CAJ Shareholders attending virtually will be taken for all purposes to be in attendance as if they were physically there.

**CAJ Shareholders can attend and participate in the virtual Meeting via the following link:**

<https://meetnow.global/M2U7TVD>

**Further information on how to participate virtually is set out below.**

CAJ Shareholders are strongly encouraged to submit their proxies as early as possible. To lodge your proxy, please follow the directions on your personalised proxy form which will be delivered to you by mail or email.

If it becomes necessary or appropriate to make alternative arrangements for the holding or conducting of the Meeting, CAJ will make further information available through the ASX website at [asx.com.au](http://asx.com.au) (ASX: CAJ) and on its website. CAJ Shareholders should monitor CAJ's website and its ASX announcements for any updates.

### ATTENDING AND PARTICIPATING IN THE MEETING VIRTUALLY

#### Registration:

Registration opens at 11.00am (AEDT) on Wednesday, 15 November 2023.

CAJ Shareholders must use the Computershare Meeting Platform to attend and participate in the Meeting. The online meeting guide on how to attend and participate at the Meeting is available at [www.computershare.com.au/virtualmeetingguide](http://www.computershare.com.au/virtualmeetingguide).

To participate in the Meeting, you can log in by entering the following URL <https://meetnow.global/M2U7TVD> on your computer, tablet, or smartphone. Online registration will open 30 minutes before the Meeting.

To make the registration process quicker, please have your SRN/HIN and registered postcode or country code ready. Proxyholders will need to contact Computershare prior to the meeting to obtain their login details.

To participate in the Meeting online follow the instructions below:

1. Click on 'Join Meeting Now'.
2. Enter your SRN/HIN. Proxyholders will need to contact Computershare on +61 3 9415 4024 ahead of the Meeting to obtain their login details. If you need assistance on the virtual meeting platform, please contact Computershare on +61 3 9946 4404.
3. Enter your postcode registered to your holding if you are an Australian securityholder. If you are an overseas securityholder select the country of your registered holding from the drop-down list.
4. Accept the Terms and Conditions and 'Click Continue'.

You can view the Meeting live, ask questions verbally or via a live text facility and cast votes at the appropriate times while the Meeting is in progress.

If you are not able to attend the Meeting to vote, the Board encourages you to lodge your votes online at [www.investorvote.com.au](http://www.investorvote.com.au). You will require the control number 132958, your HIN/SRN and postcode/domicile code to access online voting.

CAJ is happy to accept and answer questions submitted prior to the Meeting by email to [cosec@capitolhealth.com.au](mailto:cosec@capitolhealth.com.au). CAJ will address relevant questions during the Meeting or by written response after the Meeting (subject to the discretion of CAJ not to respond to unreasonable and / or offensive questions).

#### **COMMUNICATION WITH SHAREHOLDERS**

We encourage shareholders to take advantage of electronic communications. By signing up to receive e-communications you will be helping to reduce print, paper and postage costs and the associated environmental impact. To sign up for e-communications visit [www.computershare.com.au/easyupdate/CAJ](http://www.computershare.com.au/easyupdate/CAJ).

Shareholders can still elect to receive some or all of their communications in physical or electronic form or elect not to receive certain documents such as annual reports. Unless you elect otherwise, we will provide our Annual Reports and AGM materials to you by making them available on our website, <https://www.capitolhealth.com.au/>.

Should you need assistance, please feel free to contact Computershare at <https://www.computershare.com/au/individuals/i-am-a-shareholder/contact-us>.

# CAPITOL HEALTH LIMITED

ABN 84 117 391 812

## AGENDA

The Explanatory Statement and Proxy Form which accompany and form part of this Notice, includes defined terms and describe in more detail the matters to be considered. Please consider this Notice, the Explanatory Statement, and the Proxy Form in their entirety.

### ORDINARY BUSINESS

#### Financial and Other Reports – Year Ended 30 June 2023

To receive and consider the Annual Report of the Company for the financial year ended 30 June 2023, which includes the Financial Report, the Directors' Report and the Auditor's Report.

*There is no requirement for Shareholders to approve these reports. Accordingly, no resolution will be put to Shareholders on this item of business.*

#### Resolution 1: Adoption of Remuneration Report

To consider and, if thought fit, to pass the following Resolution as an **ordinary resolution**:

*“That for the purpose of section 250R(2) of the Corporations Act 2001 and for all other purposes, the Remuneration Report (included in the Directors' Report) for the financial year ended 30 June 2023 be adopted.”*

#### Resolution 2: Re-election of Mr Andrew Demetriou as a Director of the Company

To consider and, if thought fit, to pass the following Resolution as an **ordinary resolution**:

*“That Mr Andrew Demetriou, who retires by rotation in accordance with clause 13.2 of the Constitution, and who offers himself for re-election, be re-elected as a Director of the Company.”*

#### Resolution 3: Re-election of Ms Laura McBain as a Director of the Company

To consider and, if thought fit, to pass the following Resolution as an **ordinary resolution**:

*“That Ms Laura McBain, who retires by rotation in accordance with clause 13.2 of the Constitution, and who offers herself for re-election, be re-elected as a Director of the Company.”*

#### Resolution 4: Approval to issue 2,651,653 Performance Rights to Mr Justin Walter (or his nominee)

To consider and, if thought fit, pass the following Resolution as an **ordinary resolution**:

*That, under and for the purposes of ASX Listing Rule 10.14, sections 200B and 200E of the Corporations Act, and for all other purposes, approval be given to grant 2,651,653 Performance Rights, and the issue of any shares in the Company pursuant to the exercise or conversion of such Performance Rights, to Mr Justin Walter, Managing Director and CEO of the Company, or his nominee(s), under the Company's Employee Incentive Plan, and on the terms described in the Explanatory Statement which accompanies and forms part of the Notice of Meeting.*

#### Resolution 5 – Ratification of Prior Issue of FMIG Shares

To consider and, if thought fit, pass the following Resolution as an **ordinary resolution**:

*“That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, shareholders approve, ratify and confirm the allotment and issue of 610,314 fully paid ordinary shares at an issue price of \$0.3277 (32.77 cents) per share as described in the Explanatory Statement.”*

## **SPECIAL BUSINESS**

### **Resolution 6: Approval for Financial Assistance for FMIG**

To consider and, if thought fit, pass the following resolution as a **special resolution**:

*“That, for the purposes of section 260B(1) and section 260B(2) of the Corporations Act 2001, approval is given for the financial assistance to be provided by Future Medical Imaging Group Pty Ltd ACN 089 957 273, a subsidiary of the Company, in connection with the Acquisition as described in the Explanatory Statement accompanying the notice of the proposal to pass this resolution dated 15 November 2023.”*

**By order of the Board**



**Melanie Leydin**  
**Company Secretary**  
16 October 2023

## Notes

1. **Entire Notice:** The details of the Resolutions contained in the Explanatory Statement accompanying this Notice of Meeting should be read together with, and form part of, this Notice of Meeting.
2. **Record Date:** The Company has determined that for the purposes of the Annual General Meeting, Shares will be taken to be held by the persons who are registered as holding the shares at 7.00pm (AEDT) on the date 48 hours before the date of the Annual General Meeting. Only those persons will be entitled to vote at the Annual General Meeting and transfers registered after that time will be disregarded in determining entitlements to attend and vote at the Annual General Meeting.
3. **Proxies**
  - a. Votes at the Annual General Meeting may be given personally or by proxy, attorney, or representative.
  - b. Each Shareholder has a right to appoint one or two proxies. A proxy need not be a shareholder of the Company.
  - c. If a Shareholder is a company, it must execute the appointment of proxy under its common seal or otherwise in accordance with its constitution or the Corporations Act.
  - d. Where a Shareholder is entitled to cast two or more votes, the shareholder may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise.
  - e. If a Shareholder appoints two proxies, and the appointment does not specify the proportion or number of the Shareholder's votes, each proxy may exercise half of the votes. If a Shareholder appoints two proxies, neither proxy may vote on a show of hands.
  - f. A proxy form must be signed by the Shareholder or their attorney who has not received any notice of revocation of the authority. Proxies given by corporations must be signed in accordance with corporation's constitution and Corporations Act.
  - g. To be effective, proxy forms must be received by the Company's share registry (Computershare Investor Services Pty Limited) no later than 48 hours before the commencement of the Annual General Meeting, this is no later than 11.30am (AEDT) on Monday, 13 November 2023. Any proxy form received after that time will not be valid for the scheduled Meeting.
4. **Corporate Representative**

Any corporate shareholder who has appointed a person to act as its corporate representative at the Meeting should provide that person with a certificate or letter executed in accordance with the Corporations Act authorising them to act as that company's representative. The authority may be sent to the Company and/or share registry in advance of the Meeting.
5. **Voting Exclusion Statement:**

### Resolution 1

In accordance with Sections 250R(4) and 250BD of the Corporations Act, a vote must not be cast (in any capacity, including as a proxy), and the Company will disregard any votes purposed to be cast on this Resolution by or on behalf of a member of the Key Management Personnel (**KMP**), details of whose remuneration are included in the remuneration report, or a Closely Related Party of such a member (either being a **KMP voter**), unless the KMP voter is casting a vote on behalf of a person who is not a KMP voter (including as a proxy) and either:

- a. The KMP voter is appointed as a proxy by writing that specifies the way the proxy is to vote on the Resolution; or
- b. The KMP voter is the Chair of the Meeting, and the appointment of the Chair as proxy:
  - (i) does not specify the way the proxy is to vote on the Resolution; and
  - (ii) expressly authorises the Chair of the Meeting to exercise the proxy even if the Resolution is connected directly or indirectly with the remuneration of a member of KMP.

If you appoint the Chair of the Meeting as your proxy and you do not direct the Chair of the Meeting how to vote, you will be expressly authorising the Chair of the Meeting to exercise the proxy even if the Resolution is connected directly or indirectly with the remuneration of a member of the KMP for the Company.

If the Chair of the Meeting is appointed as a proxy for a person who is permitted to vote on this Resolution, the Chair of the Meeting will vote any proxies which do not indicate on their Proxy Form the way the Chair of the Meeting must vote in favour of this Resolution. In exceptional circumstances, the Chair of the Meeting may change their voting intention on the Resolution, in which case an ASX announcement will be made. Shareholders may also choose to direct the Chair of the Meeting to vote against the Resolution or to abstain from voting.

If you purport to cast a vote other than as permitted above, that vote will be disregarded by the Company (as indicated above) and you may be liable for breaching the voting restrictions that apply to you under the Corporations Act.

### **Resolutions 2 and 3**

There are no voting exclusions on any of these Resolutions.

### **Resolution 4**

The Company will disregard any votes cast in favour of this Resolution by or on behalf of:

- a. a person referred to in Listing Rule 10.14.1 (a director of the Company, including Mr Justin Walter), 10.14.2 (an associate of a director of the Company) or 10.14.3 (a person whose relationship with the Company or a director of the Company or their associate is such that the ASX is of the opinion that the acquisition should be approved by security holders), who is eligible to participate in the Company's Employee Incentive Plan; or
- b. an associate of that person or those persons.

However, this does not apply to a vote cast in favour of this Resolution by:

- a. a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the resolution in that way; or
- b. the Chair of the Meeting as proxy or attorney for a person who is entitled to vote on the Resolution in accordance with a direction given to the Chair of the Meeting to vote on the Resolution as the Chair of the Meeting decides; or
- c. a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
  - (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

In accordance with section 250BD of the Corporations Act, a vote must not be cast as proxy on this Resolution by a member of the KMP, or a Closely Related Party of a member of KMP (either being a **KMP Member**), where that proxy appointment does not specify the way the proxy is to vote on the Resolution, and any such vote purported to be cast will be disregarded.

However, a KMP Member may cast a vote on this Resolution as a proxy if:

- a. The KMP Member is the Chair of the Meeting; and
- b. the written appointment of the Chair of the Meeting as proxy expressly authorises the Chair of the Meeting to exercise the proxy even though the Resolution is connected with the remuneration of a member of the KMP.

If you appoint the Chair of the Meeting as your proxy and you do not direct the Chair of the Meeting how to vote, you will be expressly authorising the Chair of the Meeting to exercise the proxy even if the Resolution is connected directly or indirectly with the remuneration of a member of the KMP for the Company.

Furthermore, in accordance with section 200E of the Corporations Act, a vote must not be cast on this Resolution (in any capacity) by or on behalf of Mr Justin Walter or an associate thereof (any of these being a **Restricted Voter**), and any such votes attempted to be cast will be excluded.

However, a Restricted Voter may cast a vote on any of these Resolutions if:

- a. it is cast by the Restricted Voter as a proxy appointed by writing that directs how to vote on the Resolution; and
- b. it is not cast on behalf of the Restricted Voter.

**Resolution 5**

The Company will disregard any votes cast in favour on this Resolution by any person who participated in the issue of the FMIG Shares, being Dr Jason Wong and Siasr Pty Ltd, and any associates of those persons.

However, this does not apply to a vote cast in favour of this Resolution by:

- a. a person as a proxy or attorney for a person who is entitled to vote on the Resolution in accordance with directions given to the proxy or attorney to vote on the Resolution in that way; or
- b. the Chair of the Meeting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair of the Meeting to vote on the Resolution as the Chair of the Meeting decides; or
- c. a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
  - (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

**Resolution 6**

There are no voting exclusions on this Resolution.

**6. Enquiries**

Shareholders are invited to contact the Company Secretary, Melanie Leydin on (03) 9692 7222 if they have any queries in respect of the matters set out in these documents.



## EXPLANATORY STATEMENT

This Explanatory Statement (**Statement**) is included in and forms part of the Notice of Annual General Meeting. The purpose of this Statement is to provide Shareholders with information they require to make an informed decision on the resolutions.

If you are in doubt as to how to vote, you should seek advice from your accountant, solicitor, tax advisor or other professional adviser prior to voting. It is important that you read this Statement in its entirety for a detailed explanation of the resolutions.

Defined terms used in this Notice have the meanings given to them in the Glossary at the end of this Notice. The Notice incorporates and should be read together with this Statement.

### ORDINARY BUSINESS

#### Financial Statements and Report

A copy of the Annual Report for the financial year ending 30 June 2023 (which incorporates the Company's financial report, reports of the Directors (including the Remuneration Report) and the auditor's report) is available on the Company's website <https://www.capitolhealth.com.au/> or via the Company's announcement platform on ASX. Alternatively, you may obtain a copy free of charge in hard copy form by contacting the Company by phone at (03) 9692 7222, and you may request that this occurs on a standing basis for future years. There is no requirement for Shareholders to approve the Annual Report.

Shareholders will be given reasonable opportunity at the Meeting to ask questions and make comments on the Financial Report, the Directors' Report, and the Auditor's Report. Questions for the Company's auditors relating to the conduct of the audit, preparation and contents of the audit report, accounting policies adopted by the Company in relation to the preparation of its financial statements, and the independence of the auditors in relation to the conduct of the audit, must be submitted no later than 5 business days before the Meeting to the Company Secretary at the Company's registered office or by email to [cosec@capitolhealth.com.au](mailto:cosec@capitolhealth.com.au).

#### Resolution 1: Adoption of Remuneration Report

##### **Background**

Section 250R(2) of the Corporations Act requires that a resolution to adopt the Remuneration Report must be put to the vote at the Annual General Meeting. The vote on this Resolution is advisory only and does not bind the Directors or the Company.

The Remuneration Report is set out in the Directors' Report in the Company's 2023 Annual Report. The Remuneration Report sets out the Company's remuneration arrangements for the Directors and senior management of the Company.

In accordance with Section 250SA of the Corporations Act, Shareholders will be provided with a reasonable opportunity to ask questions concerning, or make comments on, the Remuneration Report at the Annual General Meeting.

In accordance with Division 9 of Part 2G.2 of the Corporations Act, if twenty five (25%) per cent or more of votes that are cast are voted against the adoption of the Remuneration Report at two consecutive Annual General Meetings, Shareholders will be required to vote at the second of those Annual General Meetings on a resolution (a **spill resolution**) that another meeting be held within 90 days at which all of the Company's Directors (other than the Managing Director) must go up for re-election.

At the Company's last Annual General Meeting, the votes cast against the Remuneration Report were less than twenty-five (25%) per cent of the total votes cast on that resolution and, accordingly, a spill resolution will not, under any circumstances, be required for this Meeting.

##### **Voting Exclusions**

A voting exclusion statement is included in the Notice.

### ***Board Recommendation***

Noting that each Director has a personal interest in their own remuneration from the Company (as such interests are described in the Remuneration Report) and, as described in the voting exclusions on this Resolution (set out in the Notice of AGM), that each Director (or any Closely Related Party of a Director) is excluded from voting their shares on this Resolution, the Board encourages all eligible shareholders to cast their votes in favour of this Resolution.

### ***Voting Intention***

The Chair of the Meeting intends to vote all available undirected proxies in favour of the Resolution.

## **Resolution 2: Re-election of Mr Andrew Demetriou as a Director of the Company**

### ***Background***

Clause 13.2(a) of the Constitution stipulates that at every Annual General Meeting, one third of the Directors for the time being, or, if their number is not a multiple of 3, then the number nearest one-third (rounded upwards in case of doubt), shall retire from office, provided always that no Director shall hold office for a period in excess of 3 years, or until the third Annual General Meeting following their appointment, whichever is the longer, without submitting themselves for re-election. Clause 13.2(b) of the Constitution also requires that those who have been longest in office since their last election to go up for re-election. The Managing Director is exempt from clause 13.2 of the Constitution.

Mr Demetriou has been a Director of the Company since 17 November 2014, and was last re-elected for a three year-term at the Annual General Meeting of 16 November 2021. Shareholders were apprised, at the 2021 Annual General Meeting, that upon his re-election, 2024 will mark Mr Demetriou's tenth and last year as a Director of the Company and that the Board will work on a succession and transition plan to ensure that his successor is well equipped to lead the Board. Mr Demetriou is now retiring in line with the procedural requirements (as outlined above) and, being eligible, offers himself for re-election for an additional year, by which time the succession and transition plan will be completed.

Mr Demetriou was Chief Executive Officer of the Australian Football League from 2003 until June 2014. He was the Managing Director of the Ruthinium Group, a dental implant business, and he currently remains a board member. Andrew has also served as Non-Executive Chairman of the Baxter Group, is a former Chairman of the Australian Multicultural Advisory Council and served 2 years on the Referendum Council on behalf of the Federal Government for Indigenous Recognition in the Constitution. He was also the Chairman of Board of Management, Cox Architecture until December 2020. Mr Demetriou was a Director of Crown Resorts Limited (ASX: CWN) from 2015 to February 2021.

The Board considers Mr Demetriou to be an independent director.

### ***Voting Exclusions***

There are no voting exclusions on this Resolution.

### ***Board Recommendation***

The Board (with Mr Demetriou abstaining) recommends that Shareholders vote in favour of the re-election of Mr Demetriou as it considers that his qualifications, experience, skills, and expertise are appropriate for the Board position and will enable him to act in the best interests of the Company and its shareholders.

### ***Voting Intention***

The Chair of the Meeting intends to vote undirected proxies in favour of this Resolution.

### **Resolution 3: Re-election of Ms Laura McBain as a Director of the Company**

#### ***Background***

Clause 13.2(a) of the Constitution stipulates that at every Annual General Meeting, one third of the Directors for the time being, or, if their number is not a multiple of 3, then the number nearest one-third (rounded upwards in case of doubt), shall retire from office, provided always that no Director shall hold office for a period in excess of 3 years, or until the third Annual General Meeting following their appointment, whichever is the longer, without submitting themselves for re-election. Clause 13.2(b) of the Constitution also requires that those who have been longest in office since their last election to go up for re-election. The Managing Director is exempt from clause 13.2 of the Constitution.

Ms. McBain is an accomplished CEO, Managing Director and Non-Executive Director and joined the Capitol Health board on 1 July 2021. Her track record includes serving as Managing Director/CEO at Bellamy's Australia Limited, as Managing Director of Maggie Beer Holdings Limited, and as a Non-Executive Director of Export Finance Australia. Currently, Ms. McBain holds the position of Non-Executive Director at Lark Distilling Ltd (ASX: LRK), where she also served as Interim Managing Director and CEO from February 2022 to April 2023. Ms. McBain is an esteemed Non-Executive Director for Tasmanian Government entity Tasmanian Irrigation Pty Ltd, showcasing her commitment to contributing her expertise to the public sector. She was also recently appointed to the inaugural board of the Tasmanian AFL Club.

Laura was honored as the Telstra Tasmanian Businesswoman of the Year in 2013 and subsequently received the title of Telstra Australian Businesswoman of the Year for 2013 (Private and Corporate). She holds a Bachelor of Commerce and completed the Institute for Management Development Leadership Challenge in 2013. Additionally, in 2017, she successfully completed the CEIBS-Wharton-IESE Business School Global CEO Programme, further enhancing her executive leadership skills.

The Board considers Ms McBain to be an independent director.

#### ***Voting Exclusions***

There are no voting exclusions on this Resolution.

#### ***Board Recommendation***

The Board (with Ms McBain abstaining) recommends that Shareholders vote in favour of the re-election of Ms McBain as it considers that her qualifications, experience, skills, and expertise are appropriate for the Board position and will enable her to act in the best interests of the Company and its shareholders.

#### ***Voting Intention***

The Chair of the Meeting intends to vote undirected proxies in favour of this Resolution.

### **Resolution 4: Approval to Issue 2,651,653 Performance Rights to Mr Justin Walter (or his nominee)**

#### ***Background***

This Resolution seeks Shareholder approval for 2,651,653 Performance Rights (**Performance Rights**) to be granted to Mr Justin Walter (or his nominee) as part of his overall remuneration package as Managing Director and Chief Executive Officer.

Performance Rights are proposed to be granted to Mr Justin Walter to align his interests with the interests of Shareholders. The grant of the Performance Rights (and the subsequent issue of Shares) to Mr Justin Walter is a long-term incentive if pre-agreed performance and service conditions (**Vesting Conditions**) are achieved over a three-year performance period.

The intention is to structure executive compensation such that, depending on seniority, a significant proportion of total remuneration is 'at risk'. It should be recognised that the achievement of these pre-agreed Vesting Conditions will be to the benefit of all Shareholders, and the conversion of the Performance Rights can only occur if these benefits are realised.

If this Resolution is passed, the Performance Rights will be issued to Mr Justin Walter (or his nominee) with the increase in his remuneration and potential increase in his shareholding if the Performance Rights are converted to Shares, as described below.

If this Resolution is not passed, the Performance Rights will not be issued to Mr Justin Walter (or his nominee). The Board will then consider replacing them with cash equivalent if the Company is unable to issue the Performance Rights for any reason.

### **Terms of Performance Rights**

The 2,651,653 Performance Rights proposed to be issued to Mr Walter are worth approximately \$730,000. The terms reflect a level of remuneration which is considered by the Board to be appropriate for Mr Walter's role given the current stage of the Company's development while providing an incentive to retain and adequately motivate Mr Walter.

The full terms of the Award are subject to the terms of the Capitol Health Limited Employee Incentive Plan (**EIP**) and to the extent of any inconsistency between the terms of the EIP and the Employment Agreement of Mr Walter, the terms of the Employment Agreement will prevail. The Performance Rights proposed to be issued will have a three-year performance period from 1 July 2023 to 30 June 2026 (**Performance Period**).

The Vesting Date of Performance Rights to be granted to Mr Walter is the earlier of the release of the Company's audited Financial Report with the ASX or 1 October 2026.

There is no dividend or voting rights with respect to the Performance Rights.

### **Vesting Conditions**

The Performance Rights will vest in accordance with the achievement of the following Vesting Conditions:

<b>Vesting Condition 1</b>	<b>Vesting Condition 2</b>
50% of the Performance Rights (Tranche 1)	50% of the Performance Rights (Tranche 2)
Total Shareholder Return ( <b>TSR</b> ) for the relevant Performance Period are met. If a minimum TSR increment of 10% is not achieved over the vesting period, no performance rights will be vested.	Earnings Per Share ( <b>EPS</b> ) growth objectives for the relevant Performance Period are met. If a minimum of 10% EPS growth is not achieved over the vesting period, no performance rights will be vested.

TSR incorporates capital returns as well as dividends notionally reinvested and is considered the most appropriate means of measuring the Company's performance.

EPS is calculated by taking the Company's reported net profit after tax and divided by the reported weighted average shares on issue during each year.

The TSR Hurdle and the EPS Hurdle have been chosen by the Board to focus management attention on three-year strategic and financial objectives, as well as Shareholder alignment.

### **Vesting Condition 1 – TSR Hurdle**

The achievement of the TSR Hurdle is determined by reference to the increase in CAJ share price plus dividends reinvested over the three-year Performance Period compared to a suitable comparator group, and linked to the following vesting scale:

<b>CAJ TSR performance vs Comparator Peer Group*</b>	<b>Percentage of Tranche 1 Performance Rights to vest</b>
<50th percentile	No vesting
≥ 50th percentile to 74th percentile	Pro-rata straight line vesting between 50% and 74%
≥ 75th percentile	100% vesting
Vesting is also conditional on a minimum of TSR increment of 10% being achieved over the vesting period. If the minimum TSR increment is not achieved, the Performance Rights will not be vested.	

\*refer Comparator Peer Group table on page 12.

For the purposes of calculating the TSR Hurdle, the volume weighted average price (**VWAP**) of fully paid ordinary shares of each comparator company and of CAJ in the one-month period preceding the start date compared to the VWAP of fully paid ordinary shares in the one-month period preceding the end date of the relevant Performance Period, will be used in calculating TSR over the three-year period.

## **Vesting Condition 2 – EPS Hurdle**

The achievement of the EPS Hurdle is determined by reference to the average growth in EPS (transaction costs to be included in year 1 and year 2 only, not to be included in year 3. EPS calculations will also exclude fluctuations in the valuation in the Group's investment in Enlitic) over the three-year Performance Period. The vesting scale is as follows:

<b>CAJ EPS growth</b>	<b>Percentage of Tranche 2 Performance Rights to vest</b>
<10%	No vesting
=10%	25% vesting
>10% to <45%	Pro-rata vesting (straight line)
≥ 45%	100% vesting

The EPS Hurdle base for the Performance Rights will be the FY23 EPS.  
The achievement of the EPS Hurdle is determined by reference to the average growth in EPS (transaction costs to be included in year 1 and year 2 only, not to be included in year 3. EPS calculations will also exclude fluctuations in the valuation in the Group's investment in Enlitic) over the three-year Performance Period.

The EPS Hurdle base for the Performance Rights is the Company's 2023 financial year earnings per share. EPS calculations will also exclude fluctuations in the valuation in the Group's investment in Enlitic.

The vesting of Performance Rights is also subject to the continuing employment of Mr Walter. Unvested Performance Rights may, in certain circumstances, vest early in accordance with the terms of the EIP Rules, and any Leaver's Policy that may apply from time to time, as approved by the Board. Performance Rights will generally lapse on Mr Walter's resignation or dismissal.

If the Vesting Conditions are not satisfied by the Vesting Date the entitlement to Shares will lapse unless:

- (a) the Board decides exceptional circumstances justify the reduction or waiver in whole or in part of the Vesting Conditions; or
- (b) a Change of Control Event occurs (as defined in the EIP Rules).

There is no ability to re-test whether the TSR or EPS Hurdles have been satisfied after the Performance Period has ended.

## **Comparator Peer Group**

<b>Peer Group</b>	<b>Ticker</b>	<b>Peer Group</b>	<b>Ticker</b>
Healius Limited	HLS	Integral Diagnostics Limited	IDX
Regis Healthcare Limited	REG	SomnoMed Limited	SOM
Sigma Healthcare Limited	SIG	Paragon Care Limited	PGC
Nanosonics Limited	NAN	CogState Limited	CGS
Estia Health Limited	EHE	Nova EYE Medical Ltd	EYE
SDI Limited	SDI	Volpara Health Technologies Limited	VHT
Pacific Smiles Group Limited	PSQ	Apiam Animal Health Limited	AHX
ImpediMed Limited	IPD	Compumedics Limited	CMP

The Comparator Peer Group, which includes companies from ASX 300 Healthcare index, is selected on the basis that it presents the best fit for the Company over the coming years and is an established and 'live' index. The Comparator Peer Group is reviewed by the Board for each tranche of performance rights to ensure the Company maintains ongoing relevance, with the Board retaining discretion to consider other suites of data in assessing the Company's performance.

## **Additional Information**

ASX Listing Rule 10.14 requires that the Company not permit a Director or their associates to acquire securities under an "employee incentive scheme" without Shareholder approval (unless an exception applies). The Board is therefore seeking Shareholder approval to grant Performance Rights to Mr Walter on the terms set out above and under the EIP. The EIP constitutes an "employee incentive scheme" under the ASX Listing Rules.

### **Information provided in accordance with Listing Rule 10.15**

ASX Listing Rule 10.15 requires that the following information be provided to Shareholders for the purpose of obtaining Shareholder approval pursuant to ASX Listing Rule 10.14:

- (a) the related party is Mr Justin Walter;
- (b) Mr Walter falls within ASX Listing Rule 10.14.1 as a Director of the Company;
- (c) the maximum number of Performance Rights is 2,651,653, subject to the achievement of performance hurdles;
- (d) Mr Walter's current remuneration package is as follows:

<b>Director</b>	<b>Nature</b>	<b>Remuneration Package Details</b>
Mr Justin Walter	Managing Director & Chief Executive Officer	<p>Fixed remuneration of \$730,000 per annum, inclusive of superannuation in line with the <i>Superannuation Guarantee (Administration) Act 1992</i> (Cth).</p> <p>In FY24 Mr Walter will be entitled to a potential short-term incentive (<b>STI</b>) of \$547,500, representing 75% of his base remuneration, with KPI's to be determined by the Board. He also has the opportunity for an additional 25% of his STI target (i.e., up to \$136,875) should his key outperformance indicators be achieved.</p> <p>Mr Walter will also be entitled to a potential long-term incentive (<b>LTI</b>) for FY24 of up to \$730,000, representing 100% of his base remuneration, subject to Shareholder approval.</p>

In addition, it is noted that Mr Walter's security interests in the Company are currently (not including any potential grant of Performance Rights, the subject of this Resolution) 1,984,127 and 2,360,877 Performance Rights, vesting on satisfaction of certain performance hurdles over a three-year period, respectively expiring 1 October 2024 and 1 October 2025.

- (e) the total number of securities previously issued to Mr Walter under the EIP are 4,345,004 unlisted Performance Rights at nil acquisition price;
- (f) the Performance Rights will have a three-year performance period from 1 July 2023 to 30 June 2026. The total value the entity attributes to these securities is \$730,000. The value attributed to each of the Performance Rights by the Company is \$0.2752 (27.52 cents) being the value of the Company's Shares as at a 30-days VWAP traded on the ASX and Chi-X over the 30 trading days up to and including 30 June 2023. An independent valuation on these securities will be sought after they have been issued. Subject to the satisfaction of the vesting and exercise conditions described above, Mr Walter will receive one Share in the Company for each Performance Right exercised;
- (g) the Company expects to issue the Performance Rights within one month after the date of the Meeting, and in any event, no later than 3 years after the date of the Meeting;
- (h) the Performance Rights will be granted to Mr Walter at a nil issue price;
- (i) the material terms of the plan can be found in Annexure A to this explanatory statement. To the extent that there is any discrepancy between the terms of the plan and the Employment Agreement of Mr Walter, the terms of the Employment Agreement will prevail.
- (j) no loan will be made by the Company in relation to the grant of Performance Rights to Mr Walter;
- (k) details of any Performance Rights issued under the EIP will be published in each Annual Report of the Company relating to a period in which the Performance Rights have been issued in addition to a statement that the securities were issued under ASX Listing Rule 10.14;

- (l) any additional persons referred to in Listing Rule 10.14 who become entitled to participate in the EIP after this Resolution is approved and who were not named in this Notice of Meeting will not participate until approval is obtained under Listing Rule 10.14; and
- (m) if approval is given under ASX Listing Rule 10.14, approval will not be sought under ASX Listing Rule 7.1.

### **Termination Benefits approval – sections 200B and s200E Corporations Act**

Sections 200B and 200E of the Corporations Act prohibit the Company from giving a benefit to a person who holds (or has held in the previous three years) a managerial or executive office with the Company or its subsidiaries, if that benefit is given in connection with that person's retirement from office and is in excess of that person's average annual base salary over the relevant period, unless the benefit is approved by Shareholders or an exemption applies.

Approval is therefore sought under section 200E of the Corporations Act to allow for the Board to determine to accelerate vesting of some or all of Mr Walter's unvested Performance Rights in the event Mr Walter ceases employment in 'good leaver' circumstances being cessation other than due to resignation or dismissal for cause or poor performance and for the benefit not to be a termination benefit for the purposes of the Corporations Act. Where Mr Walter ceases as a 'bad leaver' (which includes by resignation or dismissal for poor performance), all unvested Performance Rights will lapse, unless the Board determines otherwise.

If Shareholder approval is obtained, the value of the approved benefits will be disregarded when calculating Mr Walter's termination benefits cap for the purpose of subsection 200F(2)(b) or subsection 200G(1)(c) of the Corporations Act. The approval will be effective from the date the Resolution is passed until the conclusion of the 2025 Annual General Meeting (that is, for a period of approximately three years).

The value of any benefit relating to the Performance Rights given in connection with Mr Walter ceasing to hold managerial or executive office cannot presently be ascertained. However, matters, events and circumstances that will, or are likely to, affect the calculation of that value are:

- the number of Performance Rights held by Mr Walter prior to cessation of his employment;
- the date when, and circumstances in which, Mr Walter ceases employment;
- whether performance hurdles are waived or (if not waived) met, and the number of Performance Rights that vest (which could be all of the Performance Rights held by Mr Walter); and
- the market price of the Company's shares on the ASX on the date Shares are provided to Mr Walter upon vesting of the Performance Rights.

### **Corporations Act – Chapter 2E**

The Board has formed the view that the issues of Rights to Mr Walter (or his nominee) do not require Shareholder approval under section 208 of the Corporations Act as the issues constitute "reasonable remuneration" in accordance with section 211 of the Corporations Act.

A "financial benefit" is defined in section 229 of the Corporations Act and includes granting an option to a related party. Section 228 of the Corporations Act defines a "related party" for the purposes of Chapter 2E to include:

- a. directors of the public company (section 228(2)(a)); and
- b. an entity controlled by directors of the public company (section 228(4)). Section 228(5) provides that an entity is a related party of a public company at a particular time if the entity was a related party of the public company of a kind referred to in subsection (1), (2), (3) or (4) at any time within the previous 6 months.

In reaching this view, the Board considers the proposed grant of Rights aligns the interests of Mr Walter with the interests of Shareholders. The grant of Rights to Mr Walter is a cost-effective form of remuneration when compared to the payment of cash consideration. The Board believes that having regard to the Company's current cash position, and the Company's objective to use available cash to fund its operations in the near future, compensating Mr Walter in Rights is in line with current market practices.

If this Resolution is passed and the Rights are issued, Mr Walter will have a relevant interest in 6,997,620 Performance Rights.

### **Voting Exclusions**

A voting exclusion statement is included in the Notice.

### ***Board Recommendation***

The Board (with Mr Walter abstaining) recommends Shareholders vote in favour of this Resolution.

### ***Voting Intention***

The Chair of the Meeting intends to vote undirected proxies in favour of this Resolution.

### **Resolution 5: Ratification of Prior Issue of FMIG Shares**

#### ***Background***

The Company is seeking Shareholder approval pursuant to ASX Listing Rule 7.4 to ratify the issue of 610,314 Shares (**FMIG Shares**) which were issued to radiologists (or their nominees) of FMIG clinics on 20 December 2022 (**Issue Date**) at a deemed issue price of \$0.3277 (32.77 cents) per Share to radiologists (or their nominees) as part of contractual agreements, as announced on 25 August 2022.

The FMIG Shares were issued without Shareholder approval from the Company's 15% placement capacity pursuant to Listing Rule 7.1. Shareholder approval of the issue of the FMIG Shares is sought under Listing Rule 7.4.

#### ***ASX Listing Rules***

ASX Listing Rule 7.1 allows the Company to issue new securities up to 15% of the existing capital of the Company in any 12-month period without the prior approval of Shareholders, unless one of the exceptions in ASX Listing Rule 7.2 applies.

Under ASX Listing Rule 7.4 an issue of securities will be treated as having been made with the approval of shareholders for the purposes of ASX Listing Rule 7.1 if the issue did not breach ASX Listing Rule 7.1 at the time and shareholders subsequently approve it. The issue of the FMIG Shares was within the Company's ASX Listing Rule 7.1 placement capacity and the Company now seeks Shareholder ratification of the issue pursuant to ASX Listing Rule 7.4 so as to refresh its capacity to make further issues without Shareholder approval under Listing Rule 7.1

If this Resolution is approved, the issue of FMIG Shares may be treated by the Company as having been made with Shareholder approval under ASX Listing Rule 7.1. The Company will therefore have the flexibility, if required, to issue additional equity securities without the FMIG Shares counting towards the 15% threshold for the purposes of ASX Listing Rule 7.1 for the 12-month period following the Issue Date.

If this Resolution is not approved, the prior issue of the FMIG Shares will not be treated by the Company as having been made with Shareholder approval under ASX Listing Rule 7.1. The Company will therefore have the FMIG Shares as issued from its 15% capacity for the purposes of ASX Listing Rule 7.1. This will limit the Company's placement capacity under Listing Rule 7.1 for the 12-month period following the Issue Date.

#### ***Information provided in accordance with Listing Rule 7.5***

ASX Listing Rule 7.5 requires that the following information be provided to Shareholders for the purpose of obtaining Shareholder approval of the issue of the FMIG Shares pursuant to ASX Listing Rule 7.4:

- (a) The FMIG Shares were issued to:
  - Dr Jason Wong; and
  - Siasr Pty LtdThere were no participants in the Issue that were investors required to be disclosed under ASX Guidance Note 21.
- (b) The total number of fully paid ordinary shares in the Company that were issued to the above persons was 610,314.
- (c) The FMIG Shares were issued on 20 December 2022.
- (d) The FMIG Shares were issued at an issue price of \$0.3277 (32.77 cents) per Share.



- (e) The FMIG Shares were issued to radiologists (or their nominees) as part of contractual agreements. No funds have been raised as part of the issue.
- (f) Summary of the material terms under which the FMIG Shares were issued are:
- Total consideration (pre-transaction cost) of \$55.8 million for the acquisition of six FMIG clinics and three partially licenced MRIs across those six clinics, of which \$6 million paid in scrip.
  - The FMIG Shares are on escrow until 3 November 2023 (50%) and 4 November 2024 (50%), subject to satisfactory employment conditions being met.

### ***Voting Exclusions***

A voting exclusion statement is included in the Notice.

### ***Board Recommendation***

The Board unanimously recommends Shareholders vote in favour of this Resolution.

### ***Voting Intention***

The Chair of the Meeting intends to vote undirected proxies in favour of this Resolution.

## **Resolution 6: Approval for Financial Assistance for FMIG**

### ***Background***

#### *Restrictions on companies giving financial assistance*

Under section 260A(1) of the Corporations Act a company may financially assist a person to acquire shares (or units of shares) in the company or a holding company of the company only if:

- (a) giving the assistance does not materially prejudice:
  - i. the interests of the company or its shareholders; or
  - ii. the company's ability to pay its creditors; or
- (b) the assistance is approved by shareholders under section 260B of the Corporations Act (as to which the section *Shareholder approval of financial assistance below*); or
- (c) the assistance is exempted under section 260C of the Corporations Act.

#### *Shareholder approval of financial assistance*

For a company to financially assist a person to acquire shares (or units of shares) in itself or a company of which it is a subsidiary, section 260B(1) of the Corporations Act states that the financial assistance must be approved by its shareholders by:

- (a) a special resolution passed at a general meeting of the company, with no votes being cast in favour of the resolution by the person acquiring the shares (or units of shares) or by their associates; or
- (b) a resolution agreed to, at a general meeting, by all ordinary shareholders.

If the company will be a subsidiary of a listed domestic corporation (**Listed Australian Holding Company**) immediately after the acquisition, then section 260B(2) requires that the financial assistance must also be approved by a special resolution passed at a general meeting of that Listed Australian Holding Company.

If, immediately after the acquisition, the company will have a holding company that is a domestic corporation that is not listed in Australia and is not itself a subsidiary of another domestic corporation (**Ultimate Australian Holding Company**), then section 260B(3) requires that the financial assistance must also be approved by a special resolution passed at a general meeting of that Ultimate Australian Holding Company.

#### *Approval under section 260B(1) and section 260B(2) of the Corporations Act*

The purpose of this Explanatory Statement is to explain in further detail the proposed Financial Assistance Resolution set out in the Notice which must be passed under section 260B(1) and section 260B(2) of the Corporations Act to enable the giving of the financial assistance in connection with the Acquisition (as described below).

## **The Acquisition and description of involved companies**

### *The Acquisition*

The Company, via its wholly owned subsidiary Capital Radiology Pty Ltd ACN 126 357 944 (**CR**), has acquired the entire issued share capital of Future Medical Imaging Group Pty Ltd ACN 089 957 273 (**FMIG**) in November 2022 under the terms of a Share Purchase Deed dated 24 August 2022 between, among others:

- (i) Ilina-Taranto Holdings Pty Ltd ACN 103 223 025 in its capacity of the Ilina Taranto Family Trust ABN 22 178 795 079;
- (ii) Ny Gupta Pty Ltd ACN 153 111 356 in its capacity of the Gupta Family Trust ABN 42 350 692 462;
- (iii) PCJL Pty Ltd ACN 089 957 219 in its capacity of the PCJL Family Trust ABN 39 485 475 293; and
- (iv) Tomandtar Nominees Pty Ltd ACN 089 987 548 in its capacity of the Dobrotwir Family Trust ABN 64 018 510 637,  
(as "Sellers"), and CR (as "Buyer") (the **Acquisition**).

Accordingly on completion of the Acquisition FMIG became a wholly owned subsidiary of CAJ. CAJ is listed and is a domestic corporation.

### *Resolution required in connection with the financial assistance*

FMIG must have the financial assistance outlined in this Explanatory Statement approved by a resolution agreed to, at a general meeting, by all its ordinary Shareholders in accordance with section 260B(1)(b) of the Corporations Act.

Since CAJ is a Listed Australian Holding Company the financial assistance outlined in this Explanatory Statement must be approved by a special resolution at a general meeting of CAJ in accordance with section 260B(2) of the Corporations Act.

## **Financial Assistance**

### *Financial Agreement*

On 31 March 2022 CAJ (as a "Borrower") and CR (as a "Borrower"), among others, entered into an Australian Dollar Bilateral Facilities Agreement (the **Facilities Agreement**) with National Australia Bank Limited ACN 004 044 937 (the "Lender"). Drawings under the Facilities Agreement were used for the purpose of funding the Acquisition, among other things.

### *Financial Assistance*

Clause 21.8 (*Subsidiaries*) of the Facilities Agreement requires CAJ to ensure that each wholly owned subsidiary of an obligor (including CR) accedes to the Facilities Agreement as a "Guarantor" and provides certain "Security" (each as defined therein).

Subject to the approval of the financial assistance, FMIG will execute:

- (a) an Accession Letter in the form set out in the Facilities Agreement; and
- (b) a General Security Agreement over all of its assets;  
(the **Accession Documents**).

## **Financial Assistance Resolutions**

### *Financial assistance approvals*

The entry by FMIG into, and the performance by FMIG of its obligations under, the Accession Documents and the participation by FMIG in the funding arrangements and other transactions, all as described above, constitutes the giving of financial assistance in connection with the Acquisition, within the meaning of Part 2J.3 of the Corporations Act.

Pursuant to section 260B of the Corporations Act, it is proposed that the giving by FMIG of the financial assistance be approved by:

- (a) by a resolution of all of the shareholders of FMIG pursuant to section 260B(1) of the Corporations Act; and
- (b) by a special resolution of the shareholders of CAJ pursuant to section 260B(2) of the Corporations Act.

Because, immediately following the Acquisition, CAJ will be a Listed Australian Holding Company of FMIG, the Financial Assistance Resolution of CAJ also approves, for the purposes of section 260B(2) of the Corporations Act, the financial assistance to be provided by FMIG.

#### *Reasons for giving financial assistance*

The reason for the giving of the financial assistance described above is to enable CAJ to comply with certain of its obligations under the Facilities Agreement.

If such obligations are not complied with an "Event of Default" (as defined in the Facilities Agreement) could occur which will result in an insufficiency for the funding needs of the Group generally.

#### *Effect of financial assistance*

As CAJ is already liable for the amounts payable under the Facilities Agreement, the giving of the financial assistance described in this Explanatory Statement by FMIG is unlikely to have any adverse effect on CAJ, except that the operations of FMIG will be restricted by the representations and undertakings given by it under the Accession Documents and the Facilities Agreement.

The substantial effect of the financial assistance on FMIG is that it will have guaranteed all amounts payable under the Facilities Agreement and have granted security for such obligations. The operations of FMIG will also be restricted by the representations and undertakings given by it under the Accession Documents and the Facilities Agreement.

The directors of CAJ and FMIG do not currently believe that either CAJ or FMIG is likely to default in their obligations under the Accession Documents or the Facilities Agreement.

#### *Advantages of the proposed resolution*

The advantage to CAJ of the proposed resolution is that FMIG will be able to provide the Accession Documents and enable CAJ to satisfy its obligations under clause 21.8 (*Subsidiaries*) of the Facilities Agreement.

The directors of FMIG believe that the execution of the Accession Documents is in the interests of FMIG because:

- (a) FMIG will have greater access to funding in the bank and capital markets as a result of integration with CAJ and its subsidiaries (the **Group**); and
- (b) FMIG will benefit from synergies, cost savings and greater growth potential through its integration with the Group.

The directors of FMIG and of CAJ believe that transactions contemplated by this Explanatory Statement are in the interests of FMIG and CAJ.

#### *Disadvantages to CAJ of proposed resolutions*

As CAJ is already liable for and has provided security, the directors of CAJ do not believe there are any disadvantages to CAJ of the proposed resolution, except that the operations of FMIG will be restricted by the undertakings and representations and warranties given by FMIG under the Accession Documents and the Facilities Agreement.

#### *Disadvantages to FMIG of the proposed resolution*

The disadvantages of the proposed resolution for FMIG include the following:

- (a) it will become liable for the amounts due under the Facilities Agreement;
- (b) its assets will be subject to security and its operations will be restricted by the representations and undertakings given by it under the Accession Documents and the Facilities Agreement;
- (c) CAJ, CR or any other obligor under the Facilities Agreement may default under the Facilities Agreement;
- (d) the Lender may make a demand under the guarantee provided by it requiring immediate repayment of the amounts due under the Facilities Agreement; and
- (e) the Lender may enforce the guarantee and/or security granted by it to recover the amounts due.

A demand made under the guarantees may result in the winding up of FMIG and a sale of FMIG's assets by the Lender upon an enforcement of the security or execution of a judgment for moneys owing under the guarantee. This may result in a return to CAJ (and ultimately its shareholders) significantly lower than could have been

achieved had those assets been sold in the ordinary course of business or had CAJ or, as applicable, FMIG continued trading.

#### *Passing the Financial Assistance Resolution*

The Financial Assistance Resolution under consideration is set out in the Notice that accompanies this Explanatory Statement.

The Financial Assistance Resolution of FMIG will be passed if all shareholders sign the record of resolution.

The Financial Assistance Resolution of CAJ will be passed if it is passed as a special resolution.

Shareholders may vote either for or against any of the Financial Assistance Resolution on which they have a vote.

#### ***Notice to Australian Securities & Investments Commission***

As required by section 260B(5) of the Corporations Act, copies of the Notice and this Explanatory Statement as sent to the shareholders were lodged with the Australian Securities & Investments Commission before they were sent to the shareholders.

#### ***Disclosure***

The directors of CAJ consider that this Explanatory Statement contains all information known to the Company that would be material to the shareholders in deciding how to vote on the proposed resolution other than information which it would be unreasonable to require the Company to include because it has been previously disclosed to the shareholders of the Company.

#### ***Voting Exclusions***

A voting exclusion statement is included in the Notice.

#### ***Board Recommendation***

The Board unanimously recommends that the shareholders vote in favour of the Financial Assistance Resolution to approve the giving of financial assistance.

#### ***Voting Intention***

The Chair of the Meeting intends to vote undirected proxies in favour of this Resolution.

## GLOSSARY

The following terms have the following meanings in this Explanatory Statement:

**Accession Documents** has been defined under Resolution 6 of the Explanatory Statement.

**Acquisition** has been defined under Resolution 6 of the Explanatory Statement.

**AEDT** means Australian Eastern Daylight Time.

**AGM, Annual General Meeting or Meeting** means the 2023 Annual General Meeting convened by the Notice.

**ASIC** means the Australian Securities and Investments Commission.

**ASX** means ASX Limited (ACN 008 624 691).

**Board** means the board of directors of the Company.

**Chair** means the chair of the Meeting.

**Closely Related Party** has the same meaning as section 9 of the Corporations Act and includes:

- (a) a spouse or child of the member;
- (b) a child of the member's spouse;
- (c) a dependent of the member or the member's spouse;
- (d) anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealing with the entity;
- (e) a company the member controls; or
- (f) a person prescribed by the *Corporations Regulations 2001 (Cth)*.

**Company** or **CAJ** or **Capitol Health** means Capitol Health Limited (ACN 117 391 812).

**Constitution** means the Company's constitution.

**Corporations Act** means the *Corporations Act 2001 (Cth)*.

**CR** means Capital Radiology Pty Ltd (ACN 126 357 944).

**Director** means a current director of the Company.

**EIP or Plan** means Capitol Health Limited Employee Incentive Plan.

**EPS** means Earnings Per Share, as defined under Resolution 4 of this Notice of Meeting.

**Equity Securities** has the same meaning as in the Listing Rules.

**Facilities Agreement** has been defined under Resolution 6 of the Explanatory Statement.

**Financial Assistance Resolution** has been defined under Resolution 6 of the Explanatory Statement.

**FMIG** means Future Medical Imaging Group Pty Ltd (ACN 089 957 273).

**FMIG Shares** means the 610,314 CAJ fully paid ordinary shares which were issued on 20 December 2023 at a deemed issue price of \$0.3277 (32.77 cents) per Share, as described under Resolution 5 of this Notice of Meeting.

**Group** has been defined under Resolution 6 of the Explanatory Statement.

**Key Management Personnel or KMP** means those persons details of whose remuneration are included in the Remuneration Report having the authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any Director (executive or otherwise), as defined in the Corporations Act.

**KMP voter** means a KMP or a Closely Related Party of a KMP member.

**Lender** means National Australia Bank Limited (ACN 004 044 937).

**Listed Australian Holding Company** has been defined under Resolution 6 of the Explanatory Statement.

**Listing Rules** means the official listing rules of ASX.

**LTI** means long-term incentive, as defined under Resolution 4 of this Notice of Meeting.

**Meeting** has the meaning given in the introductory paragraph of the Notice.

**Notice** means this notice of the 2022 Annual General Meeting.

**Performance Period** means the period from 1 July 2023 to 30 June 2026 for the Performance Rights described under Resolution 4 of this Notice of Meeting.

**Performance Right** means a right to acquire a Share, subject to conditions specified by the Board.

**Proxy Form** means the proxy form attached to the Notice.

**Resolution** means a resolution referred to in the Notice.

**Remuneration Report** means the remuneration report set out in the Director's report section of the Company's annual financial report for the year ended 30 June 2022.

**Rights** means a right to acquire a Share, subject to conditions specified by the Board.

**Share** means a fully paid ordinary share in the capital of the Company.

**Shareholder** means a member of the Company, as defined in the Constitution of the Company.

**Special resolution** means a resolution requiring 75% of the votes cast by Shareholders entitled to vote on it.

**Statement** means the explanatory statement accompanying the Notice.

**STI** means short-term incentive, as defined under Resolution 4 of this Notice of Meeting.

**TSR** means Total Shareholder Return, as defined under Resolution 4 of this Notice of Meeting.

**Ultimate Australian Holding Company** has been defined under Resolution 6 of the Explanatory Statement.

**Vesting Conditions** means the vesting conditions attached to the Performance Rights described under Resolution 4 of this Notice of Meeting.

**VWAP** means the volume weighted average price.

## Annexure A

### Capitol Health Limited Employee Incentive Plan (EIP or Plan)

The following is a summary of the key terms of the Plan:

TERM	DETAIL
Purpose	The Plan will operate to allow the Board to grant equity awards in the form of Awards to participating individuals, delivering an equity incentive component of remuneration on the terms determined by the Board from time to time.
Awards	<p>Each Award is a right to acquire one ordinary share in the Company (or receive an equivalent cash amount) upon satisfaction of the vesting conditions, as determined by the Board, and valid exercise of the Award.</p> <p>No exercise price will apply in respect of a grant of performance rights and the Board may specify circumstances or an event upon which a performance right may be automatically exercised.</p> <p>For a grant of options, an exercise price will apply, as determined by the Board and, ordinarily, automatic exercise will not apply.</p> <p>Each grant will specify the minimum and maximum number or value of shares in the Company that the participant may receive upon vesting and exercise of Awards.</p> <p>Unless the Board determines otherwise, no consideration is payable by the participant for a grant of Awards under the Plan.</p>
Eligible participants	<p>The Board may grant Awards to selected eligible participants.</p> <p>Eligible participants include ESS Participant, as defined under the Corporations Act.</p>
Allocation of shares upon vesting and exercise	<p>The Company may issue new shares or procure the acquisition of shares on-market to satisfy vested Awards upon exercise.</p> <p>The Company may also operate an employee share trust to acquire, hold or provide shares for the purposes of the Plan.</p> <p>Unless the Board determines, no trading restriction will be placed on shares allocated following vesting and exercise of Awards, subject to the Company's Securities Trading Policy.</p>
Vesting conditions and performance period	<p>The Board may determine vesting conditions, which may include performance and/or service conditions that must be satisfied before Awards vest. The vesting conditions will be measured and tested over a performance period determined by the Board.</p> <p>Note that the Plan provides the Board with the ability to review and adjust the vesting conditions, targets and vesting schedules (as applicable) on a grant-by-grant basis, ensuring the conditions remain appropriate for the particular grant.</p>
Other terms	The Board may determine the terms of the Awards, including the exercise price in respect of options, any exercise restrictions as well as any other vesting or lapsing conditions.
Entitlements	<p>Unless the Board determines otherwise, Awards do not carry any dividend or voting rights prior to vesting and exercise.</p> <p>The Awards are non-transferable, except in limited circumstances (such as death) or with the consent of the Board.</p>
Cessation of employment / engagement	<p>Where a participant ceases to be an employee (or otherwise engaged) by the Company (or any subsidiary of the Company) prior to the end of the applicable performance period, the treatment of Awards will depend on the circumstances of cessation.</p> <p>Generally, where a participant ceases due to resignation or termination for cause (including gross misconduct), all unvested Awards will lapse at cessation.</p> <p>Where the individual ceases for any other reason prior to the end of the relevant performance period, the participant's unvested Awards will continue "on-foot" and will be tested at the end of the applicable performance period, vesting only to the extent that any performance conditions have been satisfied (ignoring any service-related conditions).</p>

TERM	DETAIL
Cessation of employment / engagement	<p>However, the Board has a broad discretion to apply any other treatment it deems appropriate in the circumstances (including that another number of Awards may vest and be exercised either at cessation or at the end of the original performance period, or that some or all of the Awards will lapse).</p> <p>In making this determination, the Board may have regard to any factors the Board considers relevant, including the performance period elapsed and the extent to which the vesting conditions have been satisfied.</p>
Change of control	<p>Where a change of control event occurs prior to vesting of Awards, a pro-rata number of the Awards will generally vest based on the performance period elapsed and the extent to which the vesting conditions have been met at the time of the event.</p> <p>However, the Board has discretion to determine a different treatment, either at the time of grant or prior to the change of control event, including that another number of unvested Awards should vest or be subject to substitute or varied vesting conditions and/or periods.</p> <p>The Company also has specific rules in relation to divestments of a “material” part of the business or asset, with the Board having the discretion to determine an appropriate treatment for participants in the event of such a divestment.</p>
Claw-back	<p>In the event of fraud, dishonesty, or material misstatement of financial statements (or other specific circumstances described in the Plan), the Board may make a determination in respect of the Awards, or Shares allocated following exercise, to ensure that no unfair benefit is obtained by a participant (including lapse of unvested Awards).</p>
Adjustment of number of Awards granted	<p>The Board has discretion to adjust the number of Awards granted in the event of a variation of capital or other corporate transaction, to ensure that participants do not enjoy a windfall gain or suffer a material detriment as a result of the variation. Any adjustment will be made in accordance with the ASX Listing Rules.</p>
Administration of Plan	<p>The Plan may be administered either by the Board or an external party, including using a trust to acquire, hold, or provide shares to satisfy the Awards.</p> <p>The Board is given the power to make all required determinations under the Plan and to waive or modify the application of the terms of the Plan and the Awards granted under it, as the Board considers appropriate.</p>