

ASX ANNOUNCEMENT

24th June 2020

Australian Securities Exchange
Company Announcements Office

UPDATE ON BUSINESS IMPACTS OF COVID-19

Paragon Care Limited (ASX: PGC) (“**PGC**” or the “**Company**”) provides a further business update following the COVID-19 Impact Update issued on 29th April 2020.

As earlier reported, the Company applied for and is now receiving JobKeeper payments with respect to all eligible staff as a result of the Company’s April 2020 revenue tracking below 30% of the April 2019 level. The Company at the time had expected the significantly lower revenues to continue throughout the remainder of the June 2020 quarter.

The Board of the Company is pleased to advise that there has been a solid improvement in PGC’s May and June 2020 revenues, principally due to a higher than expected level of elective surgery cases due to the recent favourable policy changes by the Federal Government. Consequently, revenues for the FY20 year are likely to exceed \$220m (FY19 \$236m).

The Senior Leadership Team, led by CEO Phil Nicholl, has also made significant progress towards PGC’s previously announced strategy of delivering a more efficient cost structure. To date, over \$4m of permanent annualised cost savings have been achieved and this amount is expected to double over the next financial year.

In addition, the Company’s rationalisation of 14 individual businesses into four main pillar businesses is well advanced. More details of this restructure as well as the costs associated with this restructure will be announced at the time of the full year results in late August 2020. The end result will see the Company operate in a more dynamic and efficient manner.

As previously announced, effective 1st April 2020, the Board, CEO and the Senior Leadership Team agreed to a 30% cut in fees and base salary. At the same time, all other staff reduced their working hours by 20% with matching reductions in salaries. Due to the improvement in PGC’s operating environment and the receipt of JobKeeper support from the Federal Government, the Board is pleased to announce these staff will have their working hours and benefits reinstated in full effective 1st July 2020. The 30% cut in fees and base salary in respect of the Board, CEO and the Senior Leadership Team will remain in place and be reviewed at the end of July 2020.

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This announcement is authorised for release to the market by the Board of Directors of Paragon Care Limited.

About Paragon Care Limited

Paragon Care (ASX:PGC) is an Australian based listed company which has progressively acquired businesses in the healthcare sector. It is a leading provider of medical equipment, devices and consumables for the Australian and New Zealand healthcare market. These are high growth markets driven by the ageing of the population, continuously rising consumer expectations and increasing government spending. By combining a series of strategic acquisitions of class leading companies, Paragon Care has positioned itself to provide end to end solutions including equipment and consumable solutions for acute, aged and primary care.

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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