

25 January 2018

Acquisition of South Australian medical distributor business

The Directors of Paragon Care Limited (ASX:PGC) (“**Paragon**” or the “**Company**”) are pleased to announce that the Company has agreed to acquire Anaequip Medical, a multi-agency distributor of medical products based in South Australia.

Key highlights

- Paragon Care has agreed to acquire Anaequip Medical (“Anaequip”) for a total consideration of \$2.3 million, comprising:
 - \$1.84 million in cash
 - \$0.46 million through the issue of fully paid ordinary shares of the Company
- The acquisition will be modestly EPS accretive for Paragon in FY18
- Anaequip is Paragon’s medical distributor partner in South Australia, and is also a distributor for Gallay Medical
- Anaequip has strong long-standing relationships with Australian medical suppliers and distributes to a wide range of South Australian healthcare facilities in the acute, aged care, allied health and laboratory sectors
- The acquisition of Anaequip continues Paragon’s strategy of expanding its presence in South Australia through highly targeted acquisitions

Commenting on the acquisition, Paragon’s Chief Executive Officer, Mr Andrew Just said:

“The acquisition of Anaequip is consistent with Paragon’s strategic growth plan of increasing its geographic reach through complimentary acquisitions and organic growth. Anaequip has strong relationships with leading Australian medical product brands and South Australian healthcare providers, fast tracking Paragon’s regional growth in South Australia, and increasing its nation-wide presence.”

A highly targeted strategic acquisition to increase geographic reach

Based in South Australia, Anaequip was established in 1988 and is a multi-agency distributor of Australian-made and imported medical products to South Australian healthcare facilities. Anaequip has been Paragon’s distribution partner in South Australia, and also acts as distributor for Gallay Medical.

Underpinning the strategic rationale of this acquisition is Paragon’s new distribution warehouse located at Wingfield (SA). The new warehouse provides crucial infrastructure to facilitate an increased distribution footprint for Paragon in the region.

The Company expects the benefit of the warehouse development to begin in January 2018 as outlined in “Update on Acquisitions, Investments and Outlook” (as announced on 27 December 2017).

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