

**ParagonCare**  
Health. Covered.

**Quantum**  
HEALTH GROUP

# PARAGON CARE AND QUANTUM MERGER

Creating a leading medical distribution  
business across Asia Pacific



# DISCLAIMER

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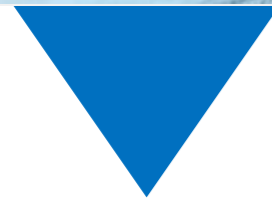
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# SUMMARY OF MERGER

## Paragon Care and Quantum are highly complementary medical distribution businesses

<p>Transaction Overview</p>	<ul style="list-style-type: none"> <li>Paragon Care Limited (ASX: PGC) will acquire 100% of the shares of Quantum Health Group Limited (ASX: QTM) by scheme of arrangement (Proposal)</li> <li>Under the Proposal, each Quantum shareholder will receive 0.243 Paragon Care shares for each Quantum share held at the scheme record date</li> <li>Under the Proposal, Quantum shareholders as a whole will be issued up to a maximum of 274,178,915 Paragon Care shares and will own approximately 43.8% of the merged entity<sup>1</sup></li> </ul>
<p>Scheme Conditions</p>	<ul style="list-style-type: none"> <li>The Proposal is subject to the fulfilment of certain conditions, including:             <ol style="list-style-type: none"> <li>(1) approval by the requisite majorities of Quantum shareholders and the Court;</li> <li>(2) the Independent Expert concluding that the Scheme is in the best interests of Quantum shareholders;</li> <li>(3) no material adverse change, prescribed event, material litigation or breach of warranty (as defined in the scheme implementation deed) occurring in relation to either Quantum or Paragon Care;</li> <li>(4) John Walstab entering into a voluntary escrow deed in respect of the Paragon Care shares received under the Scheme;</li> <li>(5) the repayment of Quantum related party loans;</li> <li>(6) certain key executives of Quantum (to be agreed between Paragon Care and Quantum) to enter into new employment agreements; and</li> <li>(7) no regulatory restraints to implementation of the Scheme</li> </ol> </li> </ul>
<p>Combined Financial Metrics</p>	<ul style="list-style-type: none"> <li>Consolidated FY21 revenue of \$291m<sup>2</sup></li> <li>Consolidated FY21 EBITDA of \$37m and NPBT of \$21m<sup>2</sup></li> <li>Consolidated FY21 Net debt to EBITDA of &lt;2.0x<sup>3</sup></li> </ul>
<p>Board</p>	<ul style="list-style-type: none"> <li>Two nominated Directors from Quantum will be appointed to the Board of Paragon Care on implementation of the Scheme.</li> <li>After implementation of the Scheme, John Walstab (CEO of Quantum) is expected to own 19.99% of the merged entity. John Walstab, as a condition to the Scheme, proposes to enter into a voluntary escrow agreement in respect of the Paragon Care shares received under the Scheme, to be released over 2 years (50% in Year 1 and 50% in Year 2)<sup>4</sup></li> </ul>
<p>Timing</p>	<ul style="list-style-type: none"> <li>There is no capital raising associated with the transaction and Paragon Care shareholders do not need to take any action. It is anticipated that Quantum shareholders will vote on the Scheme in late January 2022 and, if approved by the requisite majorities of Quantum shareholders and the Court, the Scheme is expected to be implemented in February 2022 subject to fulfilment of conditions</li> </ul>

Notes: (1) Subject to rounding and based on the current offer prices and existing PGC shares of 351.4m and anticipated post transaction PGC shares of 625.6m. (2) Proforma numbers are based on the published FY21 Annual Reports of Paragon Care and Quantum. No cost or revenue synergies across Asia Pacific have been considered in the consolidation. (3) Based off Paragon Care and Quantum. FY21 annual reports and net debt position as at Jul-21 and consolidated FY21 in EBITDA in note 2. (4) John Walstab currently owns approximately 514.7m QTM shares. As part of the transaction it is anticipated that John will receive approximately 125.1m PGC shares

# STRATEGIC RATIONALE

Cross-Sell	<ul style="list-style-type: none"> <li>• Cross-sell the combined product portfolio into the high growth Asia Pacific markets</li> </ul>
Growth in Asia Pacific	<ul style="list-style-type: none"> <li>• Enhance growth opportunities in Asia, particularly for Immulab, in Paragon Care’s diagnostics pillar</li> </ul>
New Suppliers	<ul style="list-style-type: none"> <li>• Attract new suppliers through a larger distribution footprint and commitment to high levels of corporate governance in Asian markets</li> </ul>
Strengthen Balance Sheet	<ul style="list-style-type: none"> <li>• 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</li> </ul>
Merger	<ul style="list-style-type: none"> <li>• Merger is a nil premium transaction</li> <li>• Merged entity expected to have a proforma FY21 EBITDA of \$37m (EV/EBITDA 6.5x)<sup>1</sup> - Significantly below industry averages for healthcare businesses</li> </ul>
Synergies	<ul style="list-style-type: none"> <li>• 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</li> </ul>
Revenue Diversification	<ul style="list-style-type: none"> <li>• Implementation of the Scheme is expected to result in diversified revenue across product lines, customers and geographies</li> </ul>
Recurring Revenue	<ul style="list-style-type: none"> <li>• Merged entity anticipated to benefit from stronger recurring revenue streams through maintenance revenue</li> </ul>

Notes: (1) Based on Enterprise Value/EBITDA using post transaction market capitalisation calculated in slide 11 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.



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# A FIVE PILLAR STRUCTURE

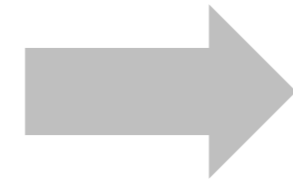


\* Proforma numbers based on FY21 Annual Reports of Paragon Care and Quantum

# LEADING MEDICAL DISTRIBUTION BUSINESS IN ASIA PACIFIC



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



**Sales & Marketing**

**Regulatory Approvals**

**Service Maintenance**

**Logistics Capabilities**



Supplying hospitals and healthcare facilities in Asia Pacific



# ESTABLISHED RELATIONSHIPS ACROSS HEALTHCARE

## GLOBAL MANUFACTURERS



## LEADING BRANDS



## ASIA PACIFIC CUSTOMERS



## CONSOLIDATED FY21 METRICS (Pre-Synergies)

FY21  
Consolidated  
Revenue<sup>1</sup>  
**\$291m**

FY21  
Consolidated  
EBITDA<sup>1</sup>  
**\$37m**

FY21  
Consolidated  
NPBT<sup>1</sup>  
**\$21m**

FY21  
Consolidated  
Net Debt/EBITDA<sup>2</sup>  
**< 2x**

Gearing  
Ratio<sup>2</sup>  
**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) <sup>4</sup>
Number of shares (m) <sup>2</sup>	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) <sup>3</sup>	\$236m	\$55m	\$291m	First Samuel Limited 3.9%
FY21 Net Profit Before Tax (\$m) <sup>3</sup>	\$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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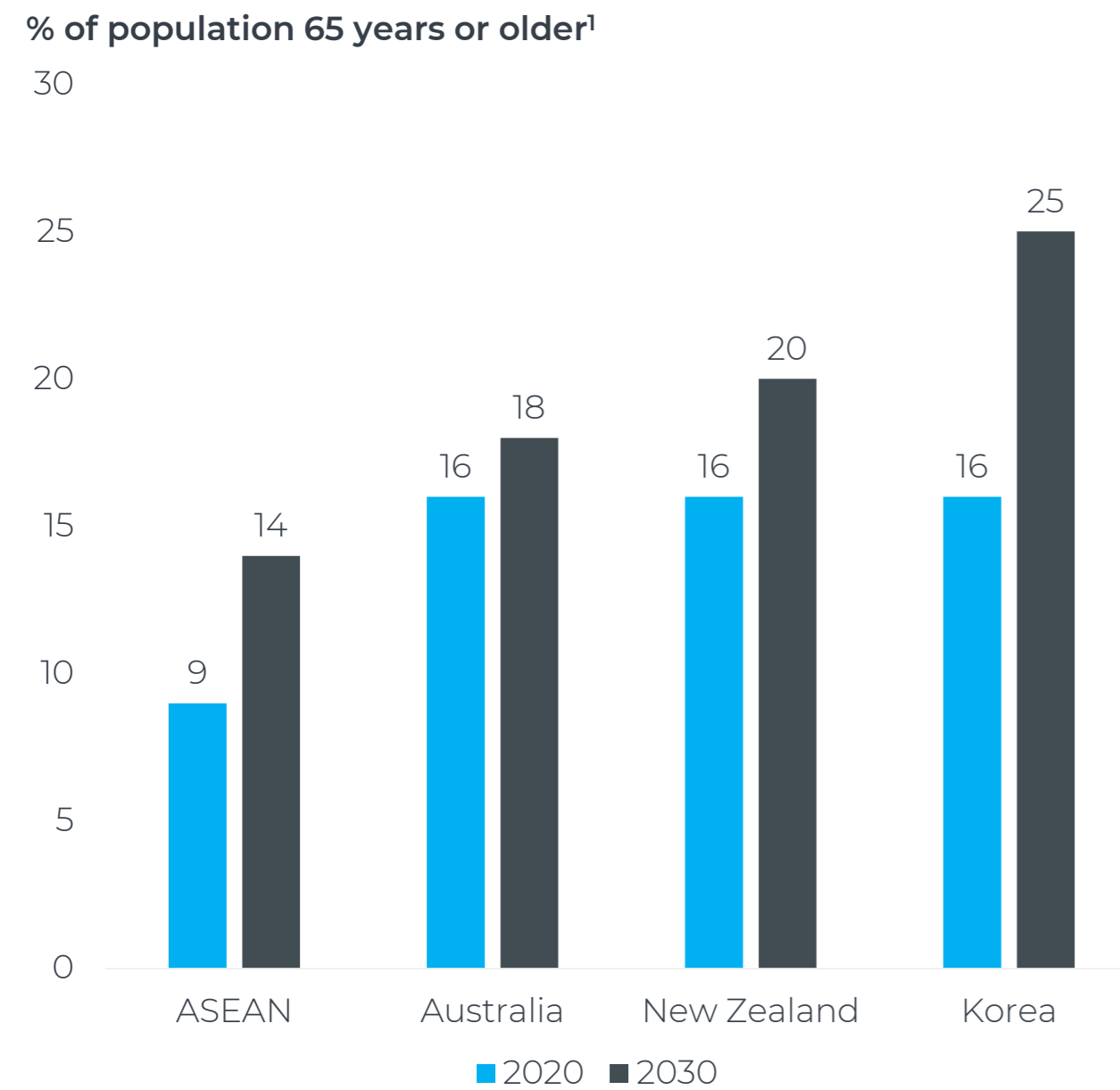
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# MARKET OPPORTUNITY

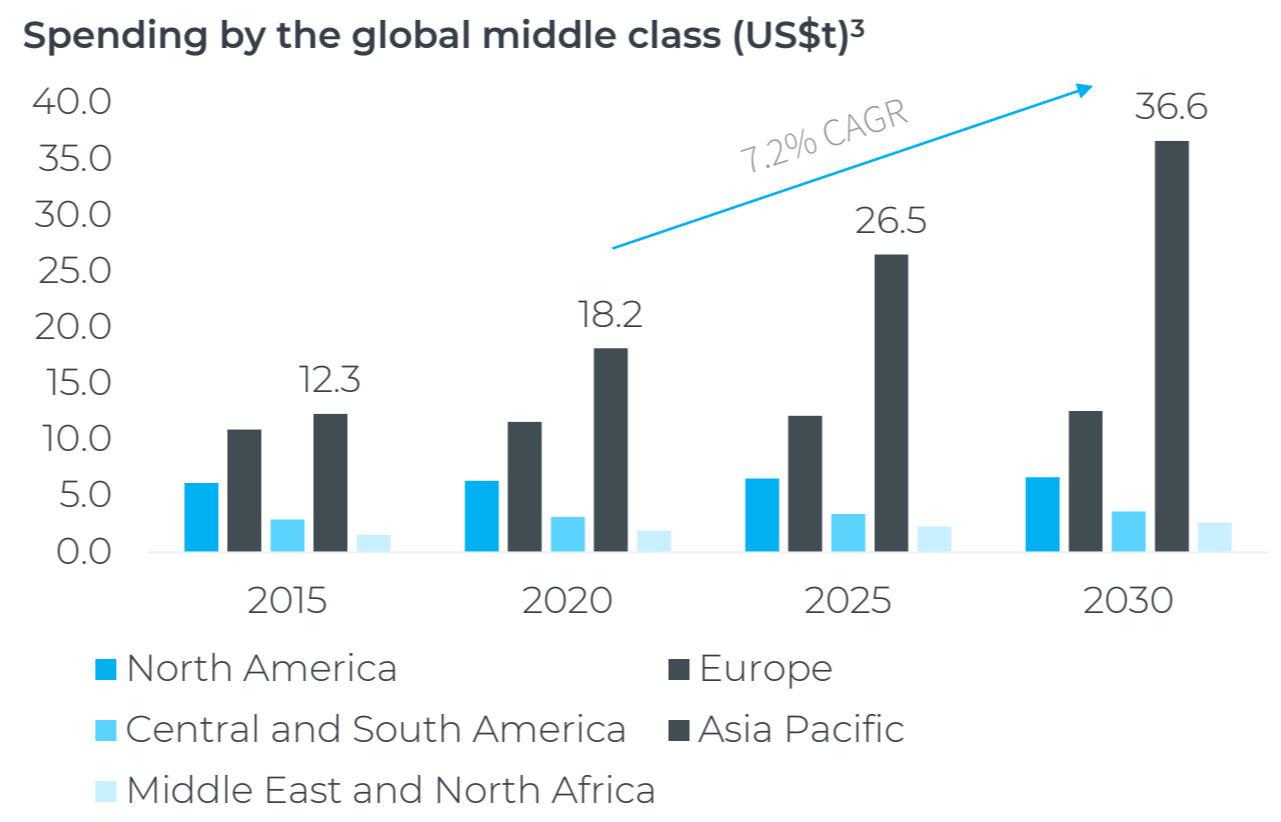
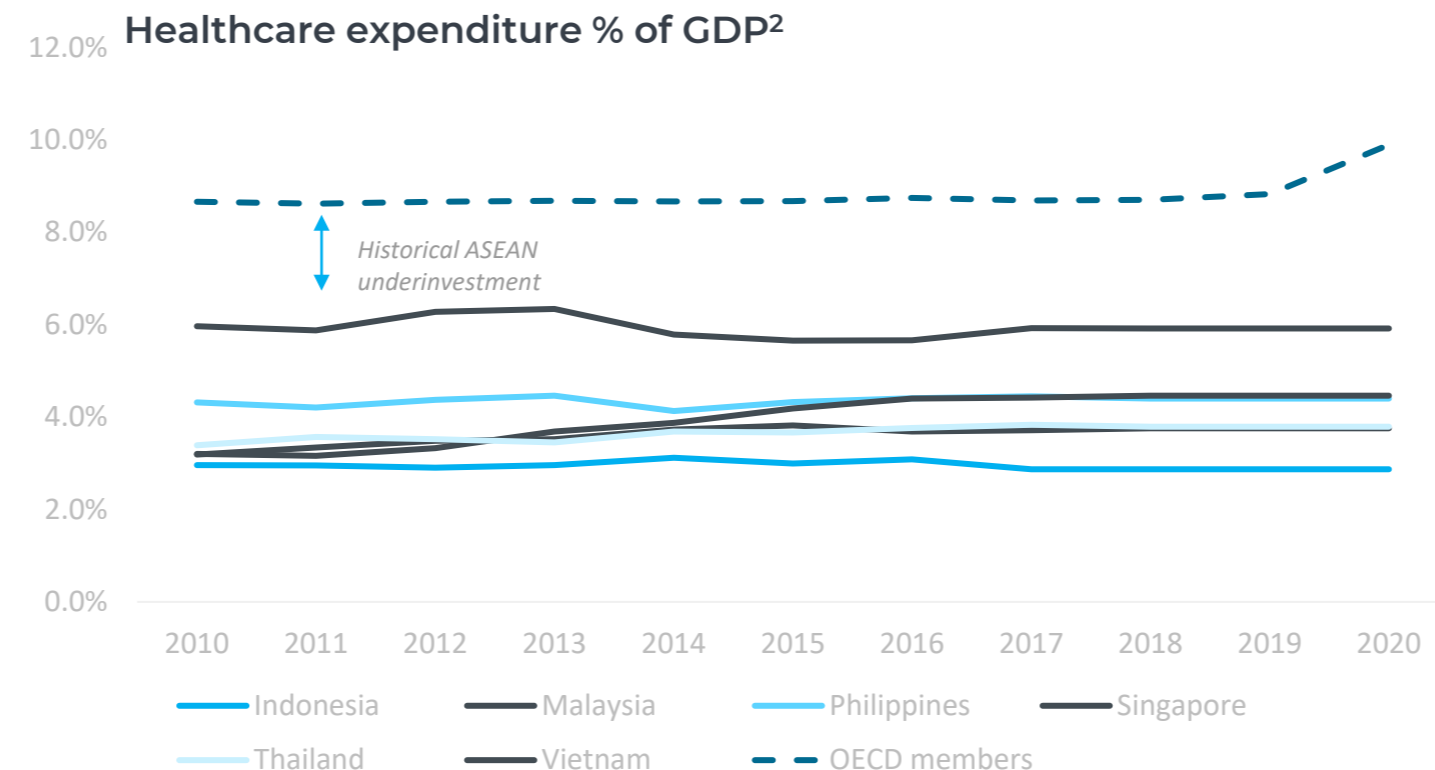
The developed and emerging Asian economies macro drivers are similarly compelling with higher growth rates. Historical underinvestment in healthcare has led to a “health debt” which we anticipate will be repaid through wealth from a growing middle class and therefore create the potential for outsized returns for the medical equipment industry

## 1 ASIA HAS AN AGEING POPULATION...

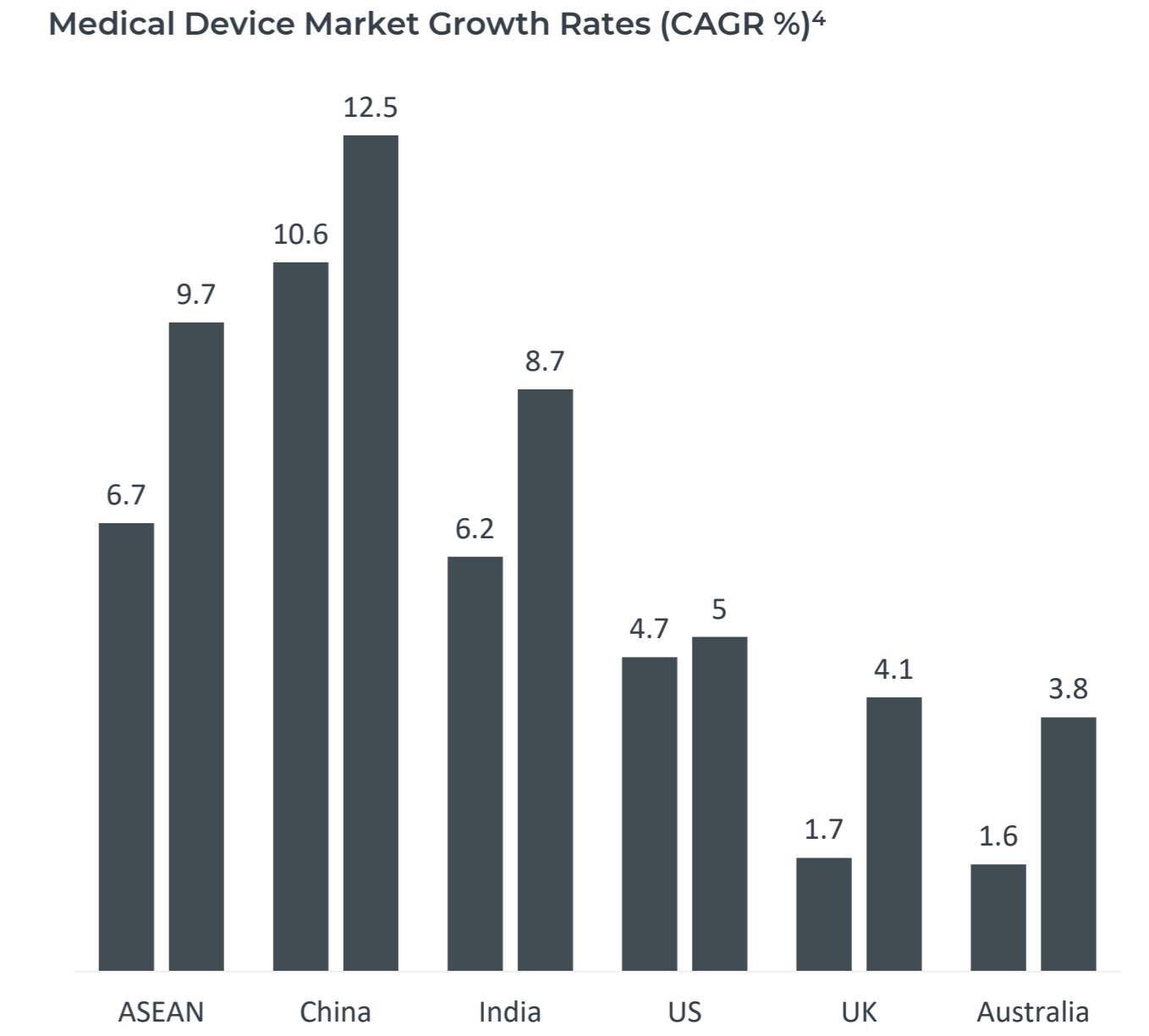


Ageing population may place increased demands on the medical system, that has been underinvested, causing a health debt

## 2 ...AND A GROWING MIDDLE CLASS...



## 3 ...TO FUND HEALTHCARE DEBT

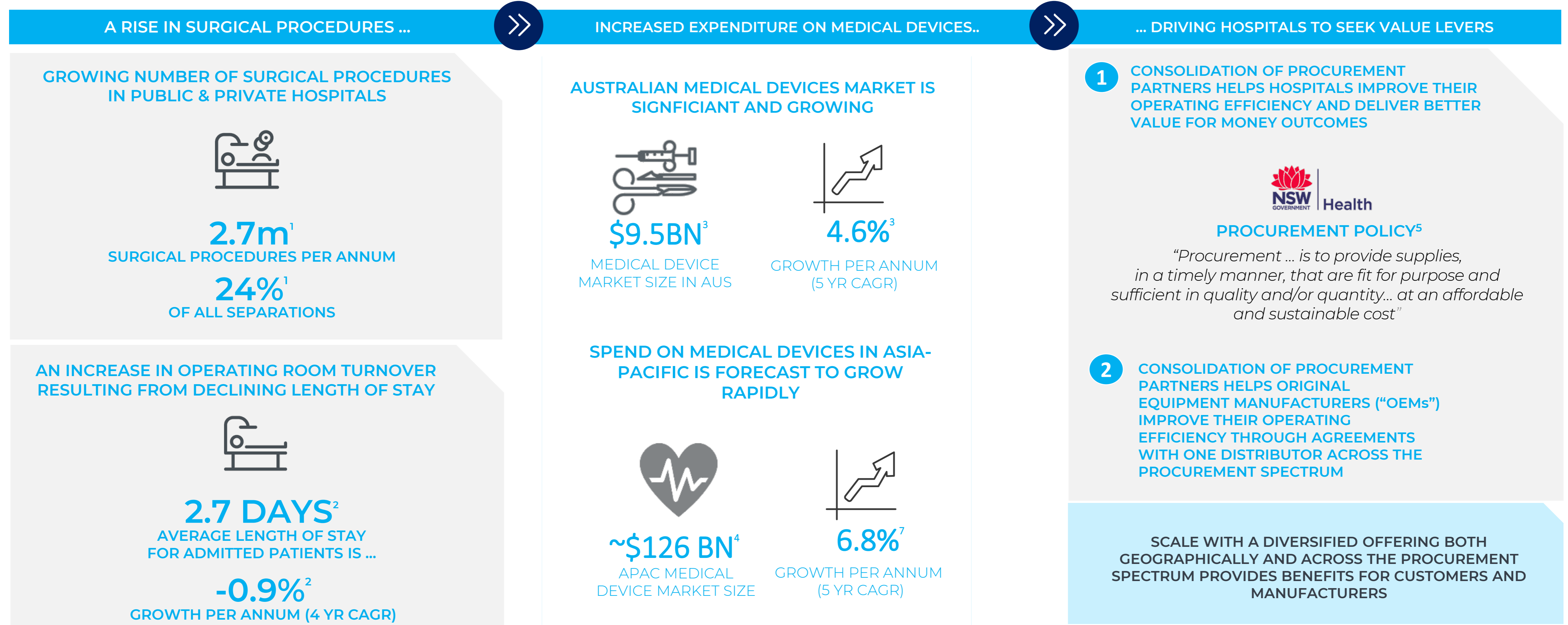


Resulting in an opportunity for outsized returns for the medical devices and broader healthcare market in ASEAN

Notes: 1. Based on OECD and UN data and population projections 2. Based on OECD and Worldbank datasets 3. Global Economy and Development at Brookings - The unprecedented expansion of the global middle class 4. The ASEAN Post, ASEAN's growing demand for medical devices 2018

# MARKET OPPORTUNITY

A rise in surgical procedures is increasing the expenditure on medical devices, which may drive hospitals to seek higher quality products and better value for money outcomes



# STRATEGIC PRIORITIES

## Securing Group Managing Director for merged entity

- Paragon Care has commenced the recruitment process for a Group Managing Director with a strong background on growing businesses in the Asia Pacific region.
- Phil Nicholl will continue his role as CEO of Paragon Care, Australia & NZ
- If the Scheme progresses to implementation, it is proposed that John Walstab will retain his role as CEO of Quantum's operations

## Growth in Asia Pacific

- Opportunities for cross-selling and up-selling the expanded product portfolio across the combined customer base
- Explore growth opportunities for Paragon's proprietary diagnostics products, Immulab

## Attract new suppliers

- Expanded Asia Pacific operation that will benefit existing suppliers to both companies
- Larger distribution footprint
- Commitment to high levels of corporate governance in Asian markets





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# THANK YOU

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