

ASX ANNOUNCEMENT

18 November 2021

Australian Securities Exchange
Company Announcements Office

AGM Presentation

Paragon Care Limited (ASX: PGC) (“**PGC**” or the “**Company**”), a leading provider of medical equipment, devices, and consumables to the healthcare markets in Australia and New Zealand, will be holding its 2021 Annual General Meeting 2021 on 16 November 2021 at 1.00pm (AEDT) (“**AGM**”) and is pleased to attach its AGM presentation.

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Chairman

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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 in the healthcare sector. It is a leading provider of medical equipment, devices, and consumables for the Australian and New Zealand healthcare markets. 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 advanced technology solutions including equipment, consumables, and services for acute and ancillary care environments.

PARAGON CARE LIMITED (ASX: PGC)

COMPANY PRESENTATION

18 November 2021



PARAGON CARE

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FY21 OVERVIEW

Q1 FY22 UPDATE

MERGER WITH QUANTUM
HEALTH GROUP (QTM)

ESTABLISHED RELATIONSHIPS ACROSS HEALTHCARE

GLOBAL MANUFACTURERS



ParagonCare

Health. Covered.



KEY CUSTOMERS



FY21 RESULTS: KEY HIGHLIGHTS

Revenue
\$236m
↑ 2% on pcp

Diversified revenue streams
in product and geography

EBITDA
\$26.5m
↑16% on pcp*

Improved margins and
streamlined operations

*Normalised EBITDA

NPAT
\$8.3m

Represents EPS of 2.45cps

OPCF
\$27.5m
↑ 419% on pcp

Tighter working capital cycle
increased operating cash

Net Debt
\$69.1m
↓ 7% on pcp

Successful renegotiation of
debt facilities with NAB

DPS
1.0cps

Fully franked final
dividend declared

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



FY21 OVERVIEW

Q1 FY22 UPDATE

MERGER WITH QUANTUM
HEALTH GROUP (QTM)

Solid progress in Q1 FY22 in difficult conditions

- **Revenue stability:** Revenue of \$56m was down by only 2% on prior year, with continued & in some cases more severe lockdowns across Sydney, Melbourne and NZ during the quarter impacting elective surgery and aged care.
- **Improved margins:** Gross profit margin of 41.6% (up from 37.5% in Q1 FY21) due to selling higher margin products this year, rather than personal protective equipment and improved FX rates compared with prior year.
- **Growth in underlying operating performance:** Underlying EBITDA increased 49% to \$6.1m in Q1 FY22, up from \$4.1m in Q1 FY21 (excluding \$3.4m in JobKeeper received in Q1 FY21).
- **Increased inventory:** Inventory has been increased to manage global supply chain delays and maintain service levels to customers; this led to a decline in cashflow from operations in Q1 FY22.
- **Gradual rebound in Q2 FY22:** It is anticipated that the operating performance in Q2 FY22 will continue to be adversely affected by the measured return of elective surgery and the delayed opening to the aged care sector. At this stage, it is possible that the Q2 performance could be slightly weaker than Q1 FY22.
- **Debt reduction:** Total debt was reduced by \$4m in Q1 FY22.
- **Ongoing BAU improvements:** Solid progress on Strategic Priorities during the quarter.

FY22: ORGANIC GROWTH INITIATIVES



- We have a strong growth pipeline with 15 of the largest opportunities across the Group having the potential to increase sales by up to \$100M in a 3 - 5 year time frame.
- H2 FY22 gradual rebound from NSW, VIC & NZ lockdowns, specifically increased elective surgery cases in our Devices pillar
- As access to aged care facilities improves, Total Communications will return to its strong pre-COVID performance.
- Plans are progressing well to more than double manufacturing capacity in our world class proprietary blood reagent business which will facilitate the expansion of Immulab into China and other Asian markets.



FY21 OVERVIEW

Q1 FY22 UPDATE

MERGER WITH QUANTUM
HEALTH GROUP (QTM)

STRATEGIC RATIONALE

| | |
|--------------------------|--|
| Cross-Sell | <ul style="list-style-type: none"> • Cross-sell the combined product portfolio into the high growth Asia Pacific markets |
| Growth in Asia Pacific | <ul style="list-style-type: none"> • Enhance growth opportunities in Asia, particularly for Immulab, in Paragon Care's diagnostics pillar |
| New Suppliers | <ul style="list-style-type: none"> • Attract new suppliers through a larger distribution footprint and commitment to high levels of corporate governance in Asian markets |
| Strengthen Balance Sheet | <ul style="list-style-type: none"> • Strengthen balance sheet capacity and improved covenants through expanded earnings base which will enable additional opportunities for growth in the future. Net Debt/EBITDA improvement to less than 2x |
| Merger | <ul style="list-style-type: none"> • Merger is a nil premium transaction • Merged entity expected to have a proforma FY21 EBITDA of \$37m (EV/EBITDA 6.5x)¹ - Significantly below industry averages for healthcare businesses |
| Synergies | <ul style="list-style-type: none"> • Significant synergies across Asia Pacific are expected based on strong collaboration and analysis between PGC and QTM, but none have been included in any financial numbers in this presentation |
| Revenue Diversification | <ul style="list-style-type: none"> • Implementation of the Scheme is expected to result in diversified revenue across product lines, customers and geographies |
| Recurring Revenue | <ul style="list-style-type: none"> • Merged entity anticipated to benefit from stronger recurring revenue streams through maintenance revenue |

Notes: (1) Based on Enterprise Value/EBITDA using post transaction market capitalisation calculated in slide 29 plus net debt as enterprise value. The proforma combined numbers for net debt and EBITDA are based on the published FY21 Annual Reports of Paragon Care and Quantum.

A FIVE PILLAR STRUCTURE



* Proforma numbers based on FY21 Annual Reports of Paragon Care and Quantum

ESTABLISHED RELATIONSHIPS ACROSS HEALTHCARE

GLOBAL MANUFACTURERS



LEADING BRANDS



ASIA PACIFIC CUSTOMERS



CONSOLIDATED FY21 METRICS (Pre-Synergies)

FY21
Consolidated
Revenue¹
\$291m

FY21
Consolidated
EBITDA¹
\$37m

FY21
Consolidated
NPBT¹
\$21m

FY21
Consolidated
Net Debt/EBITDA²
< 2x

Gearing
Ratio²
24%

Countries
Australia
New Zealand
Korea
Thailand
Philippines
China
Vietnam

CORPORATE OVERVIEW POST TRANSACTION

| | PGC | QTM | Pro-forma Combined Group | Major Shareholders (as at 3 Nov 2021) ⁴ |
|---|----------------|---------------|-----------------------------|---|
| Number of shares (m) ² | 351.40 | 1,128.31 | 625.58 | Board, Management & Vendors 29.1% |
| Market capitalisation (m) | \$101.2 | \$79.0 | \$180.2 | China Pioneer 8.4% |
| Pre Merger Market Capitalisation (%) | 56% | 44% | 100% | Realm Group Pty Ltd 4.2% |
| FY21 Revenue (\$m) ³ | \$236m | \$55m | \$291m | First Samuel Limited 3.9% |
| FY21 Net Profit Before Tax (\$m) ³ | \$12m | \$9m | \$21m | Other shareholders 54.4% |
| FY21 Employees | 423 | 178 | 601 | Total number of shareholders 7,187 |

Notes: (1) Reflects current offer pricing per the agreed Scheme Implementation Deed (2) Based on the latest Paragon Care and Quantum share register and anticipated number of Paragon Care shares post transaction (3) Based off Paragon Care and Quantum FY21 annual reports. Pro forma combined cash balance is net of transaction costs. (4) Major shareholders table reflects the expected post merger shareholdings



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THANK YOU

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