

## ASX ANNOUNCEMENT

22 February 2023

Australian Securities Exchange  
 Company Announcements Office

### POSITIVE PROGRESS WITH UNDERLYING EBITDA\* UP 37%

Paragon Care Limited (ASX:PGC) (“Paragon Care” or the “Company”) is pleased to report its financial results for the half year ended 31 December 2022 (“1H FY23”).

Key highlights from the results include:

- **Sales revenue up 38% to \$153.9m**
- **Underlying EBITDA\* up 37% to \$17.6m**
- **Underlying NPAT\* up 41% to \$6.4m**
- **0.6 cents per share fully franked interim dividend declared**

#### 1H FY23 Financial Results Overview

	1H FY23	1H FY22	Δ
<b>Revenue</b>	\$153.9m	\$111.3m	↑ 38%
<b>Reported EBITDA</b>	\$18.1m	\$14.1m	↑ 28%
<b>Underlying EBITDA*</b>	\$17.6m	\$12.8m	↑ 37%
<b>Reported NPAT</b>	\$6.7m	\$5.4m	↑ 24%
<b>Underlying NPAT*</b>	\$6.3m	\$4.5m	↑ 41%
<b>Net Debt</b>	\$69.6m	\$69.3m	
<b>DPS</b>	0.6cps	0.6cps	

\* See Appendix 1.

#### 1H FY23 Financial Results – further commentary

Revenue during 1H FY23 was up 38% to \$153.9m, and mainly reflects the contribution from the Quantum merger and the SMS acquisition. Gross Profit was up 35% to \$63.3m, with Gross Profit margins of 41.2% compared to 42% in 1H FY22.

The Reported results in 1H FY23 and 1H FY22 have been adjusted to exclude a number of one-off items including fair value gains from interest rate swap arrangements and costs associated with the Quantum merger and SMS acquisition.

Underlying EBITDA\* increased by 37% to \$17.6m, mainly reflecting the uplift from Quantum and SMS.

Underlying NPAT\* increased by 41% to \$6.3m. This was notwithstanding higher level charges relating to the amortisation of Identified Intangibles from the Quantum merger (\$0.9m) and the expensing of Software as a Service (SaaS) costs that would have previously been capitalised (\$0.5m).

The fully franked interim dividend of 0.6 cents per share represents a payout ratio of 63% of Underlying NPAT (record date 15 March 2023 and payment date 5 April 2023).

Operating cash flow in 1H FY23 showed a slight deterioration reflecting a higher investment in inventory and a return to more normalised payment cycles for public hospitals. The increased investment in inventory was in part to support a number of higher value capital sales and will therefore partially reverse in the second half.

When combined with the funding required to support the cash portion of the SMS acquisition, Net Debt increased in 1H FY23 to \$69.6m, which compares to \$69.3m in December 2021 and \$50.1m at June 2022. This is in line with the comments foreshadowed at the FY22 results announcement and it is still expected that this will decrease slightly over the balance of FY23.

## Outlook

Paragon Care's Group CEO & Managing Director, Mark Hooper commented, "Positive progress has continued over the last six months albeit with some pluses and minuses across business performance.

We take good momentum into the second half with a focus on delivering against our previous guidance of a 30% increase in Underlying EBITDA\* over the FY23 year and continuing our journey towards \$100m of EBITDA over the next 3-5 years."

Paragon Care Chairman Shane Tanner added "It's been pleasing to see the progress we've made over the last six months and we are now well placed to deliver on our growth ambitions."

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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, New Zealand and Asian healthcare markets.

## Appendix 1 – Reconciliation from Reported to Underlying Results

	1H FY23	1H FY22	CHANGE
	\$m	\$m	%
<b>Reported EBITDA</b>	18.1	14.1	28%
Normalisations			
Fair value gain - Interest rate swap	-0.7	-1.3	
Acquisition costs	0.2	0.0	
<b>Underlying EBITDA</b>	<b>17.6</b>	<b>12.8</b>	<b>37%</b>

	1H FY23	1H FY22	CHANGE
	\$m	\$m	%
<b>Reported NPAT</b>	6.7	5.4	24%
Normalisations			
Fair value gain - Interest rate swap	-0.7	-1.3	
Acquisition costs	0.2	0.0	
30% Tax Adjustment add back on items above	0.2	0.4	
<b>Underlying NPAT</b>	<b>6.3</b>	<b>4.5</b>	<b>41%</b>