ASX Announcement
Paragon Care Limited (ASX: PGC)

8 February 2018

Fully underwritten $69.8m capital raising to fund a portfolio of accretive acquisitions

Transaction highlights

- $69.8m capital raising to fund a compelling portfolio of value accretive acquisitions which deliver on Paragon's growth strategy
- Acquisitions expected to generate EPS accretion of 21.4%
- Capital raising is fully underwritten and comprises a $26.6m institutional placement and a 1 for 2.8 accelerated entitlement offer to raise approximately $43.2m
- Capital raising supported by new and existing high quality domestic and Asian institutional funds
- Strong leadership team in place, accelerating growth and driving vision
- Acquisitions continue Paragon's long-term record of buying sensibly, integrating successfully and driving strong shareholder returns in a fragmented industry
- On completion, Paragon will be well positioned to meet its stated aspirational targets of $250m revenue and 15% EBITDA margin

Paragon is pleased to announce it is undertaking a capital raising of approximately $69.8 million at $0.725 per Paragon share (**Issue Price**) to fund a number of acquisitions and to raise additional working capital (**Equity Raising**).

Details of Equity Raising

The Equity Raising comprises a fully underwritten:

- $26.6 million institutional placement (Placement); and
- a 1 for 2.8 accelerated pro rata non-renounceable entitlement offer to raise approximately $43.2 million (Entitlement Offer).

The Issue price of $0.725 represents:

- a 4.8% discount to Paragon's closing price of $0.76 on 6 February 2018; and
- a 5.5% discount to Paragon's 5-day VWAP of 0.765.

New shares issued under the Equity Raising will rank equally with existing Paragon shares and will qualify for the fully franked interim dividend of 1.1 cents per ordinary share.

Bell Potter and Shaw and Partners are acting as joint lead managers and underwriters to the Placement and Entitlement Offer. Vesparum Capital is acting in an independent capital markets advisory role for Paragon.

Acquisitions

The acquisitions to be funded include both agreed acquisitions which have already been announced and disclosed to the market but are yet to complete as well as proposed acquisitions. Details of the announced acquisitions are set out below:

- acquisition of **Insight Surgic**al for $5 million plus an earn-out for financial year 2018, announced to the ASX on 27 December 2017;
- acquisition of **Medtech Solutions** for $2.4 million, announced to the ASX on 27 December 2017; and
- acquisition of **Seqirus ImmunoHaematology** (IH) business for a total consideration of $8.5m, announced to the ASX on 1 December 2017.

See the Investor Presentation in Annexure B for more details.

Financial impact

The Equity Raising and acquisitions are expected to have the following financial impact on Paragon:

	Paragon Standalone	Pro-forma Combined (Post acquisitions)	Change post acquisitions (%)
FY18F revenue ($m)	$130.0m	$222.6m	↑ **71.2%**
FY18F EBITDA ($m)	$18.5m	$34.4m	↑ **85.9%**
FY18F NPAT ($m)	$10.6m	$20.9m	↑ **97.7%**
Shares on issue (m)	166.2m	270.7m	↑ **62.9%**
Market capitalisation ($m)	$120.5m	$196.3m	↑ **62.9%**
Enterprise value ($m)	$156.9m	$243.5m	↑ **55.2%**
FY18F EPS (cps)	6.4 cps	7.7 cps	↑ **21.4%**
FY18F EPS accretion (%)		**21.4%**	

FY18F Net Debt to EBITDA ratio reduced to 1.4x on a pro-forma basis.

See the Investor Presentation in Annexure B for more details.

Listing Rule 7.1 waiver

Paragon received a waiver of Listing Rule 7.1, which permits Paragon to issue an increased number of shares under the Placement, by calculating its 15% headroom as if the Shares offered under the Entitlement Offer were already on issue at the time of the Placement.

Director's participation

Shane Tanner, Geoffrey Sam and Michael Newton have committed to take up part or all of their entitlements.

Market update

Today Paragon also announced its financial results for the half year ended 31 December 2017. Please refer to the separate ASX announcement for further details.

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Timetable

Please refer to Annexure 1 for the proposed timetable in respect of the Placement and the Entitlement Offer.

Additional information

An investor presentation which explains the acquisitions and the Equity Raising in more detail is attached at Annexure 2 and is available at https://www.paragoncare.com.au/.The retail entitlement offer booklet will be released separately and mailed to eligible shareholders.

For further information, please contact:

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Mergers and Acquisitions
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Email: mark@paragoncare.com.au

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About Paragon Care Limited

Paragon Care (ASX: PGC) is a Melbourne based listed company which has progressively acquired businesses in the healthcare sector. It is a leading provider of medical equipment, devices and consumables for the Australian and New Zealand healthcare market. 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 end to end solutions including equipment and consumable solutions for acute, aged and primary care.

Annexure A **Proposed Timetable**

Key event	**Date**
Trading halt request	Wednesday, 7 February 2018
Announcement of the Entitlement Offer and Placement Release to ASX the Investor Presentation, Appendix 3B and 708AA Cleansing Notice PGC releases H1 2018 results	Thursday, 8 February 2018
PGC conducts Placement and Institutional Entitlement Offer	
Announcement of results of Placement and Institutional Entitlement Offer Trading halt lifted and trading resumes on an ex-entitlement basis	Monday, 12 February 2018
Record Date for eligibility in the Entitlement Offer	7.00pm (Sydney time) on Monday, 12 February 2018
Retail Entitlement Offer opens	9.00am (Sydney time) on Thursday, 15 February 2018
Retail Offer Booklet and Entitlement and Acceptance Form despatched to Eligible Retail Shareholders Announce that offer documents have been sent to retail shareholders	Thursday, 15 February 2018
Settlement of the New Shares issued under the Institutional Entitlement Offer and Placement Release to ASX of updated Appendix 3B and 708A Cleansing Notice	Friday, 16 February 2018
Allotment and normal trading on ASX of New Shares issued under the Placement and Institutional Entitlement Offer	Monday, 19 February 2018
Despatch of holding statements for New Shares issued under the Placement and Institutional Entitlement Offer	Tuesday, 20 February 2018
Retail Entitlement Offer closes	5.00pm (Sydney time) on Monday, 26 February 2018
Announcement of results of Retail Entitlement Offer	Thursday, 1 March 2018
Settlement of the New Shares issued under the Retail Entitlement Offer	Friday, 2 March 2018
Allotment of New Shares issued under the Retail Entitlement Offer Release to ASX of updated Appendix 3B if required	Monday, 5 March 2018
Normal trading on ASX of New Shares issued under the Retail Entitlement Offer	Tuesday, 6 March 2018
Despatch of holding statements for the New Shares issued under the Retail Entitlement Offer	Wednesday, 7 March 2018

All dates and times are indicative only and subject to change. Unless otherwise specified, all times and dates refer to AEST. Any changes to the timetable will be posted on Paragon's website at https://www.paragoncare.com.au/.

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ParagonCare
Health. Covered.

Acquisitions & Capital Raising Presentation

8 February 2018 | PGC.ASX

APPENDIX B

Executive summary

ParagonCare

Paragon Care Limited ("Paragon") is pleased to announce a $75.8m capital raising to fund a compelling portfolio of value accretive acquisitions

Acquisitions and team to deliver on strategy and vision

- Acquisitions to deliver on Paragon's growth strategy:
  - *Strengthened presence in key regions and increased geographic reach*
  - *Expanded product offering*
  - *Broader customer base*
  - *Opportunity to drive organic growth from enhanced platform*
- **Strong leadership team in place, accelerating growth and driving vision**

Financial benefit of the acquisitions

- All acquisitions either announced[1] or with executed term sheets
- Acquisition enterprise value of $81.8m
- Well positioned to meet remaining stated aspirational targets:
  - *Target revenue of $250m*
  - *Target EBITDA margin of 15%*
- **Annualised FY18F EPS accretion of 21.4%** on the acquisitions

Growth funded by $75.8m capital raising

- $26.6m placement to sophisticated and professional investors
- $43.2m 1 for 2.8 fully underwritten accelerated non-renounceable rights issue to eligible shareholders
- $6.0m provision for vendor issuance
- Offer price of A$0.725

Note: (1) Announced acquisitions - Seqirus IH business (announced 1 Dec 17); Insight Surgical (announced 27 Dec 17); Medtech Solutions (announced 27 Dec 17); Anaequip Medical (announced 25 Jan 18)

Highly capable and experienced leadership team

Paragon's team has expertise and experience required to create Australia's leading supplier of medical equipment, devices & consumables

Andrew Just, CEO, effective 22nd January 2018

Core Capabilities: Customer value, Operational excellence, Strategy

- 25 years global experience across Fortune 500 and ASX-listed healthcare companies
- Significant experience in successful delivery of strong organic growth through a clear focus on strategy and people, led by driving customer value
- Senior management roles at leading companies Stryker, General Electric, Cochlear and Radiometer

Mark Simari, former CEO, now Head of Mergers & Acquisitions

Core Capabilities: Mergers & Acquisitions, Business integration

- Co-founder of Paragon Care, with >9 years' experience with Paragon
- Focus on identifying and executing acquisitions to support long-term growth strategy

Andrew brings significant global experience from leading companies, including:

stryker®

RADIOMETER

Cochlear®

"I'm excited about the multiple opportunities to accelerate Paragon's long track record of shareholder value creation. We have an exciting opportunity to deliver organic growth from our leading market position and strong market tailwind. We also have an enviable set of M&A opportunities and the potential to extract material synergies in the coming years. I look forward to sharing progress with shareholders in the coming months "

Andrew Just (new Paragon CEO)

ParagonCare

Paragon is executing on a clear vision and strategy

ParagonCare

Paragon is changing the face of a highly fragmented industry*, characterised by a large number of smaller, privately-owned businesses which create* ***significant administrative burdens*** *for our customers*

We see a compelling opportunity for a ***single supplier of high-quality products and services*** *to improve the quality of care to the end consumer and* ***deliver efficiencies for its customers***

We have successfully grown our market capitalisation ***from $2m to $133m over 9 years, and delivered strong returns to shareholders***

Vision

To be Australia's leading supplier of medical equipment, devices and consumables

Strategy

We are creating a healthcare platform with a broad range of products and services to service the acute, aged and primary healthcare sectors

- We are **leveraging platform economics** to drive sustainable efficiencies to deliver benefits to our customers
- We are **growing organically** by becoming an enduring partner for our customers, bringing our full range of products and services to deepen our commercial relationships
- We are **growing inorganically** through select acquisitions to add products and services to our platform, expand our offering and increase our geographic reach

CY2018 targets

Revenue	EBITDA margin	Stock turnover
$250m	15%	5-6x

Platform economics create a virtuous cycle

ParagonCare

More products and services…	…sold via one platform…	…to more customers

Capital Equipment


Devices and Modalities


Consumables &
Medical Products


Service and Maintenance



Acute Care


Aged Care


Primary Care

- ✓ **Common warehousing and distribution logistics** lowers costs
- ✓ **National reach** offers upside benefits to product/service providers who sell their business to Paragon

- ✓ **Single procurement platform across multiple categories offers significant efficiency for customer**

- ✓ **Broader offering increases share of wallet**, increasing deepening relationship, leading to further sales opportunities

Paragon's long-standing acquisition strategy

CONSOLIDATE & COMPLEMENT

Increase market share in existing offering set and geographies

Complete acquisitions to complement existing markets:

- ✓ Aged care
- ✓ Hospital and acute care
- ✓ Primary care
- ✓ Ophthalmic/Optometry
- ✓ Medical Aesthetics
- ✓ Materials handling
- ✓ E-Health
- ✓ Maintenance & Tech. Mgmt

EXPAND OFFERING

Sell additional products to existing customer base

Expand into new markets:

DIAGNOSTIC MARKET

- ✓ Laboratory
- ✓ Pathology
- ✓ Radiology

DEVICE MARKET

- ✓ Medical devices
- ✓ Implants
- ✓ Prosthetics

INCREASE GEOGRAPHIC REACH

Gain share in currently under-represented geographies

Today, Paragon has an opportunity to significantly increase the scale of its distribution platform via acquisitions to consolidate the business, while also increasing its offering and reach

ParagonCare

1. Strategy and vision
2. Company and sector overview
3. Acquisitions overview
4. Capital raising
5. Announced acquisitions

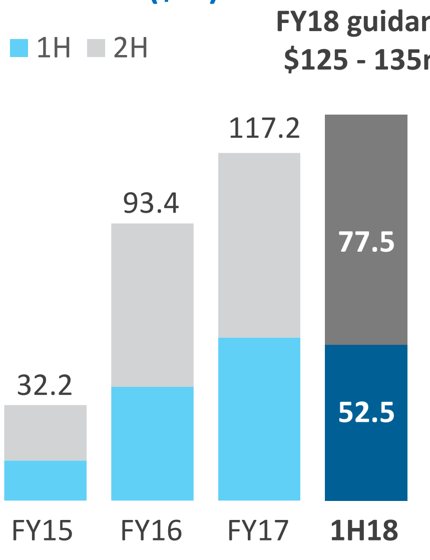
ParagonCare

1H18 results in line with December guidance, with positive outlook maintained for FY18

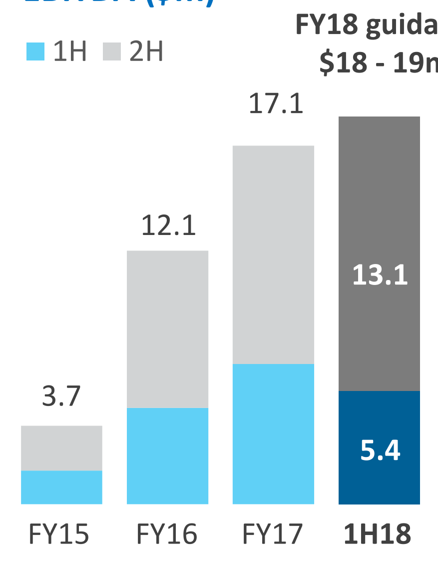
Financial highlights

- **All key metrics in line with guidance provided on 27 December 2017**
  - Revenue of $52.5m
  - EBITDA of $5.4m
  - NPAT of $2.8m
- **On track for a strong 2H18** driven by organic growth initiatives and recent acquisitions
- **As advised at the November AGM, seasonality of revenues is more pronounced this financial year**, with a strong slant to 2H18 expected given seasonal nature of hospital procurement
- Paragon is targeting strong growth in FY18, with **revenue guidance of $125m to 135m**[2], and **EBITDA guidance of $18m to $19m**[2]

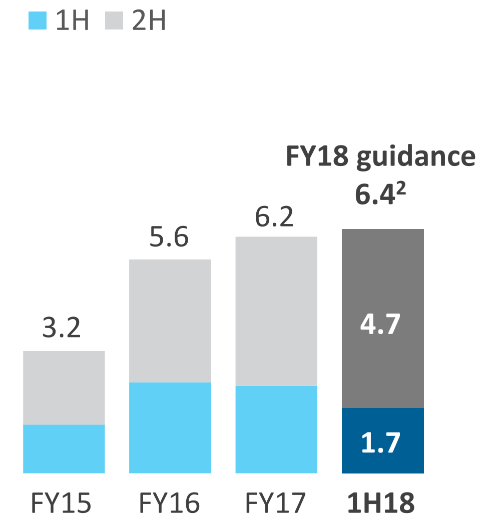
Revenue ($m)[1]



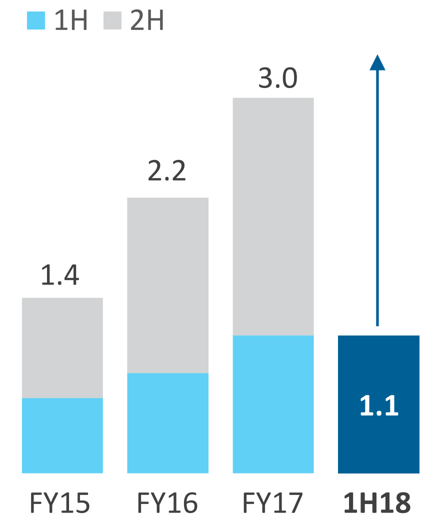
EBITDA ($m)[1]



Earnings per share (c)[1]



Dividends per share (c)



Notes:

1. *Charts show mid-point of FY18 guidance provided on 27 December 2017*
2. *FY18 guidance provided prior to recently announced acquisitions. The Company will provide a further earnings upgrade once it finalises the recent acquisitions*

ParagonCare

Highly aligned Board and management team

Financial overview

Financial Information	
Share price (7-Feb-18)	$0.76
Number of shares (m)	166.7
Market capitalisation	**$126.7m**
Cash (31-Dec-17)	$9.7m
Interest Bearing Debt (31-Dec-17)	$51.1m
Enterprise value	**$168.1m**

Source: IRESS

Board of Directors

Shane Tanner
Non-Executive Chairman
- Chairman of Funtastic, Zenitas Healthcare and Rhythm Biosciences Limited
- Co-founder of Paragon Care
- Extensive commercial and financial experience

Michael Newton
Non-Executive Director
- Experienced operator specialising in the industrial chemical sector with previous executive roles with both Unilever and ICL PLC

Brett Cheong
Executive Director
- Over 35 years' experience in the durable medical equipment industry
- Founder and Managing Director of Axishealth

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 Healthe Care, CML Group, Money3 Corporation and Nova Health

Michael Rice
Alternate Director / Chief Operating Officer
- Founder and Managing Director of GM Medical: April 2002 - June 2011
- Over 20 years experience in the healthcare sector

Management team

Andrew Just
Chief Executive Officer
- 25 years' experience across Fortune 500 and ASX-listed healthcare companies
- Senior management roles at leading companies Stryker, General Electric, Cochlear and Radiometer

Mark Simari
Head of Mergers & Acquisitions
- Co-founder of Paragon Care, with >9 years' experience with Paragon
- Focus on identifying and executing acquisitions to support long-term growth strategy

Healthcare trends in Australia and New Zealand

Paragon's strategy is aided by favourable macroeconomic tailwinds

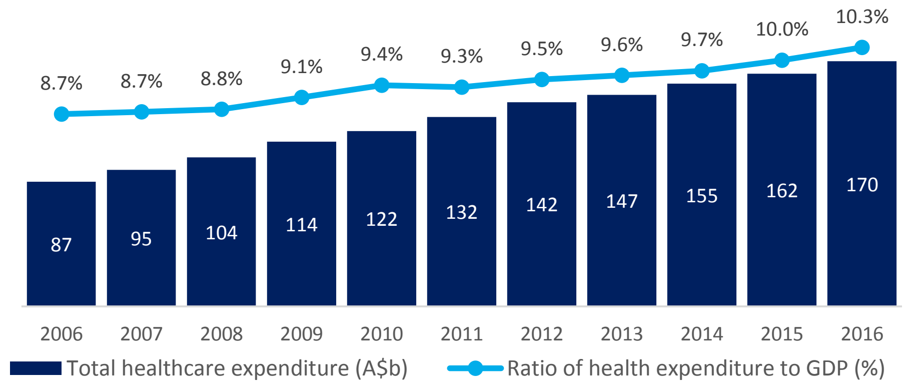
Public and Private healthcare spend in Australia and New Zealand of $200bn per annum spend is highly fragmented across multiple suppliers

- Paragon's product suite is leveraged to Australian and NZ healthcare expenditure which has been increasing since 2006
- Australian Healthcare expenditure 10 year CAGR of 7.0% and NZ Healthcare expenditure 10 year CAGR of 5.1% to 2016
- Underlying business is driven by increasing demand in the acute and aged care sector

Expanding Australian and New Zealand population provides strong foundation for sector growth rates

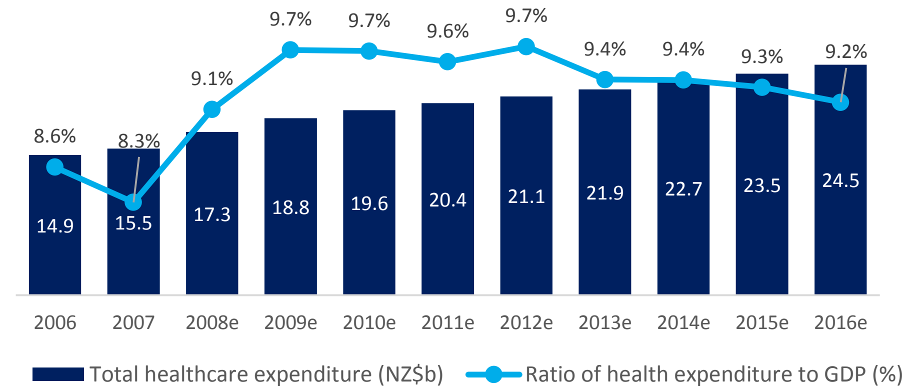
- Population ageing further underpins increased spend on health and aged care into the future
- Australian Bureau of Statistics predicts that over 20% of the Australian population will be above 65 years of age by 2054

Australian healthcare expenditure (A$b)



Source: Australian Institute of Health and Welfare health expenditure (Australian Bureau of Statistics 2017)

New Zealand healthcare expenditure (NZ$b)



Source: Organisation for Economic Co-operation and Development

Acquisition key metrics

ParagonCare

The acquisitions are expected to deliver strong outcomes for shareholders

	Paragon Standalone	Pro-forma Combined (Post acquisitions) [5,6]	Change post acquisitions (%)
FY18F revenue ($m) [1]	$130.0m	$222.6m	↑ **71.2%**
FY18F EBITDA ($m) [1]	$18.5m	$34.4m	↑ **85.9%**
FY18F NPAT ($m)[2]	$10.6m	$20.9m	↑ **97.7%**
Shares on issue (m) [3]	166.2m	270.7m	↑ **62.9%**
Market capitalisation ($m) [4]	$120.5m	$196.3m	↑ **62.9%**
Enterprise value ($m)	$156.9m	$243.5m	↑ **55.2%**
FY18F EPS (cps)	6.4 cps	7.7 cps	↑ **21.4%**
FY18F EPS accretion (%)		**21.4%**	

- Post acquisitions, EPS accretion of 21.4%, while retaining modest gearing of 1.4x Net Debt/EBITDA
- The acquisitions are at various stages, with a number subject to the Company completing due diligence and the execution of all transaction documents
- All acquisitions expected to close during March quarter 2018
- Significantly increases Paragon's market capitalisation and enterprise value
- Brings Paragon closer towards potential future S&P/ASX 300 inclusion

Note: Forecast numbers based on following assumptions:

1. *Standalone revenue and EBITDA at midpoint of disclosed guidance range for FY18*
2. *4.3% interest expense on debt and 29.5% tax rate*
3. *Standalone Shares on issue stated before announcement of the acquisition of Anaequip (announced 25 Jan 2018)*
4. *Market capitalisation is calculated as shares on issue multiplied by offer price of $0.725*
5. *Pro-forma Combined Revenue and EBITDA based on management forecasts for the acquisitions for the year ended 30 June 2018, assuming all were 100% owned by Paragon for the full FY18 year. Adjusted for shares issued in capital raising, and additional interest expense on debt drawn to fund the acquisitions (see pg 14)*
6. *Pro-forma Combined FY18F EBITDA includes synergies of $1.05m p.a.*

Debt funding

ParagonCare

Acquisitions will also be funded using Paragon's existing debt facility

- Paragon will use its existing debt facilities to partially fund the acquisitions
- Expected modest Net Debt to EBITDA ratio post acquisitions of ~1.4x

Key debt metrics

	Paragon Standalone	Pro-forma Combined (Post acquisitions) [2]
Cash as at 31-Dec-17 ($m)	$9.7m	$13.8m
Debt as at 31-Dec-17 ($m)[1]	$46.2m	$61.1m
Net Debt as at 31-Dec-17 ($m)[1]	$36.4m	$47.3m
FY18F EBITDA ($m) [2]	$18.5m	$34.4m
FY18F Net Debt to EBITDA[1]	**2.0x**	**1.4x**

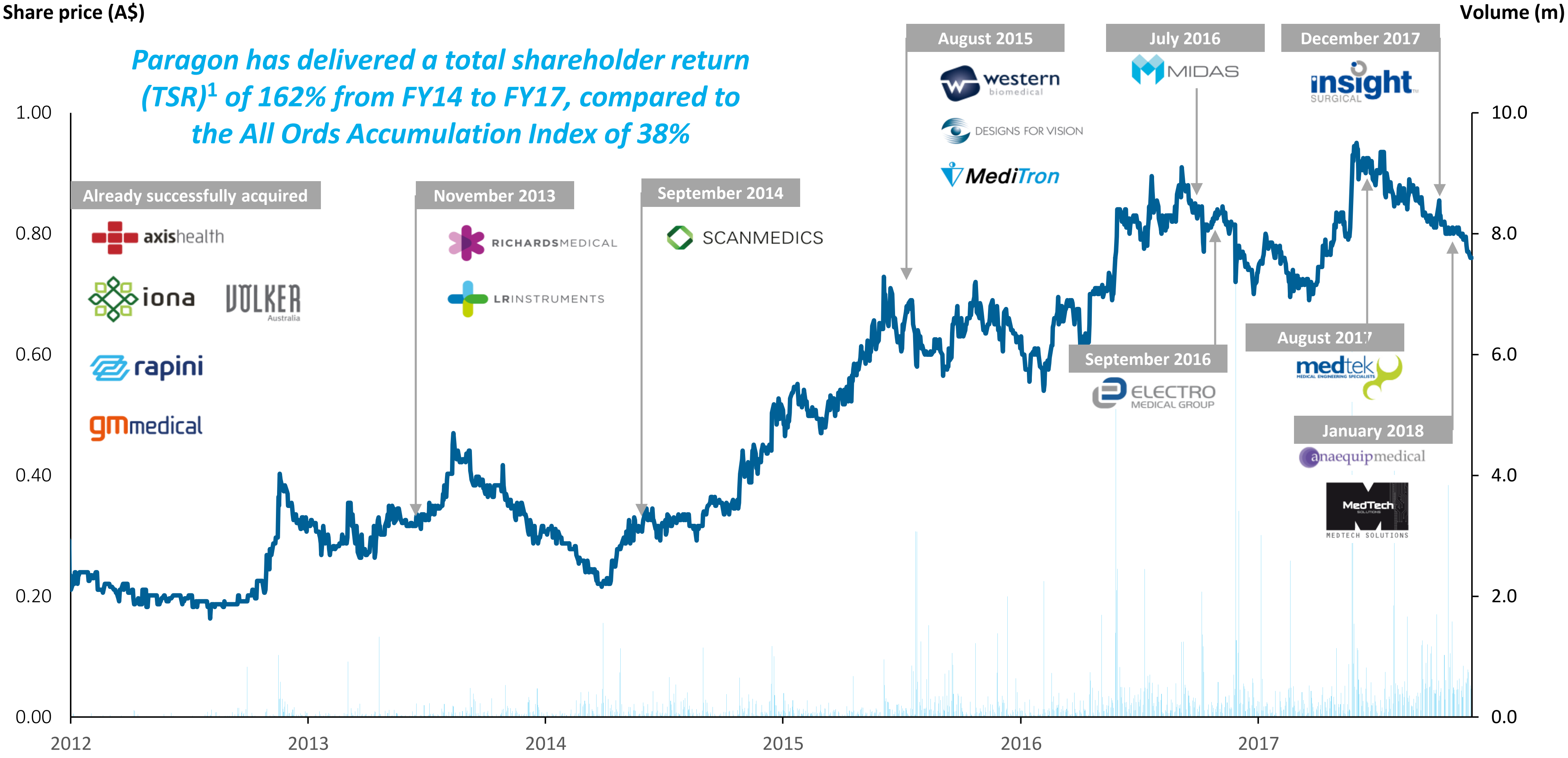
Note: Forecast numbers based on the following assumptions:

1. *Standalone Debt and Net Debt excludes the Insight surgical acquisition debt drawdown of $5.0m, which is included in acquisition value.*
2. *Standalone revenue and EBITDA at midpoint of disclosed guidance range for FY18. Pro-forma Combined FY18F EBITDA includes synergies of $1.05m p.a.*
3. *Combined balance sheet adjusted for capital raising, acquisition consideration, and drawdown on existing debt facility*

Proven execution

ParagonCare

Paragon has an enviable track record of buying sensibly and integrating successfully, which has supported long-term growth and strong returns to shareholders in a highly fragmented industry



Note: (1) Total shareholder return = share price movement + dividends
(2) Announced acquisitions - Seqirus IH business (announced 1 Dec 17) is expected to settle during the March quarter 2018

Equity raising overview

ParagonCare

Paragon intends to raise $75.8m via a $26.6m placement, fully underwritten $43.2m 1 for 2.8 accelerated non-renounceable rights issue and $6.0m placement to vendors

Placement	▪ $26.6m placement to eligible professional and sophisticated investors ▪ Offer price of $0.725 per share ▪ Placement shares will not be eligible to participate in the accelerated Rights Issue
Accelerated non-renounceable rights issue	▪ $43.2m 1 for 2.8 accelerated non-renounceable rights issue ▪ Offer price of $0.725 per share ▪ Open to all eligible shareholders in Australia and New Zealand on Record Date (15 Feb 2018) ▪ Fully underwritten by Bell Potter Securities and Shaw and Partners
Placement to vendors	▪ $6.0m placement to various vendors ▪ Placement to be completed upon settlement of relevant acquisitions, with issue price to be determined at the time of settlement

Sources and use of funds

ParagonCare

Sources of Funds	A$m
Institutional Placement	$26.6m
Entitlement Offer	$43.2m
Vendor Share Placement	$6.0m
Drawdown on existing debt facility	$16.8m
Total Sources of Funds	**$92.6m**

Uses of Funds	A$m
Acquisition cash consideration	$75.8m
Vendor Share consideration	$6.0m
Transaction costs and additional working capital	$10.8m
Total Uses of funds	**$92.6m**

Indicative offer timetable

ParagonCare

The indicative timetable for the capital raising is provided below

Company in trading halt	Wednesday, 7 February 2018
Institutional Rights Issue opens	Thursday, 8 February 2018
Shortfall bookbuild undertaken	Friday, 9 February 2018
Offer and results of Institutional Rights Issue announced; company resumes trading	Monday, 12 February 2018
Record date for Retail Rights Issue	Monday, 12 February 2018
Retail Rights Issue opens; retail offer documents dispatched to shareholders	Thursday, 15 February 2018
Settlement of Placement and Institutional Rights Issue	Friday, 16 February 2018
Allotment for Placement and Institutional Rights Issue	Monday, 19 February 2018
Retail Rights Issue closes	5:00pm (AEDT) Monday, 26 February 2018
Retail Rights Issue shortfall amount confirmed and allocations sent to sub-underwriters	Thursday, 1 March 2018
Retail Rights Issue shortfall amount settlement	Friday, 2 March 2018
Allotment of Retail Rights Issue shares	Monday, 5 March 2018

* The above timetable is indicative only and may be varied subject to the ASX Listing Rules

S&P/ASX 300 Index inclusion considerations

ParagonCare

The acquisitions bring Paragon closer to S&P/ASX 300 Index inclusion

Potential future inclusion in the S&P/ASX 300 Index…

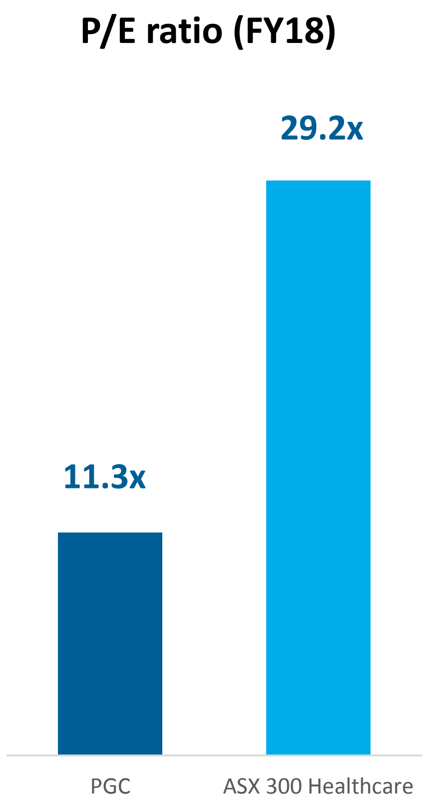
Criteria	Requirement
Size[1]	Market cap >#275 on index, currently **~$363m**
Liquidity[2]	Minimum relative liquidity of **30%**

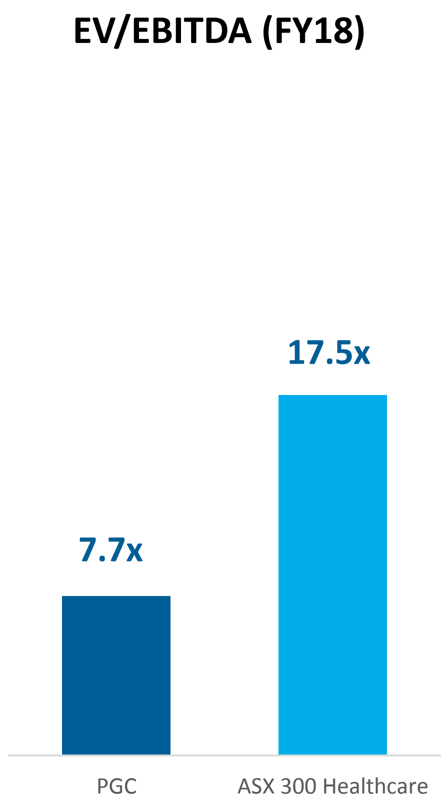
Detailed explanation of criteria measurement:

1- Based on the average of previous six-month day-end free float adjusted market capitalisation. Free-float includes those shares that are not held by substantial shareholders or directors and management.

2- Relative Liquidity is calculated by dividing the Stock Median Liquidity (daily value traded divided by free-float adjusted market capitalisation) by Market Liquidity (market capitalisation weighted average of the Stock Median Liquidities of members of the All Ordinaries Index)

… presents an attractive re-rating opportunity





Source: Bloomberg, 7 Feb 2018

ParagonCare

1. Strategy and vision
2. Company and sector overview
3. Acquisitions overview
4. Capital raising
5. Announced acquisitions

Announced – Insight Surgical

Leading Australian supplier of ophthalmic products, highly complementary to Paragon's business

insight SURGICAL™

Overview

- Founded in 2001 in NSW, and has steadily grown to become one of Australia's largest independent suppliers of ophthalmic products
- Highly complimentary to Paragon's existing business, Designs for Vision

Product offering

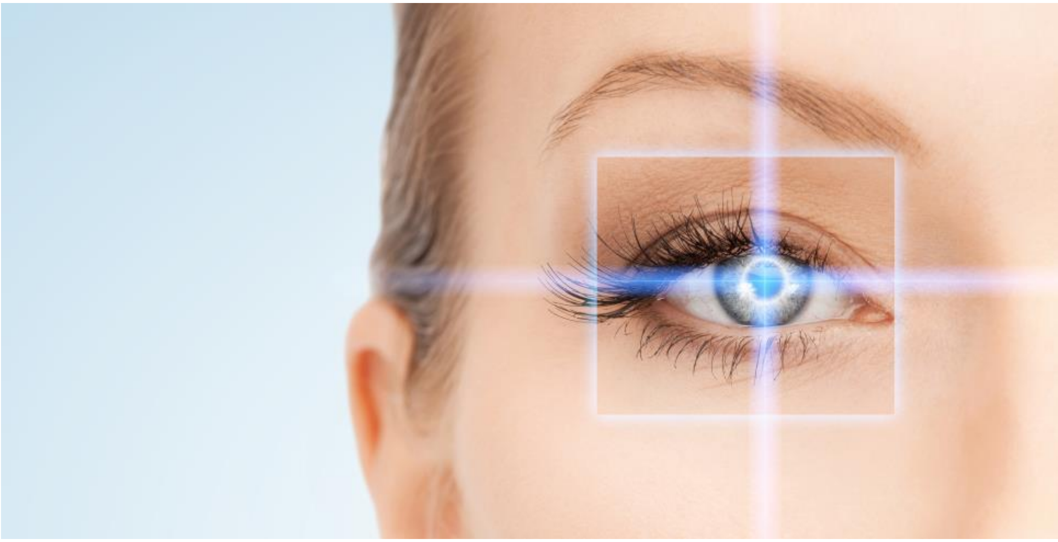
- An extensive ophthalmic product range from Europe, USA and Australia, delivered Australia-wide
- Wide variety of cannulas, intraocular lenses, refractive blades and surgical instruments

Benefits and synergistic opportunities

- ✓ Additional sales gateways
- ✓ Leverage of Paragon's platform economics

Key metrics

Acquisition price	$5.0m
Potential earn outs	$0.79m[1]
FY18F revenue ($m)	$10.0m
FY18F EBITDA ($m)	$1.0m
EBITDA multiple	5.0x



Note:

1. *Forecast earn-out figure based on Company estimates*

Announced – MedTech Solutions

Medical engineering company to be merged with Paragon Service and Technology

MEDTECH SOLUTIONS

Overview

- Founded in 1996 and based in NSW with aim of reducing the cost of servicing and maintenance of expensive hospital equipment
- Highly complimentary to Paragon's existing service offerings under the branding of Paragon Service and Technology

Product offering

- A complete line of service for state of the art equipment including Linear Accelerators, CT scanners, Gamma cameras and X-ray rooms

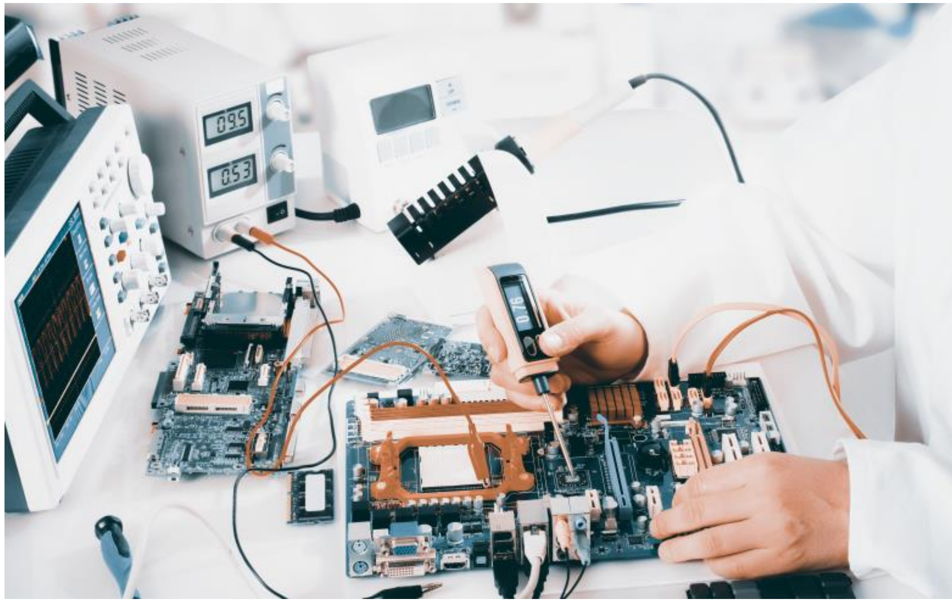
Benefits and synergistic opportunities

✓ Paragon will now have in excess of 60 service technicians and biomedical engineers across Australia and New Zealand

✓ Increased penetration into the lucrative radiology sector

Key metrics

Acquisition price	$2.4m
FY18F revenue ($m)	$1.0m
FY18F EBITDA ($m)	$0.5m
EBITDA multiple	5.2 x



Announced – Seqirus Immunohaematology (IH) business

ParagonCare

A highly targeted addition to Paragon's scalable product platform

Seqirus
A CSL Company

Overview

- Stand-alone IH business unit operating under Seqirus (a subsidiary of CSL)
- Strong commercial relationships with the Australian Government, National Blood Authority and the Australian Red Cross

Product offering

- Development, manufacture and supply of Reagent Red Blood Cells, monoclonal antibodies for IH and pathology laboratories across Australia and New Zealand.

Benefits and synergistic opportunities

✓ Allows Paragon to strengthen its position at the forefront of the rapidly expanding pathology and laboratory sectors

Key metrics

Acquisition price	$8.5m
FY18F revenue ($m)	$10.0m
FY18F EBITDA ($m)	$1.5m
EBITDA multiple	5.7x

Announced – Anaequip Medical

ParagonCare

South Australian multi-agency medical distributor business, expanding Paragon's regional presence

anaequipmedical

Overview

- Anaequip has been Paragon's medical distributor partner in South Australia, and also acts as distributor for Gallay Medical
- Strong relationships with leading Australian medical product brands and South Australian healthcare providers, fast tracking Paragon's regional growth into South Australia

Key metrics

Acquisition price	$2.3m
FY18F revenue ($m)	$3.0m
FY18F EBITDA ($m)	$0.4m
EBITDA multiple	5.8x

Product offering

- Endoscopy Equipment
- Laboratory Products
- Anaesthesia and Operating Theatre Products
- Oxygen and Suction

Benefits and synergistic opportunities

- ✓ Direct to market with our Capital Equipment particularly the Aged Care bed ranges
- ✓ Addition of key product lines with endoscopy, laboratory, oxygen and suction, and patient monitory
- ✓ Compliments our Service & Technology capabilities

The risk factors summarised in this section may materially affect the financial performance of Paragon and the market price of its shares. To that extent, the shares in Paragon carry no guarantee with respect to the payment of dividends or return on capital.

Potential investors should note that risks are associated with any investment in the stock market. Returns from investments in Paragon will depend on the conditions of the market as well as the performance of Paragon. There are a number of risk factors, both relating to the general business environment and specific to Paragon, which may adversely impact on the operating performance, financial position and prospects of Paragon. Potential investors should consider that an investment in Paragon is speculative and should consult their professional advisers before deciding whether to apply for shares in Paragon.

The following is not intended to be an exhaustive list of the risk factors to which the Company is exposed:

A. Business risks

Acquisition risk	Part of the Company's business strategy is to seek suitable business acquisitions. The inherent risk with any business acquisition is that the underlying assets do not ultimately produce the financial returns that the acquirer anticipates. There is risk that Paragon may not be able to deliver on its acquisition strategy or if it does, it may not be able to integrate effectively the operations, products, technologies and personnel of the acquired companies and achieve expected synergies due to: ▪ the potential disruption and diversion of management's attention from day-to-day operations; ▪ the inability to maintain uniform standards, controls, procedures and policies; and ▪ the potential impairment of relationships with patients, clients and suppliers. In addition, the acquisition of an existing business involves a risk of unknown or unanticipated liabilities being revealed following completion. Under any potential transaction it is expected that vendors will provide standard warranties and indemnities in relation to the businesses, assets and liabilities. However, there is a risk that the Company may suffer loss or damage flowing from unforeseen events in relation to the underlying assets and liabilities of any potentially acquired business, which the Company may not be able to recover from its vendors.
Loss of key management personnel including the Board and Senior Management	Oversight of day-to-day operations and the strategic management of the Company are substantially dependent upon the Company's management and key personnel. Whilst these key personnel enter into service agreements with the Company or its wholly owned subsidiaries (wherever applicable), there can be no assurance given that there will no detrimental impact on the Company if one or a number of these key personnel cease their employment or involvement with the Company. The future success of the Company also depends upon its continuing ability to attract and retain highly qualified personnel. The ability to attract and retain the necessary personnel could have a material effect upon the Company's business, results of operations and financial condition.
The level of private health insurance coverage or membership rates	A decrease in the levels of private health insurance coverage or reduction in general membership rates (for example as a result of economic downturn or increasing policy costs) may reduce the demand for some Paragon goods and services which rely on private insurers as a source of funding. This has the potential to reduce demand for Paragon's goods and services, put downward pressure on its revenue and financial performance.

A. Business risks (cont.)

Increased competition may affect the Company's competitive position	The market for the provision of health related goods and services are subject to vigorous competition. The market includes companies with greater financial, technical, human, research and development and marketing resources than Paragon. Healthcare businesses generally compete with one another on factors such as price, quality and range. The competitive position of the Paragon businesses may deteriorate as a result of factors including actions by existing competitors, the entry of new competitors, or a failure by the Company to meet changing market conditions including price-based competition, patient and client demands, and changes in the regulatory environment. A substantial increase in the level of competition the Company faces across its business could result in, among other things, Paragon experiencing lower than anticipated revenue and margins, and loss of its overall market share. The Company's current and future technologies and products may become obsolete or uncompetitive. This may have a material adverse effect on Paragon' financial performance and this may reduce the Company's ability to achieve its strategic objectives.
Change in government policy, regulation, declines in government funding and price	Paragon operates within the Allied Health, Aged Care, Hospital and Acute Care, Ophthalmic/Optometry, Medical Aesthetics, Materials Handling, E-Health, Maintenance & Technology Management and Primary Care industries which are subject to a range of laws, regulations and government policies relating to, among other things, government funding, operations conduct and facilities licensing. Although a shift in government funding may be of future benefit to Paragon, nevertheless there are also a number of associated risks which may arise as a result of a change in government policy or regulation as a result of budget deficits, political shifts, economic conditions or any other reasons outside of the Company's control and which may have a material adverse impact on Paragon' future operational and financial performance. Risks associated with changes in government policies and regulations in relation to Paragon' businesses include (but are not limited to): ▪ changes to the regulation surrounding the private health insurance take-up incentive model; ▪ changes to the Medicare regime, including any reductions of Medicare rebates for Paragon services; ▪ changes to government incentive programs, including any related to medical services; ▪ changes to funding and legislative structure of the National Disability Insurance Scheme; and ▪ changes to the licensing systems of Allied Health, Aged Care, Hospital and Acute Care, Ophthalmic/Optometry, Medical Aesthetics, Materials Handling, E-Health, Maintenance & Technology Management or Primary Care businesses and facilities.
Disciplinary risks	Failure to recognise and manage risks in practice can result in disciplinary action against offending healthcare professionals by AHPRA, which could result in the suspension of registration of the healthcare professionals, conditions on practising or even de-registration on grounds of unprofessional conduct. In the event that such instances arise, this may adversely affect the reputation of the Paragon clinics which may in turn, affect its financial performance.

A. Business risks (cont.)

Digital and IT risks	As businesses move to provide innovative online functions in order to differentiate themselves in the marketplace, risks associated with operating in the digital economy and IT will emerge. Security concerns associated with confidentiality and privacy of patient and personnel information will also need to be addressed by the Company. There is a risk that if the Company does not have adequate protection and risk management systems in place, its data, which may include sensitive information, may be compromised. If the Company is unable to prevent security breaches, it may suffer financial and reputational damage or penalties because of the unauthorised disclosure of confidential information belonging to it or to its patients and clients. Any such security breaches could have a detrimental effect on the Company's client and patient relationships and ability to attract new patients and clients in the short and medium term. In addition, the Company's brand and reputation may be detrimentally affected by its failure to effectively protect the privacy of its clients and patients confidential information and mandatory data breach notifications. These events may adversely affect the Company's financial position and its ability to generate revenue. In addition, the Company may face regulatory action or significant fines as a result of data breaches and other breaches of the Privacy Act 1988 or other legislation.
Brand and reputation risk	The ability to maintain the respective reputation of each Paragon business is critical to the ongoing financial performance of the Company. Each business's reputation could be jeopardised if it fails to maintain high standards for service quality, if any of the businesses do not comply with regulations or accepted practices or third-party actions such as adverse media coverage. Any consequential negative publicity may reduce demand for the businesses' services. Failure to comply with laws and regulations, to maintain an effective system of internal controls or to provide accurate and timely financial information could also damage the Company's reputation. Damage to the Paragon business brands' reputations could have a material adverse effect for customer loyalty, relationships with medical professionals, employee retention rates and demand for Paragon's goods and services, all of which could adversely affect the Company's results of operations, financial condition and cash flow.
Licenses, accreditation and registrations	Although it is intended that Paragon will maintain the licences, accreditation and registrations currently held, it may be necessary to consult with government agencies in future and seek approvals.
Product liability	The importing and provision of capital equipment items and consumables for the healthcare sector entail an inherent risk of allegations of product liability. The Company currently has insurance in place in respect of its present scope of operations. There cannot be any assurance that claims will not be directed at the Company, its contractors or partners, or that product liability insurance will be available at all or at reasonable cost, as and when the Company's business develops.

B. General risks

General market and share price risks	General economic factors such as interest rates, exchange rates, inflation, business and consumer confidence and general market factors may have an adverse impact on Paragon's performance, prospects or value of its assets. The market price of Paragon shares will fluctuate due to various factors, many of which are non-specific to Paragon, including recommendations by brokers and analysts, Australian and international general economic conditions, inflation rates, interest rates, exchange rates, changes in government, fiscal and monetary and regulatory policies, changes to laws, global investment markets, global geo-political events and hostilities, investor perceptions and other factors that may affect Paragon's financial performance and position. In the future, these factors may cause Paragon shares to trade at or below their issue price.

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- is an investment business within the meaning of clause 37 of Schedule 1 of the FMC Act;
- meets the investment activity criteria specified in clause 38 of Schedule 1 of the FMC Act;
- is large within the meaning of clause 39 of Schedule 1 of the FMC Act;
- is a government agency within the meaning of clause 40 of Schedule 1 of the FMC Act; or
- is an eligible investor within the meaning of clause 41 of Schedule 1 of the FMC Act.

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