

FY21 FINANCIAL RESULTS

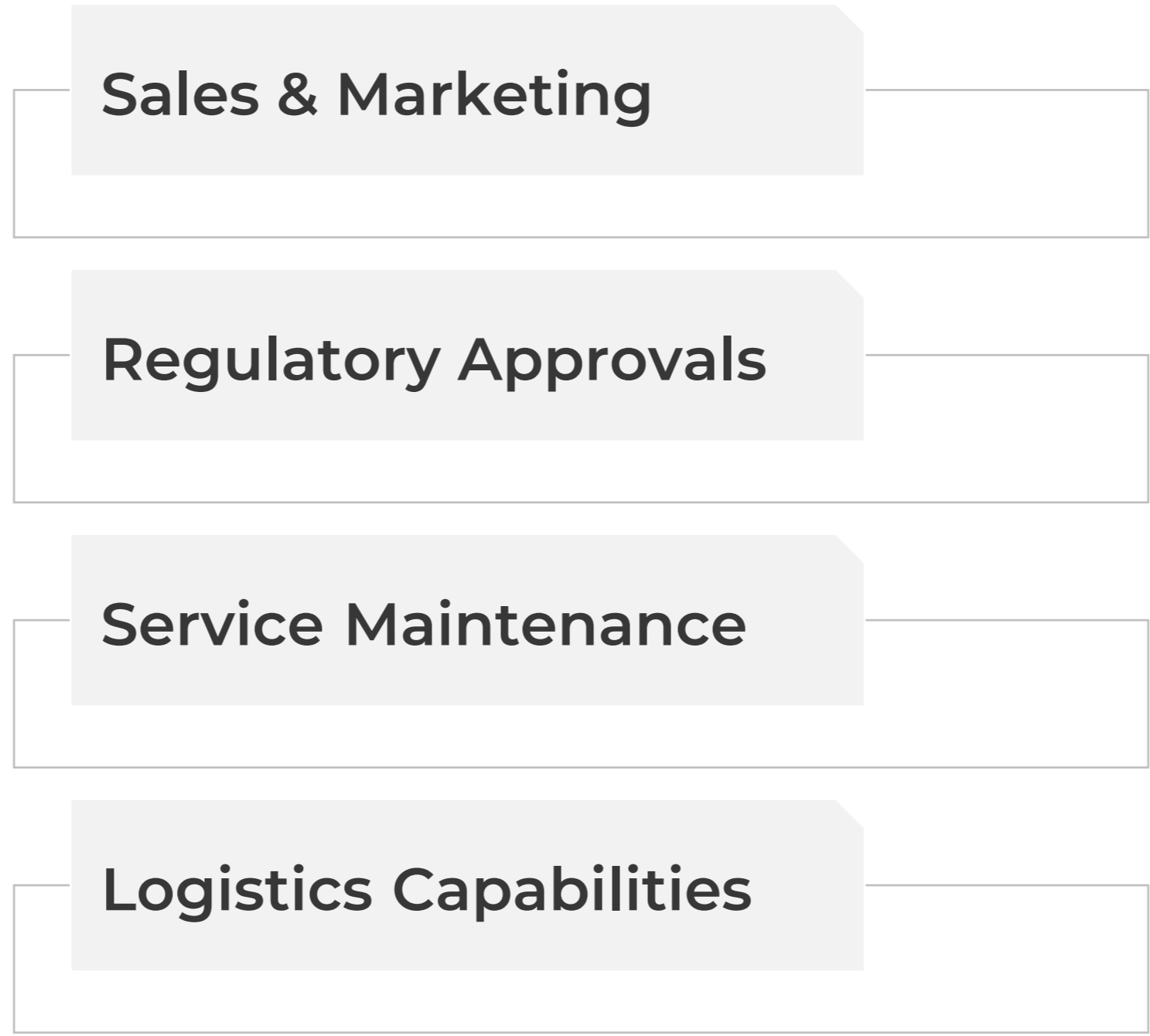
INVESTOR PRESENTATION

27 AUGUST 2021

LEADING PROVIDER OF MEDICAL SUPPLIES IN AUS & NZ



Established long-term relationships with over 100 manufacturers around the world



Supplying majority of hospitals and healthcare facilities in Australia & New Zealand

ESTABLISHED RELATIONSHIPS ACROSS HEALTHCARE

GLOBAL MANUFACTURERS



ParagonCare

Health. Covered.



AUS & NZ CUSTOMERS



DIVERSIFIED PRODUCT OFFERING

DEVICES

EYE CARE
ORTHOPAEDICS

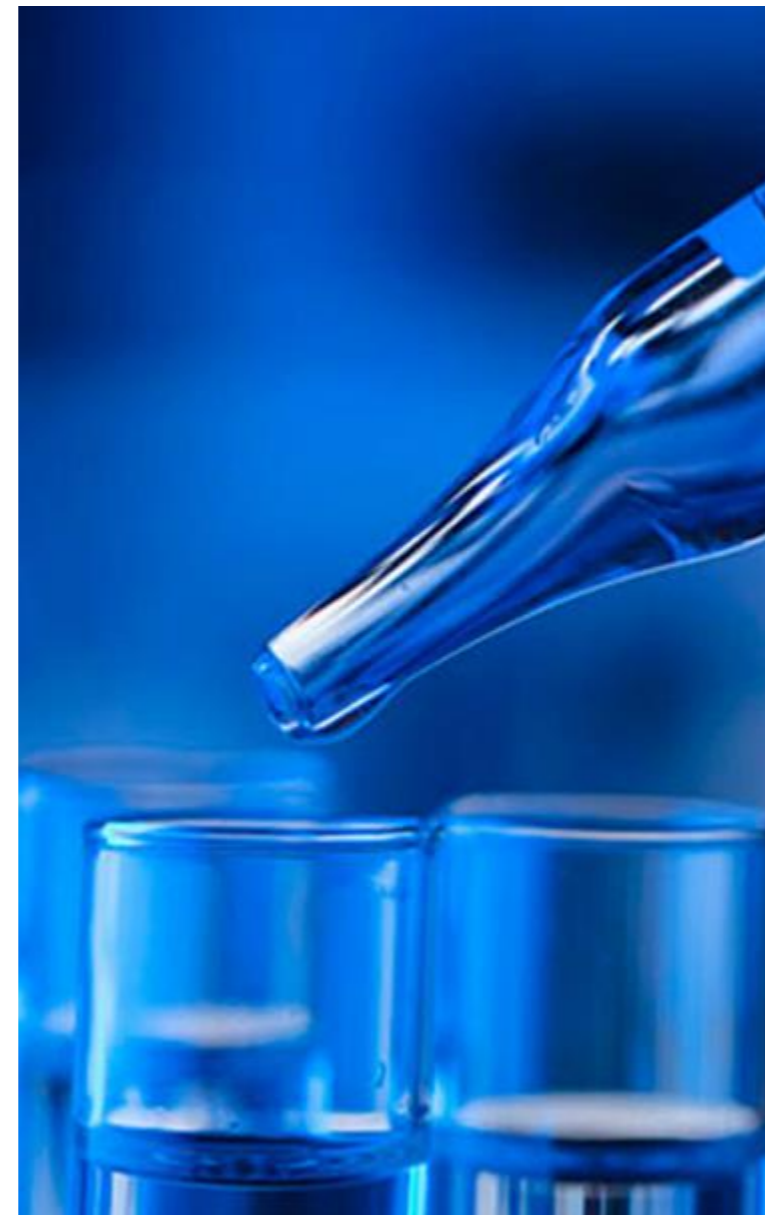
36%
FY21 rev



DIAGNOSTICS

BLOOD BANK
LABORATORY

11%
FY21 rev



CAPITAL & CONSUMABLES

UROLOGY, CRITICAL CARE
NEONATAL, RADIOLOGY

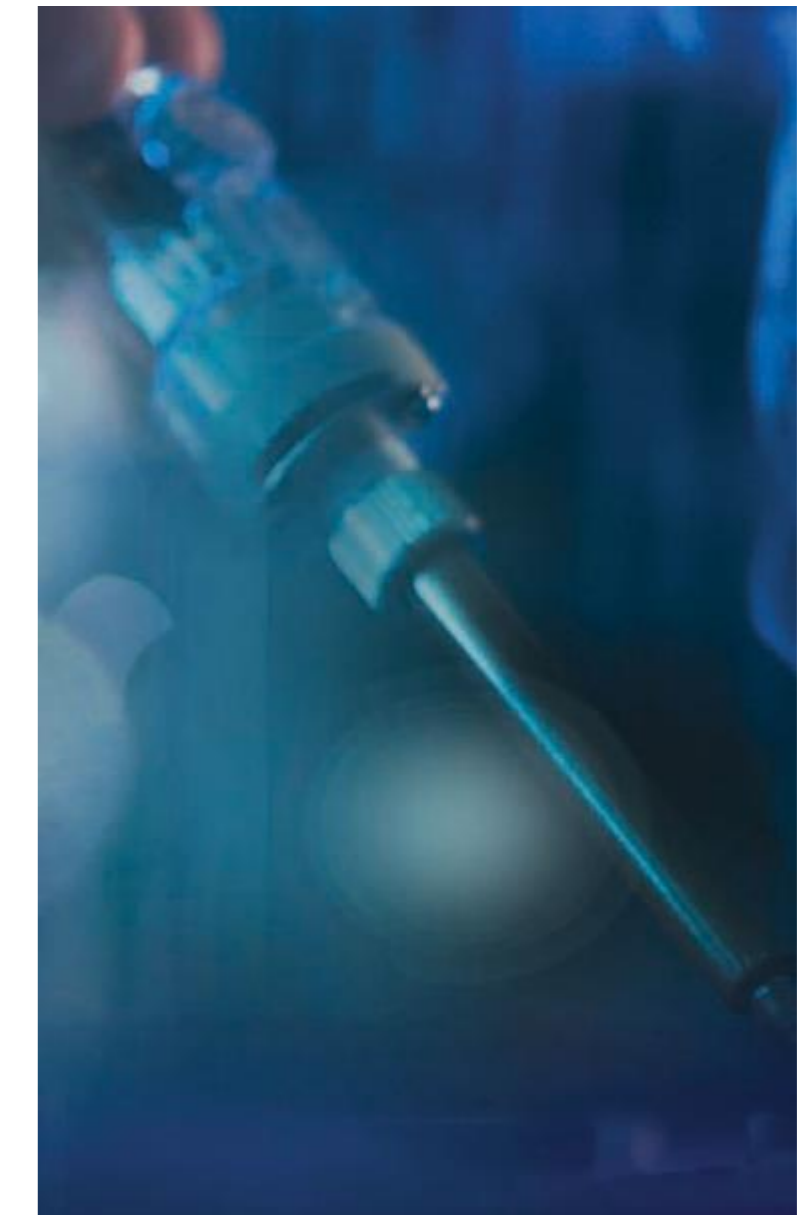
45%
FY21 rev

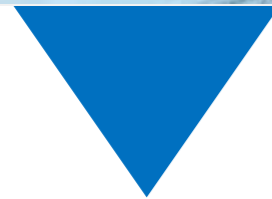


SERVICE & TECHNOLOGY

MANAGEMENT
REPORTING
MAINTENANCE

8%
FY21 rev





**FY21
FINANCIAL
RESULTS**

COMPANY
OVERVIEW

OUTLOOK

FY21 RESULTS: KEY HIGHLIGHTS

Revenue
\$236m
↑ 2% on pcp

Diversified revenue streams
in product and geography

NPAT
\$8.3m

Represents EPS of 2.45cps

DPS
1.0cps

Fully franked final
dividend declared

EBITDA
\$26.5m
↑16% on pcp*

Improved margins and
streamlined operations

Net Debt
\$69.1m
↓ 7% on pcp

Successful renegotiation of
debt facilities with NAB

OPCF
\$27.5m
↑ 419% on pcp

Tighter working capital cycle
increased operating cash

*Normalised EBITDA

FY21 PROFIT & LOSS FROM CONTINUING OPERATIONS

SOLID PROFIT PERFORMANCE

Key Highlights

- Increase in EBITDA of 17% to \$26.5m
- Positive NPAT of \$8.3m, representing EPS of 2.45cps
- Revenue stability reflects diversification across product lines and geographies, in a COVID affected environment
- Improved gross margins due to higher margin product mix in FY21
- JobKeeper payments of \$3.5m in Q1 FY21 and \$3m in FY20 are recognised as reduction in employee benefits expense
- Structurally lower cost base as previous cost rationalisation program has transitioned into a business-as-usual approach focused on streamlining operations
- Tax refund due \$0.4m due to tax expense being offset by carry forward tax losses.

	FY21	FY20	CHANGE	
	30 Jun 2021	30 Jun 2020		
	\$m	\$m	\$m	%
Revenue	235.8	231.7	4.1	1.8%
Cost of sales	(145.5)	(144.9)	0.7	0.5%
Gross profit	90.3	86.8	3.5	4.0%
Gross profit margin %	38.3%	37.5%		
Other income	1.5	0.1	1.4	
Operating expenses				
Employee benefits expense*	(47.2)	(46.7)	(0.5)	(1.2)%
Distribution	(6.3)	(4.2)	(2.1)	(51)%
Occupancy	(1.4)	(1.3)	(0.1)	(10)%
Marketing	(0.9)	(3.4)	2.5	74%
Other	(9.5)	(8.6)	(0.9)	(10)%
Normalised EBITDA	26.5	22.8	3.8	16%
Abnormal expenses		(85.0)		
Reported EBITDA	26.5	(62.1)	88.6	
Depreciation and amortisation	(6.2)	(8.1)	1.9	23%
EBIT	20.3	(70.1)	90.4	
Interest expense	(8.0)	(7.1)	(0.9)	(13)%
NPBT	12.3	(77.2)	89.5	
Tax (expense)/benefit	(4.1)	5.6	9.7	
NPAT from continuing operations	8.3	(71.6)	79.9	

* Includes \$3.5m JobKeeper for Q1 FY21 and \$3.0m in Q4 FY20

FY21 BALANCE SHEET HIGHLIGHT

STRENGTHENED FINANCIAL POSITION

Key Highlights

- Strengthened financial position driven by improved working capital cycle and successful renegotiation of debt facilities with NAB
- Net debt down by 7% to \$69.1m and gearing reduced to 36% in FY21, down from 40% in FY20
- We have recommenced the repayment of debt facilities in FY22
- In FY21, all vendor earn-outs relating to prior acquisitions were paid, totalling \$15.3m
- Fully franked final dividend of 1.0cps declared

	FY21	FY20	CHANGE	
	30 Jun 2021	30 Jun 2020		
	\$m	\$m	\$m	%
Cash	33.2	24.5	8.7	35%
Receivables	26.2	31.6	(5.4)	(19)%
Inventories	51.6	46.7	4.9	11%
PPE	7.5	7.2	0.3	4%
Intangibles	151.4	149.7	1.7	1%
Total assets	291.9	292.2	(0.3)	(0.1)%
Trade and other payables	36.1	26.9	9.2	34%
Current borrowings	21.8	16.8	4.8	29%
Vendor conditional payables	0	15.3	(15.3)	
Total current liabilities	82.2	84.9	(2.7)	(3)%
Non-current borrowings	80.5	82.2	(1.8)	(2)%
Other non-current liabilities	7.7	12.8	(4.0)	(31)%
Total non-current liabilities	88.2	95.0	(6.8)	(7)%
Total liabilities	170.4	179.9	(9.5)	(5)%
Net assets	121.5	112.3	9.2	8%
Issued capital*	113.9	202.7	(88.8)	(44)%
Reserves	7.6	(1.7)	(1.0)	(57)%
Retained earnings*	0	(88.8)	97.0	
Total equity	121.5	112.3	9.2	8%

*In May 2021, PGC announced that issued capital reduced by \$88.8m in accordance with Section 258F of the Corporations Act

Note that this table is an extract of the Balance Sheet with only key line items included

FY21 CASH FLOW

BOOST TO OPERATING CASH FLOW

Key Highlights

- Significant improvement in operating cash flow to \$27.5m, up 419% on pcp
- Investing cash flow payments primarily comprised of \$15.3m in vendor earn-outs
- Solid cash balance of \$33.2m, up from \$24.5m on pcp
- In FY22, we expect a return to normal trading conditions, under which operating cash flow will be aligned with earnings

	FY21	FY20	CHANGE	
	30 Jun 2021	30 Jun 2020		
	\$m	\$m	\$m	%
Net cash from operating activities	27.5	5.3	22.2	419%
Net cash used in investing activities	(18.8)	(11.4)	7.4	65%
Net cash used in financing activities	0.0	(3.6)	3.6	
Net increase/(decrease) in cash	8.7	(9.7)	18.4	
Cash at beginning of financial year	24.5	34.2	(9.7)	(28)%
Cash at end of financial half year	33.2	24.5	8.7	35%

REVENUE STABILITY: DIVERSIFIED OFFERING

FY21

DEVICES	\$85.8m	↑	15%
DIAGNOSTICS	\$25.9m	↑	11%
CAPITAL & CONSUMABLES	\$105.2m	↓	<1%
SERVICE & TECHNOLOGY	\$19.0m	↓	32%
TOTAL REVENUE	\$235.9m	↑	2%

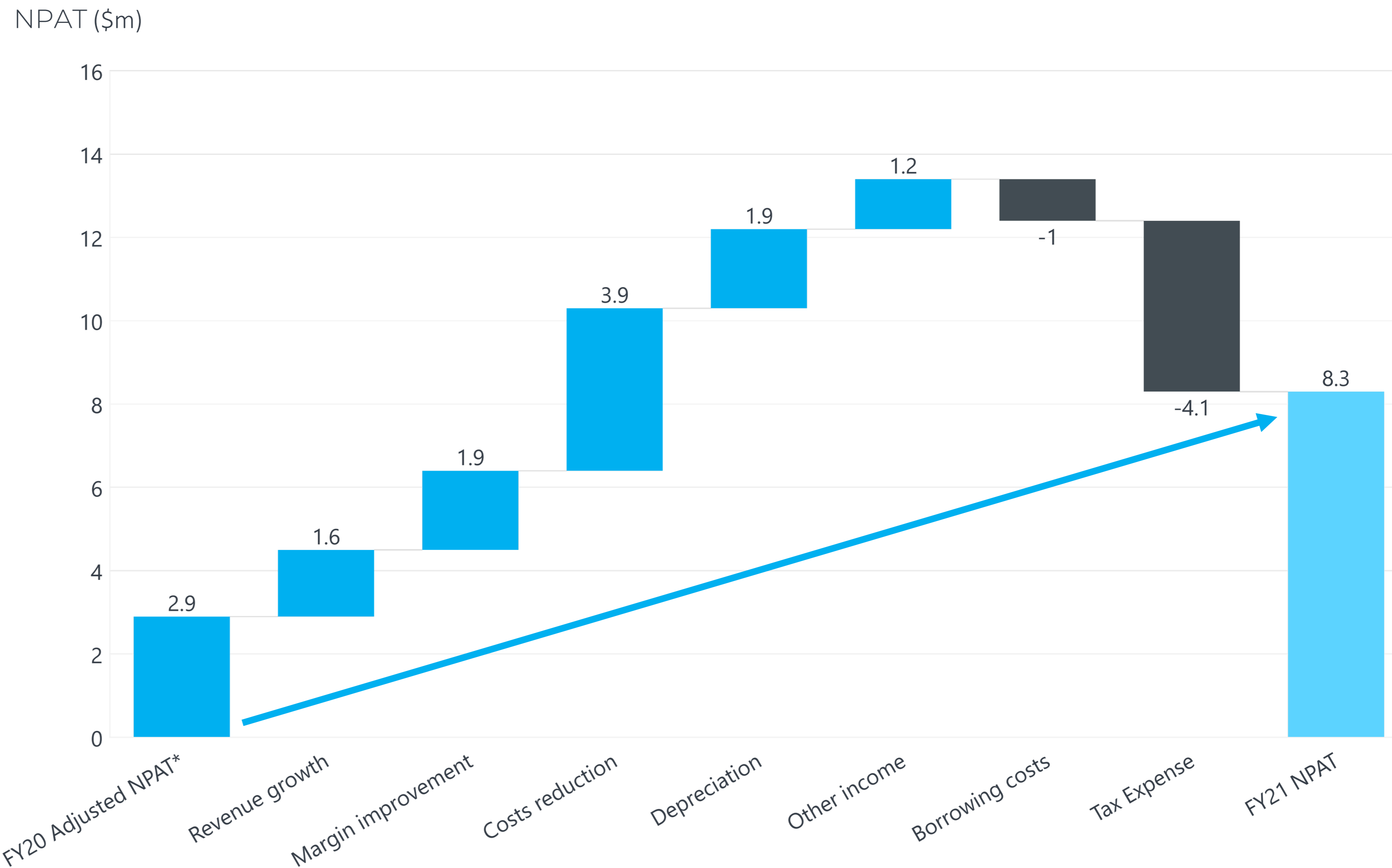
Diversified portfolio generated revenue stability

- **Devices:** Continued growth in eye care
- **Diagnostics:** Expansion of product range
- **Capital & Consumables:** Stable revenue despite difficult trading conditions
- **Service & Technology:** Continues to be adversely impacted by access restrictions in aged care

Revenue in Australia down by 1% on pcp to \$187m, offset by 14% increase in revenue from NZ to \$47m

186% INCREASE IN FY21 NPAT

- Revenue growth and margin improvement in FY21, despite COVID-19 disrupted business environment
- Streamlined operations driving down operating costs
- Lower depreciation expense due to FY20 balance sheet clean-up and ongoing property rationalisation



CAPITAL MANAGEMENT RECOMMENCEMENT OF FULLY FRANKED DIVIDENDS

- FY21 final dividend of 1.0cps, fully franked at 30% tax rate
- Paragon Care has \$17.7m in franking credits as at 30 June 2021
- Fully underwritten dividend re-investment plan
- DRP issue price is the lower of:
 - 25.0cps
 - VWAP less 5.0% discount
- Last date for DRP election notices is 17 September 2021

KEY DATES

Ex-dividend date	13 September 2021
Record date	14 September 2021
DRP election date	17 September 2021
Payment date	1 October 2021
DRP issue date	1 October 2021



FY21
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COMPANY
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OUTLOOK

CLEAR COMPETITIVE ADVANTAGES

Deep industry expertise

Comprehensive sales & marketing, regulatory approvals expertise, service & maintenance and logistics capabilities

Diversified product portfolio

No product or supplier accounts for more than 10% of earnings



Well-established relationships

Long term relationships with >100 manufacturers globally, supplying the majority of hospitals and healthcare facilities in Australia & New Zealand

Local manufacturing capability

Ability to expand product offering and enter new markets

PARAGON CARE

PLATFORM FOR GROWTH

GROWTH BY ACQUISITION (FY15 – FY18)

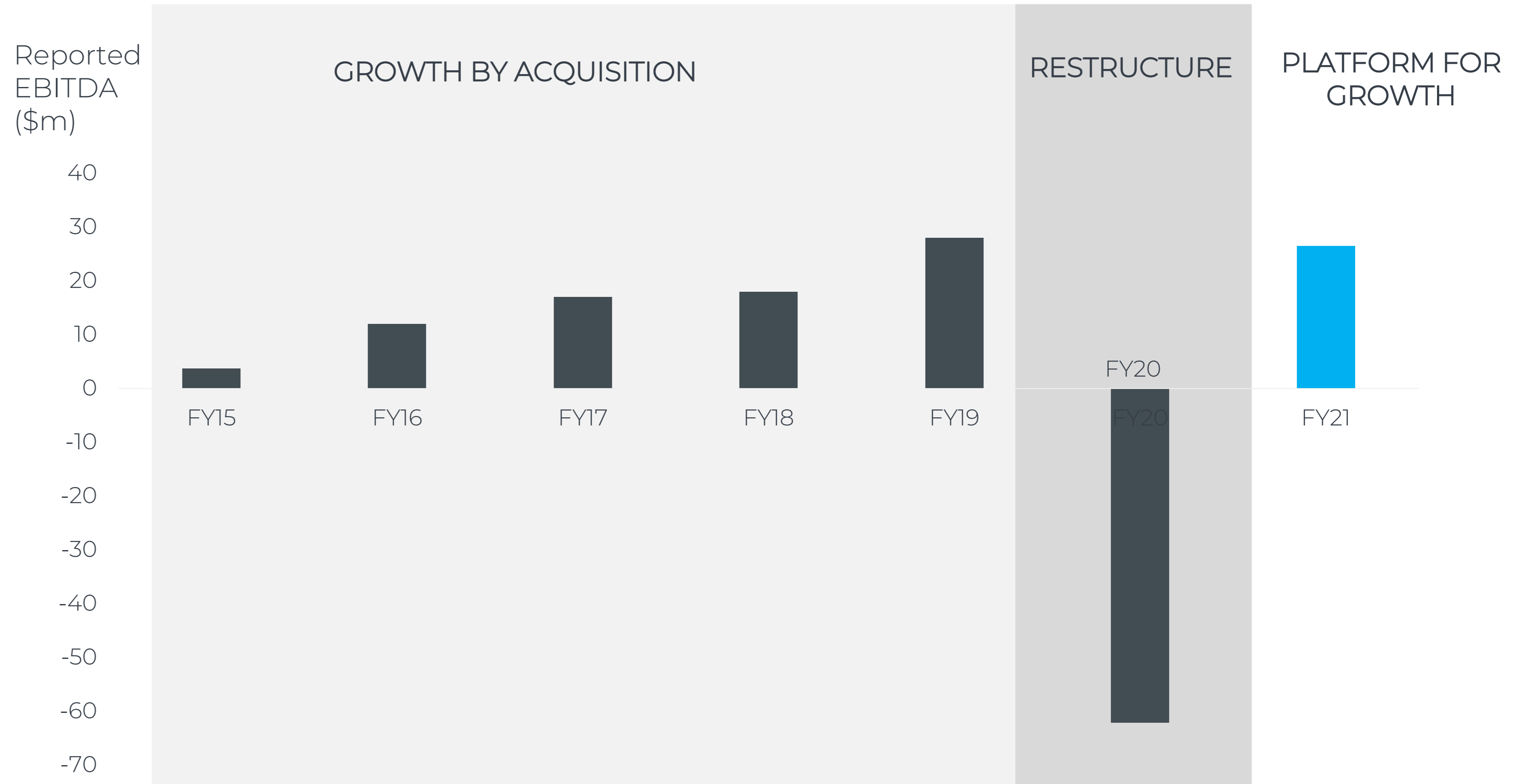
17 acquisitions between October 2014 and November 2018

RESTRUCTURE (FY19-FY20)

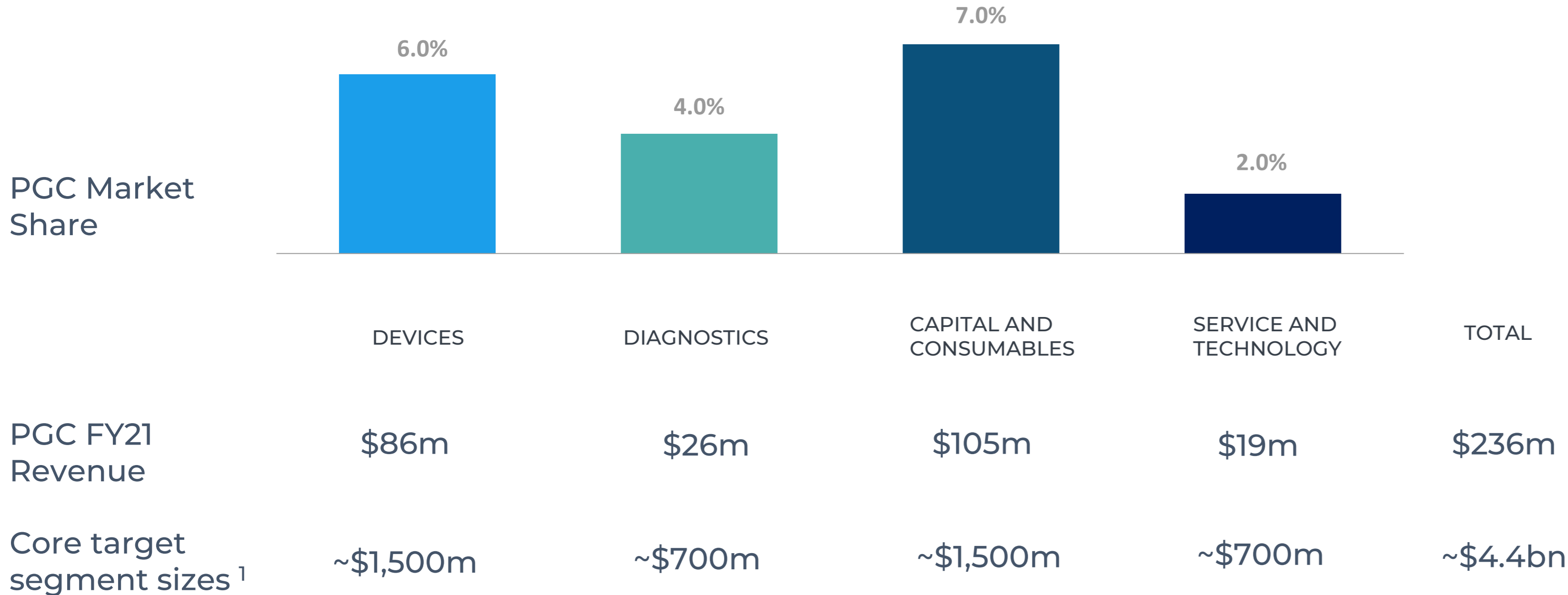
Issues with business integration, ERP implementation and working capital cycle

PLATFORM FOR GROWTH (FY21+)

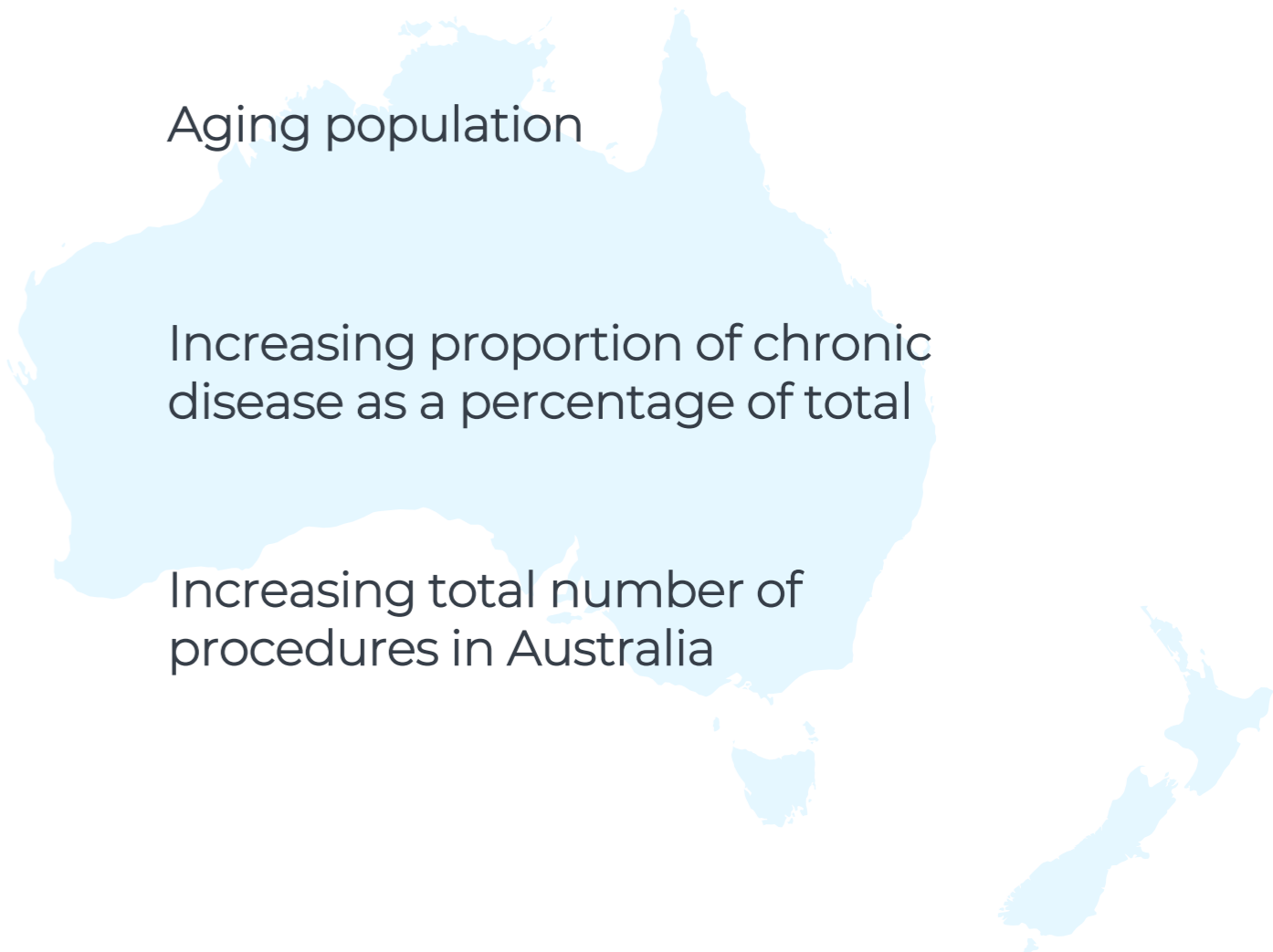
Leveraging quality assets from previous acquisitions with structurally lower cost base



A\$4.4 BILLION MARKET OPPORTUNITY



Industry continues to grow, driven by strong tailwinds



Notes:
 1. CY20 market sizes shown. Assumed US market is 40% of global market and AU market is 4% of US market to calculate services, lab equipment (part of capital and consumables) and IVD (part of diagnostics) market sizes
 2. Market share calculated by comparing FY20 PGC revenue to CY19 addressable market sizes

Source: Fitch Solutions Macro research report – IP owned by Fitch Solutions Group; Company financials; Grandview Research medical device outsourcing market size 2018; MarketWatch 2019 and NCBI research 2016

PARAGON CARE

EXPERIENCED BOARD



Shane Tanner

Non-Executive Chairman

- Co-founder of Paragon Care
- Extensive commercial and financial experience
- Chairman of Zenitas Healthcare and Cronos Limited



Brent Stewart

Non-Executive Director

- 25 years' experience in senior exec and board roles
- Professional background includes a wide range of experience in marketing, technology and strategic planning at both domestic and international levels



Geoff Sam OAM

Non-Executive Director

- Over 35 years' experience in the health sector
- Board positions with ASX-listed companies and for-profit and not-for-profit hospital groups including Healtcare and CML Group



Mark Simari

Non-Executive Director

- Former Managing Director and co-founder of Paragon Care
- Professional background includes over 12 years' experience in ASX listed entities, mergers & acquisitions, equity capital markets and business development



Paul Li

Non-Executive Director

- Over 29 years' experience in the pharmaceutical services industry
- Founder and Chairman of China Pioneer Pharma Holdings Ltd

PARAGON CARE CORPORATE OVERVIEW



Phil Nicholl

Chief Executive Officer

- CEO of Paragon Care since December 2019
- CEO and part owner of Surgical Specialties from Oct 2015 to Dec 2019
- Lengthy career with Asia Pacific Stryker 2004 to 2013 and President for last two years
- President Asia Pacific Cochlear 2001 - 2004



Stephen Munday

Chief Financial Officer

- CFO of Paragon Care since December 2019
- Over 25 years experience in business consulting on M&A, funding, corporate advisory, governance and risk management

Share price (25-Aug-21)	\$0.275
Number of shares (m)	337.9
Market capitalisation	\$92.9m
Cash & cash equivalents (30-Jun-21)	\$33.2m
Interest bearing debt (30-Jun-21)	\$102.3m
Enterprise value	\$163.0m

Major Shareholders (as at 9 Mar 2021)

Board & Management*	32.60%
China Pioneer*	14.92%
First Samuel Limited	7.89%
Top 20 shareholders	50.5%
Total number of shareholders	5,820

*Paul Li is included in both Board & Management and China Pioneer



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PARAGON CARE

STRATEGIC PRIORITIES

Focus on the customer

- Securing new agencies and expanding product range
- Continued focus on cross division sales collaboration to leverage pillar structure
- Opportunities for growth in WA

Capitalise on existing local manufacturing capability

- Export opportunities in blood bank
- Further develop China growth strategy

Talent retention and development

- Identifying key talent for further development
- Targeted recruitment strategy in line with continuous improvement initiatives

Ready for growth in aged care post-COVID

- Maintained capability despite reduced activity
- Optimistic about future growth opportunities in aged care



PARAGON CARE **OUTLOOK**



OUTLOOK – FY22 & BEYOND

- Continued growth in revenue in FY22
- Continued expansion of gross profit margins
- Target 15% EBITDA margins over time
- Improved inventory management
- Cash flow aligned with earnings
- Recommence repayment of debt facilities
- Dividends reinstated

PARAGON CARE

DISCLAIMER

Summary information

This Presentation contains summary information about Paragon Care and its activities current as at 27/08/2021. The information in the Presentation is of a general nature and does not purport to be complete or comprise all information which a shareholder or potential investor may require in order to determine whether to deal in Paragon Care shares. It should be read in conjunction with the Company's other periodic and continuous disclosure announcements lodged with the Australian Securities Exchange, which are available at www.asx.com.au.

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Past performance information, including past share price performance, given in this Presentation is given for illustrative purposes only and should not be relied upon as an indication of future performance.

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This Presentation contains such statements that are subject to risk factors associated with an investment in Paragon Care. Paragon Care believes that the expectations reflected in these statements are reasonable, but they may be affected by a range of variables which could cause actual results or trends to differ materially.



Shane Tanner

Chairman

P: 1 300 369 559

E: shane.tanner@paragoncare.com.au

Phil Nicholl

Chief Executive Officer

P: 1 300 369 559

E: phil.nicholl@paragoncare.com.au

THANK YOU

ParagonCare
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