

12 February 2018

RETAIL ENTITLEMENT OFFER BOOKLET

The Retail Entitlement Offer Booklet (the **Booklet**) with detail of the 1 for 2.8 fully underwritten accelerated non-renounceable entitlement offer of Shares at an Issue Price of \$0.725 per New Share follows.

The Record Date for eligible shareholders to participate in the Retail Entitlement Offer will be 7:00 PM (Sydney time) on Monday, 12 February 2018.

The Retail Entitlement Offer will open at 9:00 AM (Sydney time) on Thursday, 15 February 2018.

The Retail Entitlement Offer Booklet will be despatched to the eligible shareholders on Thursday, 15 February 2018.

The Retail Entitlement Offer closes at 5.00pm (Sydney time) on Monday, 26 February 2018.

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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.

Paragon Care Limited

ACN 064 551 426

RETAIL ENTITLEMENT OFFER

Details of a 1 for 2.8 fully underwritten accelerated non-renounceable entitlement offer of Shares at an Issue Price of \$0.725 per New Share

The Retail Entitlement Offer closes at 5.00pm (Sydney time) on Monday, 26 February 2018

Underwriters:



ShawandPartners

Important Notice

This document and the personalised Entitlement and Acceptance Form that accompanies it contains important information and requires your immediate attention. You should read both documents carefully and in their entirety. This document is not a prospectus under the Corporations Act and has not been lodged with the Australian Securities and Investments Commission (**ASIC**). If you have any queries please call your stockbroker, accountant or other professional adviser or the Paragon Offer Information Line on 1300 970 086 (from within Australia) or +61 1300 970 086 (from outside Australia) between 8:30am and 5.00pm (Sydney time), Monday to Friday during the Retail Offer Period (Thursday, 15 February 2018 to Monday, 26 February 2018).

NOT FOR DISTRIBUTION OR RELEASE IN THE UNITED STATES.

Contents

Important Notices	3
Chairman's Letter	6
Key Dates	8
What Should You Do?.....	9
Section 1 - Overview of the Offer	11
Section 2 - How to Apply – Eligible Retail Shareholders	14
Section 3 - Taxation	18
Section 4 - Important Information for Shareholders	21
Annexure A – ASX Announcement	31
Annexure B – Investor Presentation	36
Glossary	68
Corporate Directory	71

Important Notices

This Retail Offer Booklet is dated 15 February 2018. Capitalised terms in this section have the meaning given to them in this Retail Offer Booklet.

This Offer Booklet is issued by Paragon Care Limited (ACN 064 551 426) (**Paragon**).

This Retail Entitlement Offer is being made pursuant to section 708AA of the Corporations Act (as modified by ASIC Corporations (Non-Traditional Rights Issues) Instrument 2016/84) which allows rights issues to be offered without a prospectus. This Retail Offer Booklet does not contain all of the information which would be required to be disclosed in a prospectus. As a result, it is important for you to read and understand this Retail Offer Booklet in its entirety, along with the publicly available information on Paragon and the Entitlement Offer (for example, the information available on the ASX's website www.asx.com.au) prior to deciding whether to accept your Entitlement and apply for New Shares.

The Investor Presentation details important factors and risks that could affect the financial and operating performance of Paragon. Please refer to the "Key Risks" section of the Investor Presentation for details. When making an investment decision in connection with this Retail Entitlement Offer, it is essential that you consider these risk factors carefully in light of your individual personal circumstances, including financial and taxation issues (some of which have been outlined in Section 3 of this Retail Offer Booklet).

Investments in Paragon are subject to investment risk, including delays in repayment and loss of income and capital invested. Paragon does not guarantee any return or any particular rate of return on the New Shares offered under the Retail Entitlement Offer or the performance of Paragon, nor does it guarantee the repayment of capital from Paragon.

By returning an Entitlement and Acceptance Form or otherwise paying for your New Shares through BPAY® in accordance with the instructions on the Entitlement and Acceptance Form, you acknowledge that you have read this Retail Offer Booklet and you have acted in accordance with and agree to the terms of the Retail Entitlement Offer detailed in this Retail Offer Booklet.

No overseas offering

This Retail Offer Booklet, the accompanying Entitlement and Acceptance Form or any accompanying ASX announcement, do not constitute an offer or invitation in any place in which, or to any person to whom, it would not be lawful to make such an offer or invitation. In particular, this Retail Offer Booklet does not constitute an offer to Ineligible Shareholders.

This Retail Offer Booklet is not to be distributed in, and no offer of New Shares is to be made, in countries other than Australia and New Zealand.

No action has been taken to register or qualify the Retail Entitlement Offer, the Entitlements or the New Shares, or otherwise permit the public offering of the New Shares, in any jurisdiction other than Australia and New Zealand.

The distribution of this Retail Offer Booklet (including an electronic copy) outside Australia and New Zealand, is restricted by law. If you come into possession of the information in this Retail Offer Booklet, you should observe such restrictions and should seek your own advice on such restrictions. Any non-compliance with these restrictions may contravene applicable securities laws.

Foreign exchange control restrictions or restrictions on remitting funds from your country to Australia may apply. Your Application for New Shares is subject to all requisite authorities and clearances being obtained for Paragon to lawfully receive your Application Monies.

New Zealand

The New Shares are not being offered to the public within New Zealand other than to existing shareholders of the Company with registered addresses in New Zealand to whom the offer of these securities is being made in reliance on the Financial Markets Conduct Act 2013 and the Financial Markets Conduct (Incidental Offers) Exemption Notice 2016.

This document has been prepared in compliance with Australian law and has not been registered, filed with or approved by any New Zealand regulatory authority. This document is not a product disclosure statement under New Zealand law and is not required to, and may not, contain all the information that a product disclosure statement under New Zealand law is required to contain.

United States - NOT FOR DISTRIBUTION OR RELEASE IN THE UNITED STATES

This Retail Offer Booklet, any accompanying ASX announcements and the Entitlement and Acceptance Form, do not constitute an offer to sell, or a solicitation of an offer to buy, any securities in the United States.

Any securities described in this document have not been, and will not be, registered under the US Securities Act of 1933 and may not be offered or sold in the United States except in transactions exempt from, or not subject to, the registration requirements of the US Securities Act and applicable US state securities laws.

Neither this Retail Offer Booklet nor the Entitlement and Acceptance Form may be distributed or released in the United States. Neither the Entitlements nor the New Shares have been, nor will be, registered under the US Securities Act or the securities laws of any state or other jurisdiction of the United States. The Entitlements may not be taken up or exercised by persons in the United States or by persons who are acting for the account or benefit of a person in the United States. Neither the Entitlements nor the New Shares may be offered, sold or resold in the United States or to persons acting for the account or benefit of a person in the United States except in a transaction exempt from, or not subject to, the registration requirements of the U.S. Securities Act and the applicable securities laws of any state or other jurisdiction in the United States. The Entitlements and the New Shares in the Retail Entitlement Offer will be offered and sold only in "offshore transactions" (as defined in Rule 902(h) under the U.S. Securities Act) in reliance on Regulation S under the U.S. Securities Act.

Definitions and currency

Defined terms used in this Retail Offer Booklet are contained in the Glossary. All currency amounts in this Retail Offer Booklet are in Australian dollars unless otherwise stated.

Times and dates

All dates and times in this Retail Offer Booklet are indicative only and subject to change. Unless otherwise specified, all times and dates refer to Sydney time. Any changes to the timetable will be announced to ASX and made in accordance with the ASX Listing Rules, where applicable. Refer to the Key Dates section for more details.

Not investment advice

Shareholders must note that the information provided in this Retail Offer Booklet and the accompanying Entitlement and Acceptance Form, does not constitute financial product advice. All information has been prepared without taking into account your individual investment objectives, financial circumstances or particular needs. The information contained in this Retail Offer Booklet and the accompanying Entitlement and Acceptance Form should not be considered as comprehensive or to comprise all the information which a Shareholder may require in order to determine whether or not

to subscribe for New Shares. If you have any questions, please consult your professional adviser before deciding whether or not to invest.

Past Performance

Investors should note that Paragon's past performance, including past security price performance and historical information in ASX announcements, cannot be relied upon as an indicator of (and provides no guidance as to) Paragon's future performance including Paragon's future financial position or security price performance. The pro forma historical information is not represented as being indicative of Paragon's views on its future financial condition or performance.

Forward-looking statements

This Retail Offer Booklet contains certain "forward looking statements" including, without limitation, projections and guidance on the performance of Paragon and the outcome of the Entitlement Offer. Forward looking statements can generally be identified by use of forward looking words such as "anticipate", "expect", "likely", "intend", "should", "could", "may", "propose", "predict", "plan", "potential", "will", "believe", "forecast", "estimate", "target", "outlook", "guidance" and other similar expressions within the meaning of securities laws of applicable jurisdictions and include, but are not limited to, statements relating to the future performance of Paragon and the outcome and effects of the Entitlement Offer and use of proceeds. No representation or warranty is given as to the accuracy or likelihood of achievement of any forward-looking statement in this Retail Offer Booklet, or any events or results expressed or implied in any forward-looking statement. Forward-looking statements, opinions and estimates provided in this Retail Offer Booklet are not guarantees of future performance and are by their nature inherently uncertain and are based on future events which may or may not be correct, assumptions and estimates which are subject to certain risks, uncertainties and change without notice, as are statements about market and industry trends, which are based on interpretation of market conditions. Actual results and performance may vary materially because events and actual circumstances frequently do not occur as forecast and future results are subject to known and unknown risk such as changes in market conditions and in regulations. Investors should form their own views as to these matters and any assumptions on which any of the forward-looking statements are based and not place reliance on such statements. To the maximum extent permitted by law, Paragon and its directors, officers, employees, advisers, agents and intermediaries disclaim any obligation or undertaking to release any updates or revisions to the information to reflect any change in expectations or assumptions.

Risks

Refer to the "Key Risks" section of the Investor Presentation included in Annexure B of this Retail Offer Booklet for a summary of general and specific risk factors that may affect Paragon.

Trading New Shares

Paragon will have no responsibility and disclaims all liability (to the maximum extent permitted by law) to persons who trade New Shares they believe will be issued to them before they receive their holding statements, whether on the basis of confirmation of the allocation provided by Paragon or the Registry or otherwise, or who otherwise trade or purport to trade New Shares in error or which they do not hold or are not entitled to.

If you are in any doubt as to these matters, you should first consult with your stockbroker, accountant or other professional advisers.

Chairman's Letter

Paragon – Retail Entitlement Offer

Dear Shareholder,

On behalf of the Directors of Paragon, I am pleased to invite you to participate in Paragon's recently announced underwritten 1 for 2.8 accelerated non-renounceable entitlement offer (**Entitlement Offer**) of new Paragon Shares (**New Shares**) at an issue price of \$0.725 per New Share (**Issue Price**).

Entitlement Offer

On 8 February 2018, Paragon announced its intention to raise approximately \$69.8 million (less expenses) by way of a private placement (**Placement**), accelerated non-renounceable entitlement offer to Institutional Investors (**Institutional Entitlement Offer**) and a non-renounceable entitlement offer to Retail Investors (**Retail Entitlement Offer**).

The Entitlement Offer is jointly underwritten by Bell Potter Securities Limited and Shaw and Partners Limited (the **Underwriters**), subject to the terms of the Underwriting Agreement (see section 4.11 for more details).

Use of proceeds

The proceeds of the Entitlement Offer will be used to fund a number of 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 Surgical for approximately \$5 million plus an earn-out for financial year 2018, announced to the ASX on 27 December 2017;
- acquisition of Medtech Solutions for approximately \$2.4 million, announced to the ASX on 27 December 2017; and
- acquisition of Seqirus ImmunoHaematology business for a total consideration of approximately \$8.5 million, announced to the ASX on 1 December 2017.

Please see the Investor Presentation in Annexure B for more details.

Retail Entitlement Offer

This letter relates to the Retail Entitlement Offer, which will raise approximately \$25.0 million (less expenses). Under the Retail Entitlement Offer, Eligible Retail Shareholders can subscribe for 1 New Share for every 2.8 Shares held as at the Record Date at an Issue Price of \$0.725 per New Share. The Issue Price represents a discount of 4.8% to the \$0.76 closing price of Shares on 6 February 2018.

The New Shares issued under the Entitlement Offer will rank equally with existing Shares and will be entitled to all future dividends of Paragon.

The number of New Shares for which you are entitled to subscribe under the Retail Entitlement Offer (**Entitlement**) is set out in your personalised Entitlement and Acceptance Form that will accompany this Retail Offer Booklet when it is despatched to Eligible Retail Shareholders on 15 February 2018. Eligible Retail Shareholders who take up their full Entitlement may also apply for Additional New Shares in excess of their Entitlement up to a maximum of \$25,000 per Eligible Retail Shareholder, at the Issue Price. The allocation of Additional New Shares will be at the discretion of the Board in consultation with the Underwriters and may be subject to scale back.

The Entitlement Offer is non-renounceable and therefore your Entitlements will not be tradeable on the ASX or otherwise transferrable. If you do not participate in the Retail Entitlement Offer, your Entitlement will lapse and you will receive no value for those lapsed Entitlements.

If you decide to take this opportunity to increase your investment in Paragon please ensure that, before 5.00pm (Sydney time) on Monday, 26 February 2018, you have paid your Application Monies by BPAY® in accordance with the instructions that are set out in the personalised Entitlement and Acceptance Form that will accompany this Retail Offer Booklet, or otherwise that your completed Entitlement and Acceptance Form and your Application Monies are received in cleared funds by the Registry before the closing date of the Retail Entitlement Offer.

The Retail Entitlement Offer closes at 5.00pm (Sydney time) on Monday, 26 February 2018.

The Board advises you to carefully read this Retail Offer Booklet in its entirety and to seek appropriate professional advice before making any investment decision. In particular, you should refer to the "Key Risks" section of the Investor Presentation included in Annexure B of this Retail Offer Booklet for a summary of general and specific risk factors that may affect Paragon and the Entitlement Offer.

If you have any questions about the Entitlement Offer, please do not hesitate to contact Paragon's Offer Information Line on 1300 970 086 (from within Australia) or +61 1300 970 086 (from outside Australia) between 8.30am and 5.00pm (Sydney time), Monday to Friday during the Retail Offer Period.

If you do not wish to take up any of your Entitlement, you do not have to take any action.

On behalf of the Directors of Paragon, we invite you to consider this investment and participate in the exciting next stage of Paragon's growth.

Yours faithfully,

Mr Shane Tanner
Chairman

Key Dates

Key event	Date
Announcement of the Entitlement Offer	Thursday, 8 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 despatched	Thursday, 15 February 2018
Settlement of the New Shares issued under the Institutional Entitlement Offer and Placement	Friday, 16 February 2018
Allotment and normal trading on ASX of New Shares issued under the Institutional Entitlement Offer and Placement	Monday, 19 February 2018
Despatch of holding statements for New Shares issued under the Institutional Entitlement Offer and Placement	Tuesday, 20 February 2018
Retail Entitlement Offer closes	5.00pm (Sydney time) on Monday, 26 February 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	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 Sydney time. Paragon reserves the right to amend any or all of these dates and times subject to the Corporations Act, the ASX Listing Rules and other applicable laws. In particular, Paragon reserves the right to extend the Retail Closing Date and to accept late Applications under the Retail Entitlement Offer without prior notice. Any extension of the Retail Closing Date will have a consequential effect on the allotment date for New Shares under the Retail Entitlement Offer.

Paragon also reserves the right not to proceed with the Entitlement Offer in whole or in part at any time prior to allotment and issue of the New Shares under the Retail Entitlement Offer. In that event, the relevant Application Monies (without interest) will be returned in full to applicants.

The commencement of quotation of New Shares is subject to the discretion of ASX.

What Should You Do?

1. Read this Retail Offer Booklet and the accompanying Entitlement and Acceptance Form

This Retail Offer Booklet and the personalised Entitlement and Acceptance Form that accompanies it contain important information about the Retail Entitlement Offer. You should read both documents carefully and in their entirety before deciding whether or not to participate in the Retail Entitlement Offer.

This Retail Entitlement Offer is not being made under a prospectus. This Retail Offer Booklet does not contain all of the information which would be required to be disclosed in a prospectus. As a result, it is important for you to read and understand this Retail Offer Booklet in its entirety, along with the publicly available information on Paragon and the Entitlement Offer (for example, the information available on the ASX's website www.asx.com.au) prior to deciding whether to accept your Entitlement and apply for New Shares.

If you are in doubt as to the course you should follow, you should seek appropriate professional advice before making an investment decision.

2. Consider the Retail Entitlement Offer in light of your particular investment objectives and circumstances

Please consult with your stockbroker, accountant or other independent professional adviser if you have any queries or are uncertain about any aspects of the Retail Entitlement Offer.

An investment in New Shares is subject to both known and unknown risks, some of which are beyond the control of Paragon. These risks include the possible loss of income and principal invested. Paragon does not guarantee any return or any particular rate of return or the performance on the New Shares offered under the Retail Entitlement Offer or the performance of Paragon, nor does it guarantee the repayment of capital from Paragon. In considering an investment in New Shares, investors should have regard to (among other things) the "Key Risks" section in the Investor Presentation and the disclaimers outlined in this Retail Offer Booklet.

3. Decide what you want to do

If you are an Eligible Retail Shareholder, you have three options available to you in relation to the Retail Entitlement Offer:

1. take up all of your Entitlement (refer to Section 2.2);
2. take up part of your Entitlement (refer to Section 2.2); or
3. do nothing and allow your Entitlement to lapse (refer to Section 2.3).

Ineligible Shareholders may not take up any of their Entitlements.

Eligible Retail Shareholders who take up their Entitlement in full may also apply for Additional New Shares in excess of their Entitlement up to a maximum value of \$25,000 per Eligible Retail Shareholder. The allocation of Additional New Shares will be at the discretion of the Board in consultation with the Underwriters and may be subject to scale back. The Company reserves the right to accept or reject any application for Additional New Shares at the discretion of the Board in consultation with the Underwriters.

Eligible Retail Shareholders who do not participate in the Retail Entitlement Offer, or participate for an amount less than their full Entitlement will have their percentage holding in Paragon reduced. Eligible Retail Shareholders who participate in the Retail Entitlement Offer will see their percentage holding in Paragon reduce, increase or stay the same depending on the proportion of

their Entitlement they subscribe for and the Additional New Shares applied for and allocated to them, at the discretion of the Board in consultation with the Underwriters.

The Entitlement Offer is non-renounceable, which means that the Entitlements cannot be traded or otherwise transferred on the ASX or any other exchange or privately. If you do not participate in the Entitlement Offer, you will not receive any value for your Entitlement.

4. Apply for New Shares

To participate in the Retail Entitlement Offer, please complete and lodge a valid Entitlement and Acceptance Form and Application Monies for New Shares, or make a payment by BPAY®, so that it is received by 5.00pm (Sydney time) on Monday, 26 February 2018 pursuant to the instructions set out on the Entitlement and Acceptance Form.

If you take no action your Entitlement under the Retail Entitlement Offer will lapse.

5. Questions

If you have any questions about the Retail Entitlement Offer, please do not hesitate to contact Paragon's Offer Information Line on 1300 970 086 (from within Australia) or +61 1300 970 086 (from outside Australia) between 8.30am and 5.00pm (Sydney time), Monday to Friday during the Retail Offer Period.

Section 1 - Overview of the Offer

1.1 Overview

Paragon intends to raise approximately \$69.8 million through the Placement and the underwritten Entitlement Offer, which comprises the Institutional Entitlement Offer and the Retail Entitlement Offer.

The Placement will be made to Institutional Investors to raise approximately \$26.6 million at an issue price of \$0.725 per Share. 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.

Under the Entitlement Offer, Paragon is offering Eligible Shareholders the opportunity to subscribe for 1 New Share for every 2.8 Shares held on the Record Date. The Issue Price per New Share is \$0.725, the same price as offered to Institutional Investors under the Placement.

The Entitlement Offer is non-renounceable, which means that the Entitlements cannot be traded or otherwise transferred on the ASX or any other exchange or privately. If you do not participate in the Entitlement Offer, you will not receive any value for your Entitlement.

Please refer to the ASX Announcement and the Investor Presentation annexed to this Retail Offer Booklet for information on the rationale of the Entitlement Offer, the use of the proceeds of the Entitlement Offer, and for further information on Paragon and its strategy.

1.2 Institutional Entitlement Offer

On Thursday, 8 February 2018, Eligible Institutional Shareholders were given the opportunity to take up all or part of their Entitlement under the Institutional Entitlement Offer. The Institutional Entitlement Offer will raise approximately \$18.2 million at an issue price of \$0.725 per Share.

New Shares equivalent to the number not taken up by Eligible Institutional Shareholders under the Institutional Entitlement Offer were offered to Eligible Institutional Shareholders who applied for New Shares in excess of their Entitlement.

1.3 Retail Entitlement Offer

Under the Retail Entitlement Offer, Eligible Retail Shareholders are being invited to subscribe for all or part of their Entitlement and are being sent this Retail Offer Booklet with a personalised Entitlement and Acceptance Form.

Paragon is also offering Eligible Retail Shareholders the opportunity to apply for Additional New Shares in excess of their Entitlement. The allocation of Additional New Shares will be at the discretion of the Board in consultation with the Underwriters and subject to scale back. Allotment of Additional New Shares (if any) will take place along with allotment of New Shares offered under the Retail Entitlement Offer on Monday, 5 March 2018.

The Retail Entitlement Offer constitutes an offer only to Eligible Retail Shareholders, being Shareholders on the Record Date who have a registered address in Australia or New Zealand and are eligible under all applicable laws to receive an offer under the Retail Entitlement Offer. A person in the United States or acting for the account or benefit of a person in the United States (to the extent such person holds Shares for the account or benefit of such person in the United States) or an Institutional Shareholder (other than a nominee to the extent that the nominee

holds Shares on behalf of an Eligible Retail Shareholder) is not entitled to participate in the Retail Entitlement Offer.

Determination of eligibility of investors for the purposes of the Entitlement Offer is by reference to a number of matters, including legal requirements and the discretion of Paragon in consultation with the Underwriters. Paragon and the Underwriters disclaim any liability in respect of the exercise or otherwise of that discretion, to the maximum extent permitted by law.

The Retail Entitlement Offer closes at 5.00pm (Sydney time) on Monday, 26 February 2018, with New Shares expected to be allotted on Monday, 5 March 2018.

The Retail Entitlement Offer is underwritten by the Underwriters, and seeks to raise approximately \$25.0 million (less expenses). The Issue Price under the Retail Entitlement Offer is the same as the Issue Price under the Institutional Entitlement Offer and the Placement.

1.4 Ranking of New Shares

New Shares will rank equally with existing Shares.

1.5 Reconciliation and fractional entitlements

In any entitlement offer, investors may believe that they own more or fewer existing Shares on the Record Date than they ultimately do. This could potentially result in the requirement for reconciliation to ensure all Eligible Retail Shareholders have the opportunity to receive their full Entitlement. If this is required, it is possible that Paragon may need to issue a small quantity of additional New Shares to ensure all Eligible Institutional Shareholders and Eligible Retail Shareholders have the opportunity to receive their full Entitlement. The price at which these Shares will be issued will be the same as the Issue Price. Paragon also reserves the right to reduce the number of New Shares allocated to Eligible Shareholders or persons claiming to be Eligible Shareholders, if their Entitlement claims prove to be overstated, or if they or their nominees fail to provide information requested to substantiate their Entitlement claims, or if they are indeed not Eligible Shareholders.

To the extent that the application of the offer ratio of 1 New Share for every 2.8 existing Shares held on the Record Date results in a fractional entitlement to New Shares for a particular Shareholder, that Shareholder's Entitlement shall be rounded up to the next higher whole number of New Shares.

1.6 Quotation and trading

Paragon will apply to ASX for the official quotation of the New Shares in accordance with ASX Listing Rule requirements. Subject to approval being granted, it is expected that normal trading of New Shares:

- allotted under the Institutional Entitlement Offer will commence Monday, 19 February 2018; and
- allotted under the Retail Entitlement Offer (including any Additional New Shares) on Monday, 5 March 2018 and normal trading will commence on Tuesday, 6 March 2018.

1.7 Holding statements

Holding statements are expected to be despatched to Eligible Shareholders:

- on Tuesday, 20 February 2018 in respect of New Shares allotted under the Institutional Entitlement Offer; and

- on Wednesday, 7 March 2018 in respect of New Shares allotted under the Retail Entitlement Offer.

It is the responsibility of each applicant to confirm their holding before trading in New Shares. Any applicant who sells New Shares before receiving confirmation of their holding in the form of their holding statement will do so at their own risk. Paragon and the Underwriters disclaim all liability whether in negligence or otherwise (and to the maximum extent permitted by law) to persons who trade New Shares before receiving their holding statements, whether on the basis of confirmation of the allocation provided by Paragon, the Registry or the Underwriters.

1.8 Withdrawal of the Entitlement Offer

Paragon reserves the right to withdraw the Entitlement Offer at any time, in which case Paragon will refund any Application Monies already received in accordance with the Corporations Act and will do so without interest.

Section 2 -How to Apply – Eligible Retail Shareholders

2.1 Choices available to Eligible Retail Shareholders

Eligible Retail Shareholders may do any one of the following:

1. take up all of their Entitlement (refer to Section 2.2);
2. take up part of their Entitlement (refer to Section 2.2); or
3. do nothing and allow their Entitlement to lapse (refer to Section 2.3).

The Retail Entitlement Offer is a pro rata offer to Eligible Retail Shareholders only.

Paragon is also offering Eligible Retail Shareholders who take up all of their Entitlement the opportunity to apply for Additional New Shares in excess of their Entitlement up to a maximum value of \$25,000 per Eligible Retail Shareholder (refer to Section 2.2).

2.2 Take up all or part of your Entitlement, or take up all of your Entitlement and apply for Additional New Shares in excess of your Entitlement

If you wish to take up your Entitlement in full or in part, or in full and apply for Additional New Shares in excess of your Entitlement, there are two different ways you can submit your Application and Application Monies.

2.2.1 Payment via BPAY®

For payment by BPAY®, please follow the instructions set out on the personalised Entitlement and Acceptance Form. You can only make payment by BPAY® if you are the holder of an account with an Australian financial institution that supports BPAY® transactions.

If you are paying by BPAY®, please ensure you use the specific Biller Code and your unique Customer Reference Number (**CRN**) found on your personalised Entitlement and Acceptance Form. If you have multiple holdings and receive more than one personalised Entitlement and Acceptance Form, when taking up your Entitlement in respect of one of those holdings, only use the CRN specific to that holding. If you do not use the correct CRN specific to that holding, your Application will not be recognised as valid and may be rejected.

Applicants should be aware that their own financial institution may implement earlier cut off times with regards to electronic payment, and should therefore take this into consideration when making payment of Application Monies.

To apply and pay via BPAY®, you should:

- read this Retail Offer Booklet and the Entitlement and Acceptance Form in their entirety and seek appropriate professional advice if necessary; and
- make your payment in respect of the full Application Monies via BPAY® for the number of New Shares you wish to subscribe for (being the Issue Price of \$0.725 per New Share multiplied by the number of New Shares (including your Entitlement and any Additional New Shares) you are applying for) so that it is received by no later than the Retail Closing Date, being 5.00pm (Sydney time) on Monday, 26 February 2018.

If you choose to pay via BPAY® you are not required to submit the Entitlement and Acceptance Form but are taken to make the statements on that form and representations outlined below in Section 2.4, including the Eligible Retail Shareholder declarations

included on section 4.16 of this Retail Offer Booklet and referred to in the Entitlement and Acceptance Form.

If you take up all or part of your Entitlement (or all of your Entitlement and apply for Additional New Shares) and your payment of the Application Monies is received in cleared funds by the Retail Closing Date, being 5.00pm (Sydney time) on Monday, 26 February 2018, New Shares (and Additional New Shares) are expected to be allotted to you on the Allotment Date being Monday, 5 March 2018. Your payment of the Application Monies will not be accepted after the Retail Closing Date, being 5.00pm (Sydney time) on Friday, Monday, 26 February 2018, and no New Shares (or Additional New Shares) will be issued to you in respect of such late Application.

If the amount of Application Monies is insufficient to pay in full for the number of New Shares you applied for, you will be taken to have applied for such whole number of New Shares which is covered in full by your Application Monies. Alternatively, your application will be rejected.

You may apply for Additional New Shares up to a maximum value of \$25,000 per Eligible Retail Shareholder at the Issue Price. The allocation of Additional New Shares will be at the discretion of the Board in consultation with the Underwriters and may be subject to scale back. The Company reserves the right to accept or reject any application for Additional New Shares at the discretion of the Board in consultation with the Underwriters.

If you apply for Additional New Shares in excess of your Entitlement and you are not allocated all or some of the Additional New Shares applied for, the relevant Application Monies will be refunded to you after the Allotment Date in accordance with the Corporations Act, without interest being payable.

2.2.2 Submit your completed Entitlement and Acceptance Form together with cheque, bank draft or money order for all Application Monies

To apply and pay by cheque, bank draft or money order, you should:

- read this Retail Offer Booklet and the Entitlement and Acceptance Form in their entirety and seek appropriate professional advice if necessary;
- complete the personalised Entitlement and Acceptance Form accompanying this Retail Offer Booklet in accordance with the instructions set out on that form, and indicate the number of New Shares you wish to subscribe for; and
- return the completed Entitlement and Acceptance Form to the Registry (address details below) together with a cheque, bank draft or money order which must be:
 - in respect of the full Application Monies (being \$0.725 multiplied by the number of New Shares (including your Entitlement and any Additional New Shares) you wish to subscribe for);
 - in Australian currency drawn on an Australian bank; and
 - made payable to 'Paragon Retail Offer' and crossed 'Not Negotiable'.

You should ensure that sufficient funds are held in relevant account(s) to cover the full Application Monies as your cheque will be processed on the day of receipt.

Cash payments will not be accepted. Receipts for payment will not be issued.

If you apply and pay by cheque, bank draft or money order, your Entitlement and Acceptance Form and your Application Monies in cleared funds must be received by the Registry by no later than 5.00pm (Sydney time) on Monday, 26 February 2018 and New Shares (and Additional New Shares) will be allotted to you on the Allotment Date being

Monday, 5 March 2018. Entitlement and Acceptance Forms (and payments for Application Monies) will not be accepted after the Retail Closing Date, being 5.00pm (Sydney time) on Monday, 26 February 2018 and no New Shares (or Additional New Shares) will be issued to you in respect of such late Application.

If the amount of Application Monies is insufficient to pay in full for the number of New Shares you applied for, you will be taken to have applied for such whole number of New Shares which is covered in full by your Application Monies. Alternatively, your application will be rejected.

If you apply for Additional New Shares in excess of your Entitlement and you are not allocated all or some of the Additional New Shares applied for, the relevant Application Monies will be refunded to you after the Allotment Date in accordance with the Corporations Act, without interest being payable. The allotment of Additional New Shares will be at the discretion of the Board in consultation with the Underwriters and may be subject to scale back.

You need to ensure that your completed Entitlement and Acceptance Form and cheque, bank draft or money order in respect of the full Application Monies reaches the Registry in sufficient time so that they are received by no later than 5.00pm (Sydney time) on the Retail Closing Date being Monday, 26 February 2018 at the following address:

Postal Address:

BY MAIL

Paragon Care Limited
C/- Link Market Services Limited
GPO Box 3560
Sydney NSW 2001

BY HAND DELIVERY (Between Sydney office hours 9.00am – 5.00pm)

Paragon Care Limited
C/- Link Market Services Limited
1A Homebush Bay Drive
Rhodes NSW 2138 **(Please do not use this address for mailing purposes)**

Entitlement and Acceptance Forms (and payments for any Application Monies) will not be accepted at Paragon's registered or corporate offices.

For the convenience of Eligible Retail Shareholders, an Australian reply paid envelope addressed to the Registry has been enclosed with this Retail Offer Booklet.

Note that if you have more than one holding of Shares, you will be sent more than one personalised Entitlement and Acceptance Form and you will have separate Entitlements for each separate holding. A separate Entitlement and Acceptance Form and payment of Application Monies must be completed for each separate Entitlement you hold.

2.2.3 Refund of Application Monies

Any Application Monies received for more than your final allocation of New Shares and Additional New Shares will be refunded as soon as practicable after allotment. No interest will be paid to applicants on any Application Monies received or refunded.

2.3 Take no action and allow all of your Entitlement to lapse

If you are an Eligible Retail Shareholder and you do nothing, the Entitlements in respect of your Shares will lapse. Your Entitlement to participate in the Retail Entitlement Offer is non-renounceable and will not be tradeable or otherwise transferable. Shareholders who do not take up their Entitlements in full will not receive any payment or value for those Entitlements they do not take up.

You should also note that, if you do not take up all or part of your Entitlement, then your percentage holding in Paragon will be diluted to the extent that New Shares are issued to other Shareholders and Institutional Investors.

2.4 Implications of making an Application

Returning a completed Entitlement and Acceptance Form or paying any Application Monies for New Shares via BPAY® will be taken to constitute a representation by the Eligible Retail Shareholder that they:

- have received a copy of this Retail Offer Booklet accompanying the Entitlement and Acceptance Form, and have read them in their entirety;
- make the Eligible Retail Shareholder declarations set out in section 4.16 of this Retail Offer Booklet and referred to in the Entitlement and Acceptance Form; and
- acknowledge that once the Entitlement and Acceptance Form is returned, or a BPAY® payment is made in relation to any Application Monies, the Application may not be varied or withdrawn except as required by law.

2.5 Enquiries

This Retail Offer Booklet and the Entitlement and Acceptance Form that accompanies it contain important information. You should read both documents in their entirety before deciding whether or not to participate in the Retail Entitlement Offer. If you:

- have questions in relation to the existing Shares upon which your Entitlement has been calculated;
- have questions on how to complete the Entitlement and Acceptance Form or take up your Entitlement; or
- you have lost your Entitlement and Acceptance Form and would like a replacement form,

please call Paragon's Offer Information Line on 1300 970 086 (from within Australia) or +61 1300 970 086 (from outside Australia) between 8.30am and 5.00pm (Sydney time), Monday to Friday during the Retail Offer Period. If you have further questions you should contact your professional adviser.

Section 3 - Taxation

3.1 General

The section below provides a general summary of the Australian income tax, capital gains tax (**CGT**), goods and services tax (**GST**) and stamp duty implications of the Retail Entitlement Offer for certain Eligible Retail Shareholders.

The comments in this section deal only with the Australian taxation implications of the Retail Entitlement Offer if you:

- are a resident for Australian income tax purposes; and
- hold your Shares on capital account.

The comments do not apply to you if you:

- are not a resident for Australian income tax purposes;
- hold your Shares as revenue assets or trading stock (which will generally be the case if you are a bank, insurance company or carry on a business of share trading);
- are subject to the 'TOFA provisions' in Division 230 of the *Income Tax Assessment Act 1997* in relation to the Shares; or
- acquired the Shares in respect of which the Entitlement Offer is issued under any employee share scheme or where the New Shares are acquired pursuant to any employee share scheme.

The taxation implications of the Retail Entitlement Offer will vary depending upon your particular circumstances. Accordingly, you should seek and rely upon your own professional advice before concluding on the particular taxation treatment that will apply to you.

Paragon and its officers, employees, taxation or other advisers do not accept any liability or responsibility in respect of any statement concerning taxation consequences, or in respect of the taxation consequences.

This taxation summary is general in nature. It is not, nor should it be relied upon as, tax advice or financial product advice. It is strongly recommended that each Eligible Retail Shareholder seeks their own independent professional tax advice applicable to their individual particular circumstances.

3.2 Issue of Entitlements

The issue of the Entitlements should not, of itself, result in any amount being included in your assessable income.

3.3 Exercise of Entitlements

Eligible Retail Shareholders who exercise their Entitlements will acquire New Shares. No assessable income or capital gain should arise for you on the exercise (i.e. taking up) of your Entitlements.

If you take up all or part of your Entitlements, you will acquire New Shares. The New Shares will constitute an asset for CGT purposes.

The total CGT cost base (and reduced cost base) of the New Shares should equal the issue price for the New Shares plus certain non-deductible incidental costs incurred in acquiring the New Shares.

The New Shares will be taken to be acquired on the day that the Entitlement in respect of the New Share is exercised.

3.4 Acquiring Additional New Shares

No assessable income or capital gain should arise for you from acquiring Additional New Shares.

The total CGT cost base (and reduced cost base) for the Additional New Shares acquired under the Retail Entitlement Offer should be determined in the same manner as for New Shares acquired on exercise of your Entitlements.

The Additional New Shares will be taken to have been acquired for CGT purposes on the day the Additional New Shares are issued to you.

3.5 Distributions on New Shares

Future distributions made in respect of New Shares and Additional New Shares will be subject to the same income taxation treatment as distributions made on existing Shares held in the same circumstances.

3.6 Disposal of New Shares and Additional New Shares

The disposal of a New Share or an Additional New Share (referred to in this section as a Share) will constitute a disposal for CGT purposes.

On disposal of a Share you will make a capital gain if the capital proceeds on disposal exceed the total CGT cost base of the Share. You will make a capital loss if the capital proceeds are less than the total reduced cost base of the Share.

Individuals, complying superannuation entities or trustees that have held Shares for at least 12 months after the date of acquisition (not including the dates of acquisition and disposal of the Shares) should be entitled to a discount on the amount of any capital gain resulting from the disposal of the Shares (after the application of any current year or carry forward capital losses).

The CGT discount applicable is currently one-half for individuals and trustees and one-third for complying superannuation entities. The CGT discount is not available for companies that are not acting as trustee for another entity. Trustees should seek specific tax advice regarding the tax consequences arising to beneficiaries because of the CGT discount.

If a capital loss arises on disposal of the Shares, the capital loss can only be used to offset capital gains; the capital loss cannot be used to offset ordinary income. However, the capital loss can be carried forward to use in future income years if the loss cannot be used in a particular income year, providing (in the case of a corporate Shareholder) certain tests are satisfied.

3.7 Entitlements not taken up

As described in Section 2.3 above, any Entitlement not taken up under the Retail Entitlement Offer will lapse and the Eligible Retail Shareholder will not receive any consideration for those Entitlements. In these circumstances, there should not be any tax implications for the Eligible Retail Shareholder.

3.8 Tax file number and Australian business number withholding

If a Shareholder has provided their Australian business number (**ABN**), tax file number (**TFN**) or claimed an exemption from quoting their TFN in respect of an existing Share, this will also apply in respect of any New Shares or Additional New Shares acquired by that Shareholder.

If a Shareholder has not provided their ABN, TFN or claimed an exemption, income tax may be required to be deducted and withheld by Paragon from any distributions at the highest marginal tax rate plus the Medicare levy.

3.9 Other Australian taxes

No Australian GST or stamp duty will be payable by Eligible Retail Shareholders in respect of the issue or exercise of the Entitlements or the acquisition of New Shares pursuant to the Retail Entitlement Offer or Additional New Shares.

Section 4 - Important Information for Shareholders

4.1 Retail Offer Booklet availability

Eligible Retail Shareholders with a registered address in Australia or New Zealand will receive a copy of this Retail Offer Booklet and their personalised Entitlement and Acceptance Form in the mail. Please read the Retail Offer Booklet and the Entitlement and Acceptance Form together in their entirety.

A copy of this Retail Offer Booklet can be obtained during the Retail Offer Period by calling Paragon's Offer Information Line on 1300 970 086 (from within Australia) or +61 1300 970 086 (from outside Australia) between 8.30am and 5.00pm (Sydney time), Monday to Friday during the Retail Offer Period.

If this Retail Offer Booklet is being viewed electronically, please ensure that you download the Retail Offer Booklet in its entirety (including the annexures to this Retail Offer Booklet). Eligible Retail Shareholders can access their BPAY® details online when the Retail Entitlement Offer opens on Thursday, 15 February 2018.

It is important to note that you will only be entitled to accept the Entitlement Offer by completing your personalised Entitlement and Acceptance Form which accompanies this Retail Offer Booklet, or by making a payment of Application Monies via BPAY® using the information contained on your personalised Entitlement and Acceptance Form (see Section 2.2 for further information). Please carefully read the instructions on the accompanying Entitlement and Acceptance Form.

Shareholders in foreign jurisdictions (being jurisdictions outside of Australia or New Zealand) should refer to Section 4.8.

4.2 Continuous disclosure requirements

Under the Corporations Act, Paragon is considered a disclosing entity and is subject to ongoing reporting and disclosure obligations under the Corporations Act and the ASX Listing Rules, including the preparation of annual reports and half yearly reports.

Under the ASX Listing Rules, Paragon has an obligation (subject to certain exceptions) to notify the ASX immediately of any information of which it is or becomes aware which a reasonable person would expect to have a material effect on the price or value of its Shares. Such information is available to the public from the ASX at www.asx.com.au.

Paragon is also required to lodge certain documents with ASIC. Such documents can be inspected and obtained from an ASIC office.

4.3 Retail Offer Booklet does not constitute investment advice

Shareholders must note that the information provided in this Retail Offer Booklet and the accompanying Entitlement and Acceptance Form does not constitute financial product advice. All information has been prepared without taking into account your individual investment objectives, financial circumstances or particular needs. The information contained in this Retail Offer Booklet and the accompanying Entitlement and Acceptance Form should not be considered as comprehensive or to comprise all the information which a Shareholder may require in order to determine whether or not to subscribe for New Shares. If you have any questions, please consult your professional adviser before deciding whether or not to invest.

4.4 Risks factors

The Investor Presentation details important factors and risks that could affect the financial and operating performance of Paragon. Please refer to the "Key Risks" section of the Investor Presentation for details. When making an investment decision in connection with this Retail Entitlement Offer, it is essential that you consider these risk factors carefully in light of your individual personal circumstances, including financial and taxation issues (some of which have been outlined in Section 3 of this Retail Offer Booklet).

4.5 No authorisation beyond information contained within this Retail Offer Booklet

Any information or representation not contained in this Retail Offer Booklet may not be relied on as having been authorised by Paragon in connection with the Entitlement Offer. No person is authorised to give any information or make any representation in connection with the Entitlement Offer, which is not contained in this Retail Offer Booklet.

4.6 No cooling-off rights

Cooling-off rights do not apply to a subscription for New Shares under the Entitlement Offer. This means that you cannot withdraw your Application once it has been accepted.

4.7 Forward-looking statements

No representation or warranty is given as to the accuracy or likelihood of achievement of any forward-looking statement in this Retail Offer Booklet, or any events or results expressed or implied in any forward-looking statement. These statements can generally be identified by the use of words such as "anticipate", "expect" "believe", "expect", "project", "forecast", "estimate", "likely", "intend", "should", "could", "may", "target", "predict", "guidance", "plan", "potential" and other similar expressions. Indications of, and guidance on, future earnings and financial position and performance are also forward-looking statements. Such forward-looking statements are not guarantees of future performance and are by their nature inherently uncertain and are based on future events which may or may not be correct, assumptions and estimates which are subject to certain risks, uncertainties and change without notice. Actual results or events may differ materially from any expressed or implied in any forward-looking statement and deviations are normal and to be expected. Past performance is not a reliable indicator of future performance. Please refer to the "Key Risks" section of the Investor Presentation and the disclaimers outlined in this Retail Offer Booklet for more information.

4.8 Offer jurisdictions – restrictions and limitations

The Retail Entitlement Offer will not be made to Shareholders with registered addresses outside Australia and New Zealand. This document does not constitute an offer or invitation in any place in which, or to any person to whom, it would not be lawful to make such an offer or invitation. Return of the Entitlement and Acceptance Form or payment of Application Monies by BPAY® shall be taken by Paragon to constitute a representation by you that there has been no breach of any such laws.

The New Shares are not being offered to the public within New Zealand other than to existing Shareholders of Paragon with registered addresses in New Zealand to whom the offer of these New Shares is being made in reliance on the Financial Markets Conduct Act 2013 (New Zealand) and the Financial Markets Conduct (Incidental Offers) Exemption Notice 2016 (New Zealand).

This Retail Offer Booklet has been prepared in compliance with Australian law and has not been registered, filed with or approved by any New Zealand regulatory authority. This document is not

a product disclosure statement, investment statement or prospectus under New Zealand law and is not required to, and may not, contain all the information that a product disclosure statement, investment statement or prospectus under New Zealand law is required to contain.

The distribution of this document outside Australia and New Zealand may be restricted by law. If you come into possession of this document you should observe any such restrictions and should seek your own advice on those restrictions. A failure to comply with such restrictions may contravene applicable securities laws.

4.9 Offer jurisdictions – United States restrictions and limitations

This Retail Offer Booklet, and any accompanying ASX announcements and the Entitlement and Acceptance Form, do not constitute an offer to sell, or a solicitation of an offer to buy, any securities in the United States.

Neither the Entitlements nor the New Shares have been, nor will be, registered under the U.S. Securities Act or the securities laws of any state or other jurisdiction of the United States. The Entitlements may not be purchased, taken up or exercised by persons in the United States or by persons who are acting for the account or benefit of a person in the United States. Neither the Entitlements nor the New Shares may be offered, sold or resold in the United States or to persons acting for the account or benefit of a person in the United States except in a transaction exempt from, or not subject to, the registration requirements of the U.S. Securities Act and the applicable securities laws of any state or other jurisdiction in the United States. The Entitlements and the New Shares in the Retail Entitlement Offer will be offered and sold only in 'offshore transactions' (as defined in Rule 902(h) under the U.S. Securities Act) in reliance on Regulation S under the U.S. Securities Act. Because of these legal restrictions, you must not distribute, release or send this Retail Offer Booklet or the Entitlement and Acceptance Form, or copies thereof, or any other material relating to the Retail Entitlement Offer to any person in the United States.

4.10 Notice to nominees and custodians

The Retail Entitlement Offer is being made to all Eligible Retail Shareholders. Nominees with registered addresses in the eligible jurisdictions, irrespective of whether they participate under the Institutional Entitlement Offer, may also be able to participate in the Retail Entitlement Offer in respect of some or all of the beneficiaries on whose behalf they hold Shares, provided that the applicable beneficiary would satisfy the criteria for an Eligible Retail Shareholder.

Nominees and custodians who hold Shares as nominees or custodians will have received, or will shortly receive, a letter from Paragon in respect of the Entitlement Offer. Nominees and custodians should carefully consider the contents of that letter and note in particular that the Retail Entitlement Offer is not available to, and they must not purport to accept the Retail Entitlement Offer in respect of:

- beneficiaries on whose behalf they hold Shares who would not satisfy the criteria for an Eligible Retail Shareholder;
- Eligible Institutional Shareholders who were invited to participate in the Institutional Entitlement Offer (whether they accepted their Entitlement or not);
- Ineligible Shareholders who were ineligible to participate in the Institutional Entitlement Offer;
- or
- Shareholders who are not eligible under all applicable securities laws to receive an offer under the Retail Entitlement Offer.

In particular, persons acting as nominees for other persons must not take up any Entitlements on behalf of, or send any documents related to the Entitlement Offer to, any person in the United States or any person that is acting for the account or benefit of a person in the United States.

Paragon is not required, and does not undertake to, determine whether or not any Shareholder or investor is acting as a nominee or custodian or the identity or residence of any beneficial owners of existing Shares or Entitlements. Where any person is acting as a nominee or custodian for a foreign person, that person, in dealing with its beneficiary, will need to assess whether indirect participation in the Entitlement Offer by the beneficiary complies with applicable foreign laws. Paragon is not able to advise on foreign laws. Eligible Retail Shareholders who are nominees or custodians are therefore advised to seek independent advice as to how to proceed.

4.11 Underwriting arrangements and fees

Bell Potter Securities Limited and Shaw and Partners Limited (the **Underwriters**) are acting as underwriters, bookrunners and lead managers to the Entitlement Offer and the Placement (together, the **Offer**). Paragon has entered into an Underwriting Agreement with the Underwriters in respect of the Offers.

Paragon must pay to the Underwriters a management / selling fee of 5% of the Offers.

Paragon and the Underwriters agree that all fees will be split equally between the Underwriters.

Paragon must also pay or reimburse the Underwriters for costs they have incurred in respect of the Offers, including legal fees, reasonable out of pocket expenses (including travel expenses, bookbuild expenses and stamp duty or similar taxes payable in respect of the Underwriting Agreements). Subject to certain exceptions, Paragon has agreed to indemnify the Underwriters and their related bodies corporate, and their respective directors, officers and employees (each an **Indemnified Party**) from and against all losses suffered or incurred by an Indemnified Party, directly or indirectly, arising out of or in connection with the Offers or the Underwriting Agreement.

As is customary with these types of arrangements, the Underwriting Agreement contains representations and warranties and indemnities in favour of the Underwriters.

Each of the Underwriters may, in certain circumstances, terminate its obligations under the Underwriting Agreement on the occurrence of certain termination events including, but not limited to, where:

- (a) at any time before settlement of the Retail Entitlement Offer, the S&P/ASX 200 Index falls to a level that is 90% or less of the level as at the close of trading on the business day immediately prior to the date of the Underwriting Agreement and closes at or below that 90% level on two consecutive business days;
- (b) Paragon ceases to be admitted to the official list of ASX;
- (c) the Retail Offer Booklet and related materials (including the Investor Presentation) prepared by Paragon in connection with the Offers (**Offer Materials**) do not comply with the Corporations Act, the Listing Rules or any other applicable law;
- (d) ASIC applies for an order under section 1324 or 1325, of the Corporations Act, or an order under Part 9.5 of the Corporations Act, in relation to the Offers, or holds, or gives notice of intention to hold, a hearing or investigation in relation to the Offers under the Corporations Act or the Australian Securities and Investments Commission Act 2001 (Cth);

- (e) Paragon withdraws the Offers or the invitations to apply for New Shares under the Offer Materials;
- (f) Paragon is prevented from allotting and issuing the New Shares by applicable laws, an order of a court of competent jurisdiction or a government agency, within the time required by the Listing Rules or agreed timetable;
- (g) a regulatory body withdraws, revokes or amends any regulatory approvals required for Paragon to perform its obligations under the Underwriting Agreement, such that Paragon is rendered unable to perform its obligations under the Underwriting Agreement;
- (h) there is a change to the board of directors, managing director and chief executive officer or chief financial officer of Paragon;
- (i) an event specified in the agreed timetable for the Offers is delayed by more than one business day (other than any delay agreed between Paragon and the Underwriters);
- (j) Paragon or any of its subsidiaries become insolvent, or there is an act or omission which is likely to result in Paragon or any of its subsidiaries becoming insolvent;
- (k) any information supplied by or on behalf of Paragon to the Underwriters in relation to the New Shares, Paragon or the Offers is, or becomes, untrue, incorrect, misleading or deceptive, including by way of omission;
- (l) an event occurs which is, or is likely to give rise to, an adverse change in the assets, liabilities, financial position or performance, profits, losses, earnings, prospects or condition or otherwise of Paragon and its subsidiaries from those disclosed to ASX prior to the date of the Underwriting Agreement, or an adverse change in the nature of the business conducted by Paragon and its subsidiaries as disclosed to ASX prior to the date of the Underwriting Agreement;
- (m) there are not, or there ceases to be, reasonable grounds in the reasonable opinion of an Underwriter for any statement or estimate in the Offer Materials which relate to a future matter or any statement or estimate in the Offer Materials that relate to a future matter is, in the reasonable opinion of an Underwriter, unlikely to be met in the projected timeframe (including in each case financial forecasts);
- (n) in respect of any one or more of Australia, New Zealand, the United States, the United Kingdom, the Peoples' Republic of China, Hong Kong, Singapore or any member state of the European Union, or involving any diplomatic, military, commercial or political establishment of any of those countries in the world:
 - i. hostilities not presently existing commence (whether or not war or a national emergency has been declared);
 - ii. a major escalation in existing hostilities occurs (whether or not war or a national emergency has been declared); or
 - iii. a major terrorist act is perpetrated;
- (o) there is introduced, or there is a public announcement of a proposal to introduce, a new law or regulation or policy in Australia or any State or Territory of Australia (including a policy of the Reserve Bank of Australia) other than a law or policy which has been announced before the date of the Underwriting Agreement;
- (p) there is a contravention by Paragon or any of its subsidiaries of its constitution or other constituent document, an encumbrance or document that is binding on it or any applicable

law, regulation, authorisation, ruling, consent, judgment, order or decree of any government agency (including the Corporations Act, the Competition and Consumer Act 2010 (Cth) and the Listing Rules);

- (q) Paragon is in breach of the Underwriting Agreement or representations and warranties given by Paragon in favour of the Underwriters;
- (r) without the prior written consent of the Underwriters, Paragon: disposes, or agrees to dispose, of the whole, or a substantial part, of its business or property; ceases or threatens to cease to carry on business; alters its capital structure, other than as a result of the issue of New Shares by Paragon contemplated by the Underwriting Agreement; amends its constitution or any other constituent document of Paragon or the terms of issue of the New Shares; and
- (s) any of the following occurs:
 - i. a general moratorium on commercial banking activities in Australia, the United Kingdom, the United States, Hong Kong, the People's Republic of China or any member state of the European Union is declared by the relevant central banking authority in those countries, or there is a disruption in commercial banking or security settlement or clearance services in any of those countries; or
 - ii. trading in all securities quoted or listed on ASX, the London Stock Exchange, Hong Kong Stock Exchange, Shanghai Stock Exchange, Shenzhen Stock Exchange or the New York Stock Exchange is suspended for at least one day on which that exchange is open for trading;
 - iii. any adverse change or disruption to the existing financial markets, political or economic conditions of, or currency exchange rates or controls in Australia, the United States, Hong Kong, the People's Republic of China or the United Kingdom, or the international financial markets or any adverse change in national or international political, financial or economic conditions; or
 - iv. a change or development (which was not publically known prior to the date of this agreement) involving a prospective adverse change in taxation laws affecting the Issuer or the Offer occurs;
- (t) any of the following occur:
 - i. a director or senior executive of the Issuer is charged with an indictable offence relating to a financial or corporate matter;
 - ii. any Government Agency commences any public action against a director or senior executive of the Issuer;
 - iii. any director or senior executive of the Issuer is disqualified from managing a corporation under Part 2D.6;
 - iv. a director or senior executive of the Issuer engages in any fraudulent conduct or activity; or
 - v. a change in the directors or senior executives of the Issuer, or a director or senior executive dies or becomes permanently incapacitated.

In respect of the termination events summarised in paragraphs (k) to (t) above, each of the Underwriters may only terminate its obligations under the Underwriting Agreement upon the occurrence of such an event provided that the Underwriter has reasonable and bona fide grounds to believe that such event:

- has or is likely to have a materially adverse effect on the success or outcome of the Offers, the ability of the Underwriters to settle the Offers, the subsequent market for the New

Shares or the condition, trading or financial position, performance, profits and losses, results, business or operations of Paragon; or

- will, or is likely to, give rise to a contravention by an Underwriter of, or an Underwriter being involved in a contravention of, any applicable law or regulation, including the Corporations Act, or a liability of an Underwriter under any applicable law or regulation.

If an Underwriter terminates its obligations under the Underwriting Agreement (**Terminating Underwriter**), the Terminating Underwriter will not be obliged to perform any of its obligations which remain to be performed under the Underwriting Agreement. In such circumstances, the other Underwriter may assume the obligations of the Terminating Underwriter, or may elect to also terminate its obligations under the Underwriting Agreement.

Neither the Underwriters nor any of their related bodies corporate (the **Limited Parties**) have authorised or caused the issue of this Retail Offer Booklet and they do not take responsibility for any statements made in this Retail Offer Booklet or any action taken by you on the basis of such information. To the maximum extent permitted by law, each Limited Party excludes and disclaims all liability for any expenses, losses, damages or costs incurred by you as a result of your participation in the Entitlement Offer and this information being inaccurate or incomplete in any way for any reason, whether by negligence or otherwise.

4.12 Control effect of the Entitlement Offer

The potential effect of the issue of the New Shares pursuant to the Entitlement Offer on the control of the Company and the consequences of that effect will depend on a number of factors, including the extent to which Eligible Shareholders take up New Shares under the Entitlement Offer and are described below.

- If all Eligible Shareholders take up their entitlements under the Entitlement Offer, then the Entitlement Offer will have no significant effect on the control of the Company.
- If 50% of Eligible Shareholders take up their entitlements under the Entitlement Offer, then new investors will receive 29.8 million New Shares (being 11% of Shares on issue in the Company following the Placement and Entitlement Offer) and the interests of those Eligible Shareholders who do not take-up their entitlements under the Entitlement Offer will be diluted.
- If 25% of Eligible Shareholders take up their entitlements under the Entitlement Offer, then new investors will receive 44.7 million New Shares (being 16.5% of Shares on issue in the Company following the Placement and Entitlement Offer) and the interests of those Eligible Shareholders who do not take-up their entitlements under the Entitlement Offer will be diluted.
- If no Eligible Shareholders take up their entitlements under the Entitlement Offer, then new investors will receive 59.6 million New Shares (being 22% of the Shares on issue in the Company following the Placement and Entitlement Offer) and the interests of all Eligible Shareholders will be diluted.

For the purposes of the information provided above, 'new investors' potentially includes the Underwriter and certain sub-underwriters appointed in relation to the Placement and Entitlement Offer.

The Underwriters have at the date of this notice received sub-underwriting commitments for 100% of the New Shares to be issued under the Entitlement Offer. Assuming those commitments are honoured with respect to the Retail Entitlement Offer, and full allocation of New

Shares to be issued under the Institutional Entitlement Offer, the maximum percentage of New Shares which any Underwriter or sub-underwriter could hold, assuming no other investor or shareholder take-up of the New Shares offered in the Entitlement Offer, would be 7.6% of the shares on issue in PGC following the Institutional Entitlement Offer.

If an Eligible Shareholder does not take-up its Entitlement under the Entitlement Offer, its percentage holding in Paragon will be diluted.

Ineligible Shareholders are not entitled to participate in the Entitlement Offer and their percentage holding in Paragon will be diluted.

4.13 Director participation

Geoffrey Sam, Shane Tanner and Michael Newton will take up some or all of their Entitlements.

The Directors will not participate in the Placement.

4.14 Consents

Statements included in this Retail Offer Booklet, or any statement on which a statement in this Retail Offer Booklet is based, are not made by the directors, officers, employees, partners, agents and advisers of Paragon, but by Paragon itself.

To the maximum extent permitted by law each of these parties expressly disclaims and takes no responsibility for any statements in or omissions from this Retail Offer Booklet other than references to its name.

4.15 Governing law

This Retail Offer Booklet, the Entitlement Offer and the contracts formed on acceptance of the Entitlement and Acceptance Forms are governed by the law applicable in New South Wales, Australia. Each Shareholder who applies for New Shares submits to the jurisdiction of the courts of New South Wales, Australia.

4.16 ELIGIBLE RETAIL SHAREHOLDER DECLARATIONS

In making your application for New Shares as part of the Retail Entitlement Offer, you will be making the following declarations to Paragon that you:

- have read and understand the Retail Offer Booklet and your personalised Entitlement and Acceptance Form in their entirety;
- agree to be bound by the terms of the Retail Entitlement Offer, the provisions of this Retail Offer Booklet and the constitution of Paragon;
- acknowledge the statement of risks in the "Key Risks" section of the Investor Presentation included in Annexure B of this Retail Offer Booklet, and that investments in Paragon are subject to risks;
- authorise Paragon to register you as the holder of New Shares allotted to you under this Retail Entitlement Offer;
- declare that all details on the Entitlement and Acceptance Form are complete, accurate and up to date;
- are over 18 years of age and that you have full legal capacity and power to perform all your rights and obligations under the Entitlement and Acceptance Form;
- accept that there is no cooling off period under the Retail Entitlement Offer and that once Paragon receives either your personalised Entitlement and Acceptance Form, your payment of Application Monies via BPAY® or both, that you may not withdraw or change your Application;
- agree to apply for and be issued with up to the number of New Shares and Additional New Shares (if any) shown on the Entitlement and Acceptance Form, or for which you have submitted payment of Application Monies via BPAY®, at the Issue Price of \$0.725 per Share;
- authorise Paragon, the Underwriters, the Registry and respective officers or agents, to do anything on your behalf necessary for the New Shares to be issued to you, including to act on instructions of the Registry upon using the contact details set out in the Entitlement and Acceptance Form;
- authorise Paragon to correct any errors in your Entitlement and Acceptance Form or other forms provided by you;
- were the registered holder(s) at the Record Date of the Shares indicated on your Entitlement and Acceptance Form as being held by you on the Record Date;
- represent and warrant (for the benefit of Paragon, the Underwriters and their respective related bodies corporate and affiliates) that you did not receive an invitation to participate in the Institutional Entitlement Offer either directly or through a nominee, are not an Ineligible Shareholder and are otherwise eligible to participate in the Retail Entitlement Offer;
- acknowledge that the information contained in this Retail Offer Booklet and the Entitlement and Acceptance Form does not constitute investment advice, nor a recommendation that New Shares are suitable for you given your individual investment objectives, financial situation or particular needs;
- understand that this Retail Offer Booklet is not a prospectus or product disclosure statement, is given in the context of Paragon's past and ongoing continuous disclosure obligations under the Corporations Act and the ASX Listing Rules, and does not contain all of the information that you or your professional advisers would reasonably require for the purpose of making an informed assessment of:
 - the assets and liabilities, financial position and performance, profits and losses and prospects of Paragon; or
 - the rights and liabilities attaching to the New Shares.
- acknowledge that neither Paragon, its directors, officers, employees, agents, consultants nor advisers, nor the Underwriters, guarantee the performance of the New Shares offered under

the Retail Entitlement Offer or the performance of Paragon, nor do they guarantee the repayment of capital from Paragon;

- represent and warrant that you are an Eligible Retail Shareholder and the law of any other jurisdiction does not prohibit you from being given the Retail Offer Booklet, the Entitlement and Acceptance Form, nor does it prohibit you from making an Application and you are otherwise eligible to participate in the Retail Entitlement Offer;
- represent and warrant that you are not in the United States and are not acting for the account or benefit of a person in the United States (to the extent you hold Shares for the account or benefit of such person in the United States);
- understand and acknowledge that the Entitlements and the New Shares have not been, and will not be, registered under the U.S. Securities Act or the securities laws of any state or other jurisdictions in the United States, or in any other jurisdiction outside Australia. The Entitlements may not be taken up or exercised by persons in the United States or by persons who are acting for the account or benefit of, a person in the United States. Neither the Entitlements nor the New Shares may be offered, sold or resold in the United States except in a transaction exempt from, or not subject to, the registration requirements of the U.S. Securities Act and the applicable securities laws of any state or other jurisdiction in the United States;
- are subscribing for or purchasing the Entitlements or the New Shares in an "offshore transaction" (as defined in Rule 902(h) under the U.S. Securities Act) in reliance on Regulation S under the U.S. Securities Act;
- have not and will not send this Retail Offer Booklet or the Entitlement and Acceptance Form, or copies thereof, or any other material relating to the Retail Entitlement Offer to any person in the United States or any other country outside Australia and New Zealand;
- if you are acting as a nominee or custodian, each beneficial holder on whose behalf you are submitting the Entitlement and Acceptance Form is resident in Australia or New Zealand and is not in the United States and is not acting for the account or benefit of a person in the United States, and you have not sent this Retail Offer Booklet, the Entitlement and Acceptance Form or any information relating to the Retail Entitlement Offer to any such person;
- make all other representations and warranties set out in the Retail Offer Booklet; and
- agree to provide (and direct your nominee or custodian to provide) any requested substantiation of your eligibility to participate in the Retail Entitlement Offer and/or of your holding of Shares on the Record Date.

ANNEXURE A

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 Surgical** 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.

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:

Mark Simari
Mergers and Acquisitions
Telephone: 1300 369 559
Email: mark@paragoncare.com.au

NOT FOR RELEASE TO US WIRE SERVICES OR DISTRIBUTION IN THE UNITED STATES

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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 1

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/>.



ParagonCare
Health. Covered.

Acquisitions & Capital Raising Presentation

8 February 2018 | PGC.ASX

ANNEXURE B

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 announced¹ 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)

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)

1. Strategy and vision

2. Company and sector overview

3. Acquisitions overview

4. Capital raising

5. Announced acquisitions



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
\$250m

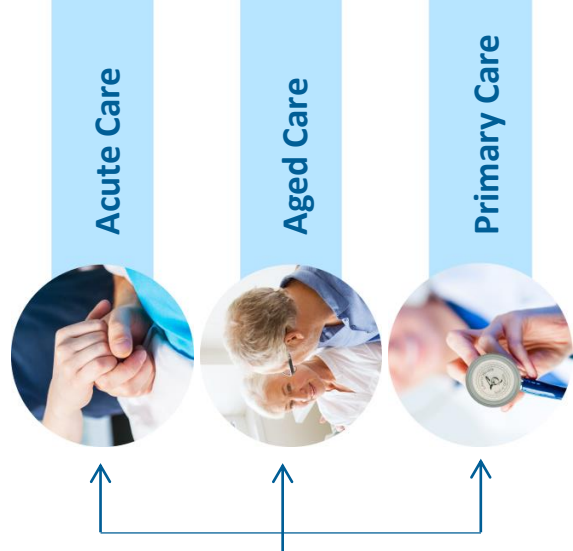
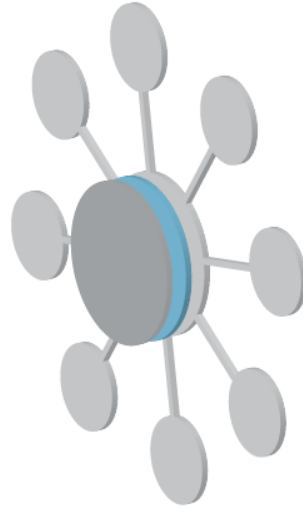
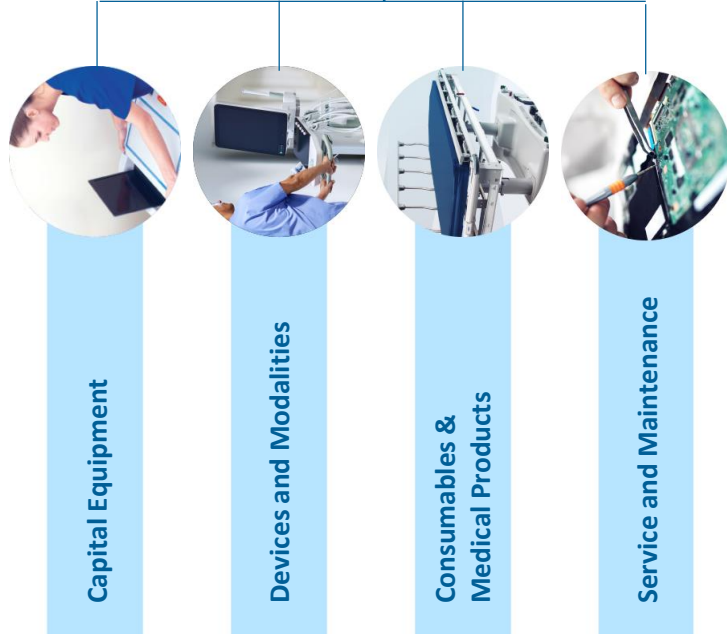
EBITDA margin
15%

Stock turnover
5-6x

More products and services...

...sold via one platform...

...to more customers



- ✓ **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

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/Optomety
- ✓ Medical Aesthetics
- ✓ Materials handling
- ✓ E-Health
- ✓ Maintenance & Tech. Mgmt

EXPAND OFFERING

Sell additional products to existing customer base

Expand into new markets:

+ DIAGNOSTIC MARKET

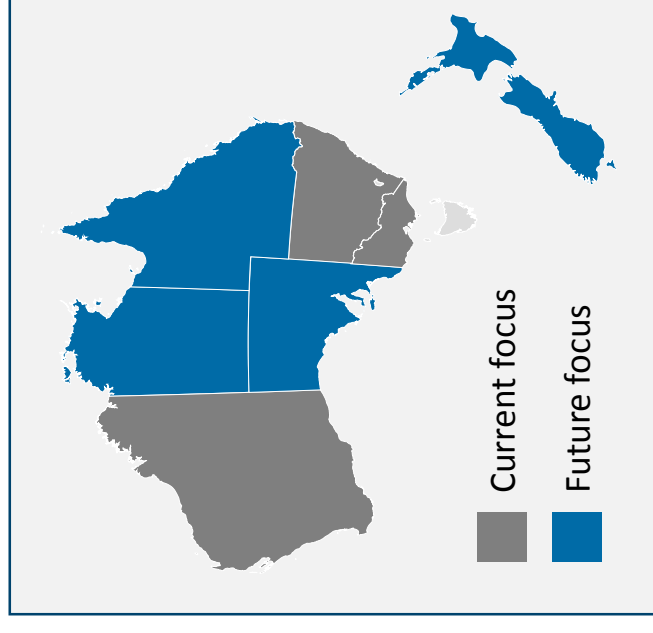
- ✓ Laboratory
- ✓ Pathology
- ✓ Radiology

+ 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

1. Strategy and vision

2. Company and sector overview

3. Acquisitions overview

4. Capital raising

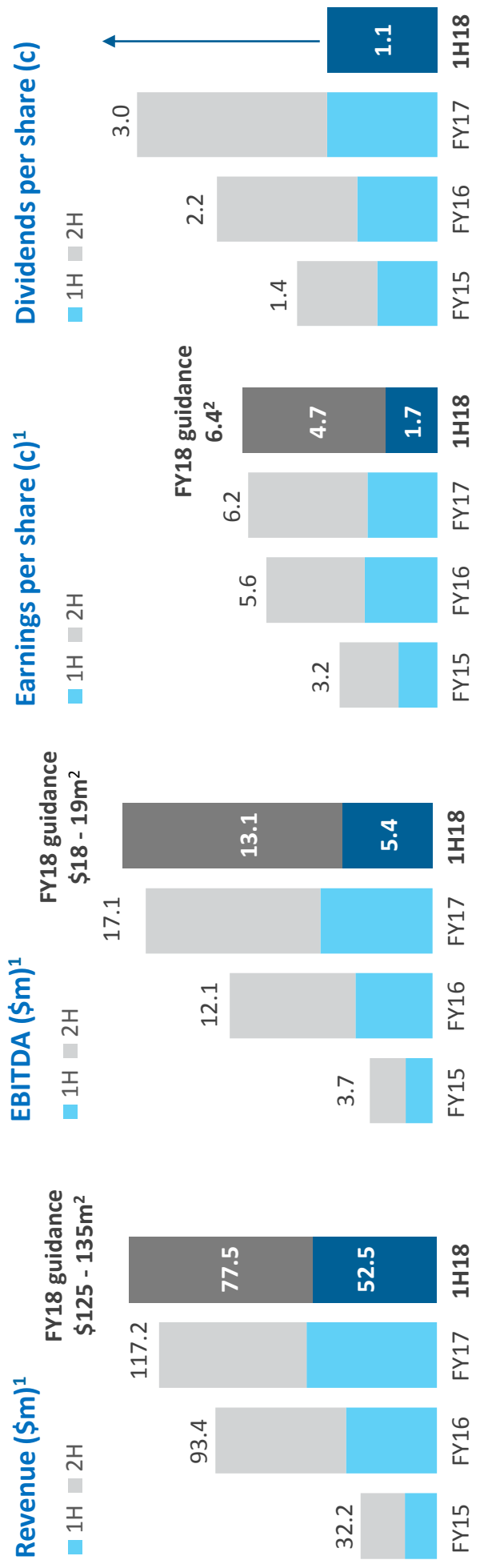
5. Announced acquisitions



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 \$135m², and EBITDA guidance of \$18m to \$19m²



Notes:

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

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

Paragon’s strategy is aided by favourable macroeconomic tailwinds

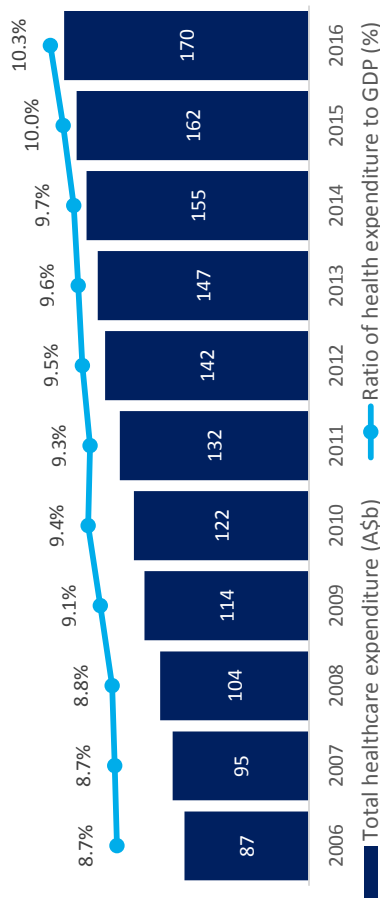
Public and Private healthcare spend in Australia and New Zealand of \$200bn per annum spend is highly fragmented across multiple suppliers

- 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

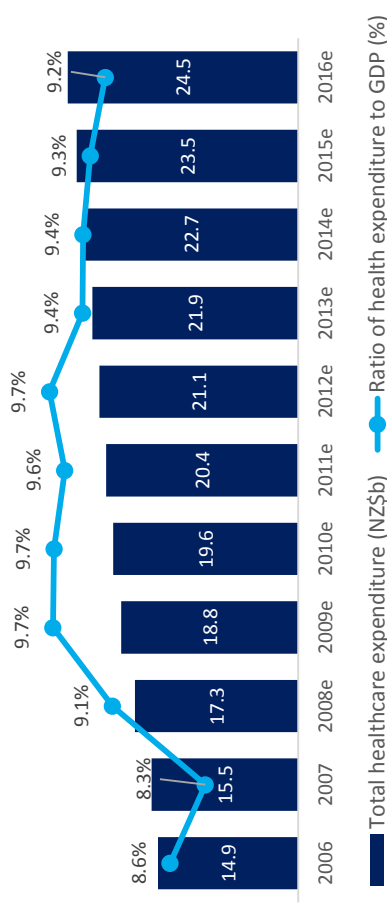
- Population ageing further underpins increased spend on health and aged care into the future
- Australian Bureau of Statistics predicts that over 20% of the Australian population will be above 65 years of age by 2054

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

1. Strategy and vision

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5. Announced acquisitions



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.

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

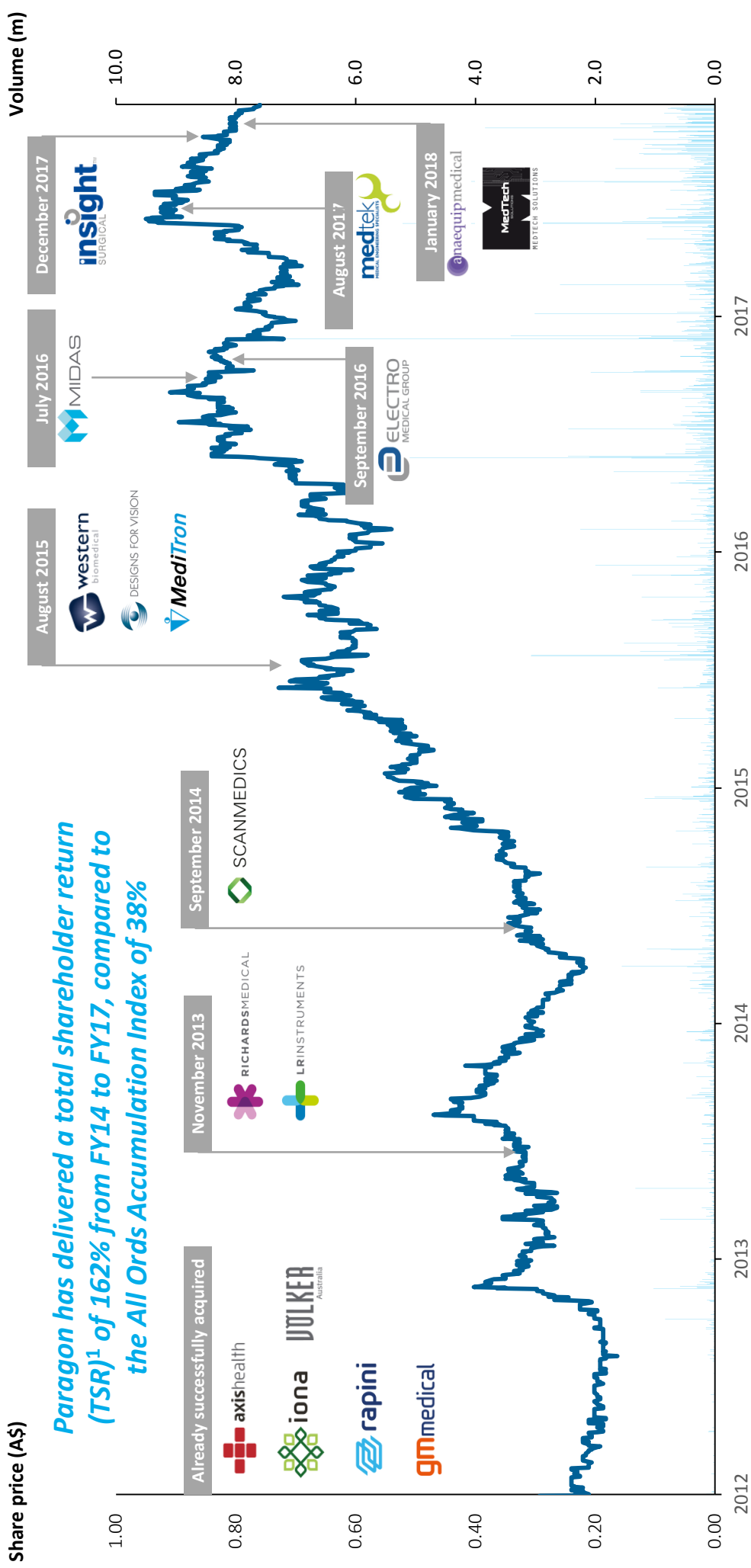
Key debt metrics

	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 EBITDA¹	2.0x	1.4x

Note: Forecast numbers based on the following assumptions:

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

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

1. Strategy and vision

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5. Announced acquisitions



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

<p>Placement</p>	<ul style="list-style-type: none"> ▪ \$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
<p>Accelerated non-renounceable rights issue</p>	<ul style="list-style-type: none"> ▪ \$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
<p>Placement to vendors</p>	<ul style="list-style-type: none"> ▪ \$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 of Funds	A\$m	Uses of Funds	A\$m
Institutional Placement	\$26.6m	Acquisition cash consideration	\$75.8m
Entitlement Offer	\$43.2m	Vendor Share consideration	\$6.0m
Vendor Share Placement	\$6.0m	Transaction costs and additional working capital	\$10.8m
Drawdown on existing debt facility	\$16.8m		
Total Sources of Funds	\$92.6m	Total Uses of funds	\$92.6m

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

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

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

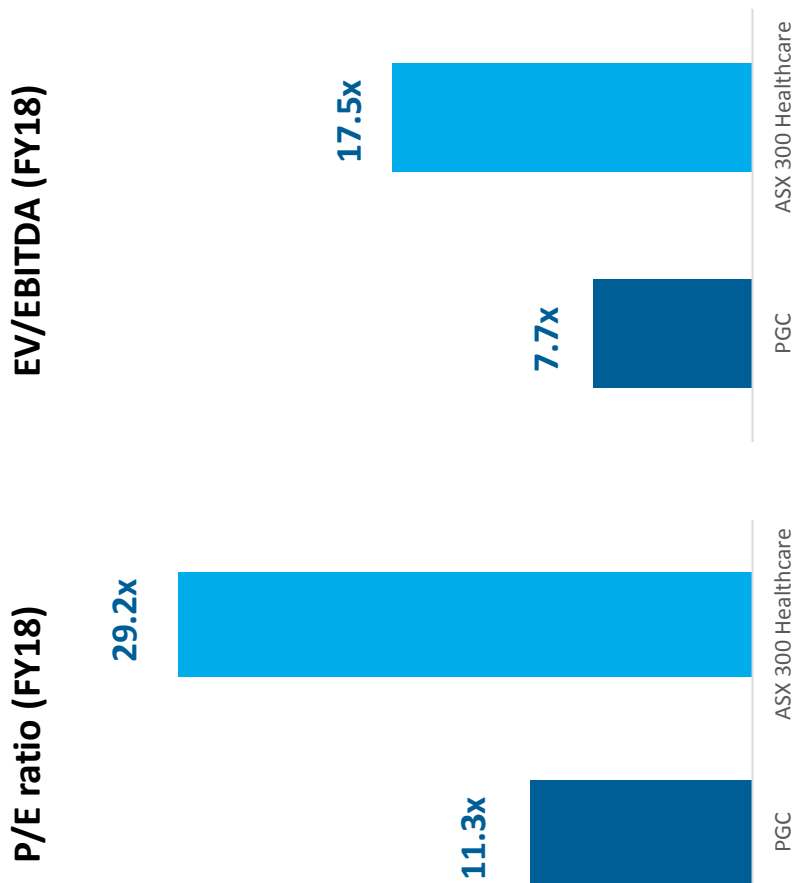
Criteria	Requirement
Size ¹	Market cap >#275 on index, currently ~\$363m
Liquidity ²	Minimum relative liquidity of 30%

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

1. Strategy and vision

2. Company and sector overview

3. Acquisitions overview

4. Capital raising

5. Announced acquisitions



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



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

Medical engineering company to be merged with Paragon Service and Technology



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

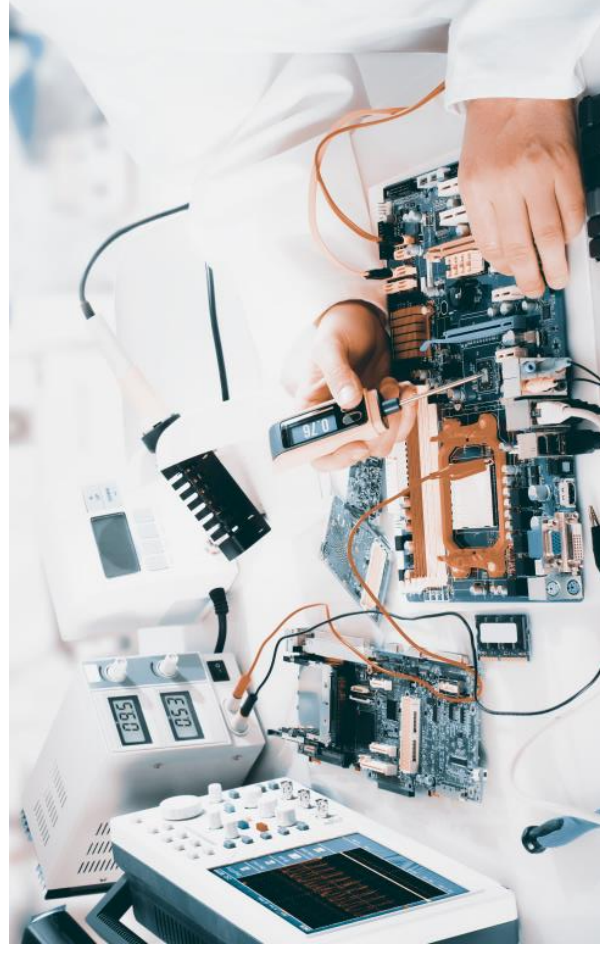
- A complete line of service for state of the art equipment including Linear Accelerators, CT scanners, Gamma cameras and X-ray rooms

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



A highly targeted addition to Paragon’s scalable product platform



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



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



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

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 monitoring
- ✓ Compliments our Service & Technology capabilities

Key metrics

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



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 be 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's 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's future operational and financial performance. Risks associated with changes in government policies and regulations in relation to Paragon's 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.

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.

Licenses, accreditation and registrations**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.

The information contained in this presentation ("Presentation") has been prepared by Paragon Care Limited ("Paragon" or the "Company").

This Presentation provides general background information about the Company which is current at the date this Presentation is made. This Presentation is not a prospectus, product disclosure statement, pathfinder document or any other offering document under Australian law (and will not be lodged with the Australian Securities and Investments Commission (ASIC)) or any other law and does not require all material information which a prospective investor may require in evaluating a possible investment in the Company. This Presentation is for information purposes only and is not an invitation to acquire or offer of securities for subscription, purchase or sale in any jurisdiction. The parties to whom this Presentation is made available each confirm that they are, and any person on whose account or benefit they are acting is, a "sophisticated investor" or "professional investor" within the meanings given in sections 708(8) and 708(11) respectively, of the Corporations Act 2001(Cth) (Corporations Act) and if there were an offer of securities, it would be a person to whom such securities may be offered without disclosure to investors under Chapter 6D of the Corporations Act.

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An investment in Paragon securities is subject to investment and other known and unknown risks, some of which are beyond the control of the Company. The Company does not guarantee any particular rate of return on the performance of Paragon nor does it guarantee any particular tax treatment. Prospective investors should have regard to the Risks Section of this Presentation when making their investment decision and should make their own enquiries and investigations regarding all information in this Presentation, including the assumptions, uncertainties and contingencies which may affect future operations of Paragon and the impact that different future outcomes may have on Paragon.

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This document does not constitute an offer of new ordinary shares ("**New Shares**") of the Company in any jurisdiction in which it would be unlawful. In particular, this document may not be distributed to any person, and the New Shares may not be offered or sold, in any country outside Australia except to the extent permitted below.

Hong Kong

WARNING: This document has not been, and will not be, registered as a prospectus under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong, nor has it been authorised by the Securities and Futures Commission in Hong Kong pursuant to the Securities and Futures Ordinance (Cap. 571) of the Laws of Hong Kong (the "SFO"). No action has been taken in Hong Kong to authorise or register this document or to permit the distribution of this document or any documents issued in connection with it. Accordingly, the New Shares have not been and will not be offered or sold in Hong Kong other than to "professional investors" (as defined in the SFO and any rules made under that ordinance).

No advertisement, invitation or document relating to the New Shares has been or will be issued, or has been or will be in the possession of any person for the purpose of issue, in Hong Kong or elsewhere that is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to New Shares that are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors. No person allotted New Shares may sell, or offer to sell, such securities in circumstances that amount to an offer to the public in Hong Kong within six months following the date of issue of such securities.

The contents of this document have not been reviewed by any Hong Kong regulatory authority. You are advised to exercise caution in relation to the offer. If you are in doubt about any contents of this document, you should obtain independent professional advice.

New Zealand

This document has not been registered, filed with or approved by any New Zealand regulatory authority under the Financial Markets Conduct Act 2013 (the "FMC Act").

The New Shares are not being offered to the public within New Zealand other than to existing shareholders of the Company with registered addresses in New Zealand to whom the offer of these securities is being made in reliance on the FMC Act and the Financial Markets Conduct (Incidental Offers) Exemption Notice 2016.

Other than in the entitlement offer, the New Shares may only be offered or sold in New Zealand (or allotted with a view to being offered for sale in New Zealand) to a person who:

- 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.

United States

This document does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States. The New Shares have not been, and will not be, registered under the US Securities Act of 1933 and may not be offered or sold in the United States except in transactions exempt from, or not subject to, the registration requirements of the US Securities Act and applicable US state securities laws.



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Glossary

Defined Term	Meaning
Additional New Shares	New Shares in excess of a Shareholder's Entitlement.
Allotment Date	Monday, 5 March 2018.
Application	an application for New Shares under the Retail Entitlement Offer.
Application Monies	monies received from an applicant in respect of their Application.
ASIC	Australian Securities & Investments Commission.
ASX	ASX Limited (ACN 008 624 691) and, where the context requires, the financial market that it operates (i.e., the Australian Securities Exchange).
ASX Announcement	the announcement released to ASX on Thursday, 8 February 2018 in relation to the Entitlement Offer and annexed as Annexure A to this Retail Offer Booklet.
ASX Listing Rules	the listing rules of ASX.
Board	the board of directors of Paragon.
Corporations Act	<i>Corporations Act 2001</i> (Cth).
Eligible Institutional Shareholder	an Institutional Shareholder which has been invited to participate in the Institutional Entitlement Offer.
Eligible Retail Shareholder	a Shareholder on the Record Date who: <ul style="list-style-type: none">• has a registered address in Australia or New Zealand;• is not in the United States and is not acting for the account or benefit of a person in the United States (to the extent such person holds Shares for the account or benefit of such person in the United States);• is not an Institutional Shareholder; and• is eligible under all applicable securities laws to receive an offer under the Retail Entitlement Offer.
Eligible Shareholder	an Eligible Institutional Shareholder or an Eligible Retail Shareholder.
Entitlement	the entitlement to subscribe for 1 New Share for every 2.8 Shares held on the Record Date by Eligible Shareholders.
Entitlement and Acceptance Form	the Entitlement and Acceptance Form accompanying this Retail Offer Booklet upon which an Application can be made.
Entitlement Offer	the offer of New Shares under the Institutional Entitlement Offer and the Retail Entitlement Offer.
Ineligible Shareholder	a Shareholder that is neither an Eligible Institutional Shareholder nor an Eligible Retail Shareholder.
Institutional Entitlement Offer	the offer of New Shares to Eligible Institutional Shareholders and Institutional Investors, as described in Section 1.2.

Institutional Investor	a person: 1 in the case of a person with a registered address in Australia, who is an "exempt investor" as defined in ASIC Corporations (Non-Traditional Rights Issue) Instrument 2016/84; or 2 if outside Australia, to whom offers for issue of Shares may lawfully be made without the need for a prospectus or other disclosure document or other lodgement, registration, filing with or approval by a governmental agency (other than one with which Paragon is willing, in its absolute discretion, to comply).
Institutional Shareholder	a holder of Shares on the Record Date who is an Institutional Investor.
Investor Presentation	the investor presentation dated Thursday, 8 February 2018 in relation to the Entitlement Offer and annexed as Annexure B to this Retail Offer Booklet.
Issue Price	the issue price per New Share, being \$0.725 per New Share.
New Shares	Shares offered under the Entitlement Offer.
Paragon	Paragon Care Limited (ACN 064 551 426) (ASX: PGC).
Placement	the placement of Shares to Institutional Investors announced by the Company on Thursday, 8 February 2018.
Record Date	7.00pm (Sydney time) on Monday, 12 February 2018.
Registry	Link Market Services Limited.
Retail Closing Date	5.00pm (Sydney time) on Monday, 26 February 2018.
Retail Entitlement Offer	the offer of New Shares to Eligible Retail Shareholders, as described in Section 1.3.
Retail Offer Booklet	this booklet dated 15 February 2018, including the ASX Announcement and the Investor Presentation.
Retail Offer Period	the period from the date the Retail Entitlement Offer opens until the Retail Closing Date.
Share	a fully paid ordinary share in Paragon.
Shareholder	the registered holder of a Share.
Sydney Time	Australian Eastern Daylight Time.
Underwriters	Bell Potter Securities Limited and Shaw and Partners Limited.
Underwriting Agreement	the underwriting agreement between the Company and the Underwriters dated on or around the date of this Retail Offer Booklet, as described in section 4.11.
US or United States	United States of America, its territories and possessions, any state of the United States and the District of Columbia.

U.S. Securities Act

the U.S. Securities Act of 1933, as amended.

Corporate Directory

Paragon Care Limited Registered Office

11 Dalmore Drive Scoresby
VIC 3179 Australia

Offer Information Line

1300 970 086 (toll free within Australia)
+61 1300 970 086 (outside Australia)

Open between 8.30am and 5.00pm (Sydney time) Monday to Friday during the Retail Offer Period

Underwriters

Bell Potter Securities Limited
Level 29
101 Collins Street
Melbourne VIC 3000

Shaw and Partners Limited
Level 15
60 Castlereagh Street
Sydney NSW 2000

Legal Adviser

HWL Ebsworth
Level 14
Australia Square
264-278 George Street
Sydney NSW 2000

Registry

Link Market Services Limited
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10 Eagle Street
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