



ParagonCare
Health. Covered.

AGM PRESENTATION

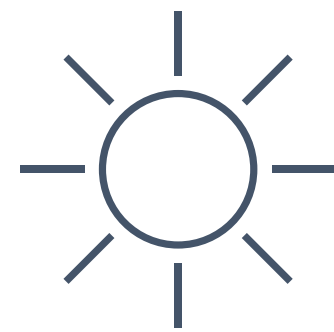
18 November 2020

EXECUTIVE SUMMARY



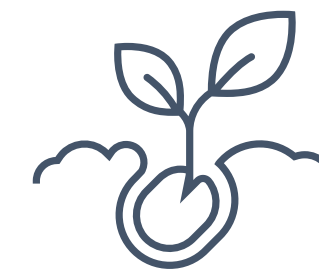
Execution of strategy driving improved profitability

Delivered over \$6m in annualised savings with underlying operating expenses down by \$1.5m on pcp in Q1 FY21



Balance sheet re-set

The impairments in FY20 have created a clearer pathway to earnings growth in FY21 and beyond



Focus on new growth opportunities

Capitalise on competitive advantages to grow supplier footprint, increase local manufacturing and expand in aged care

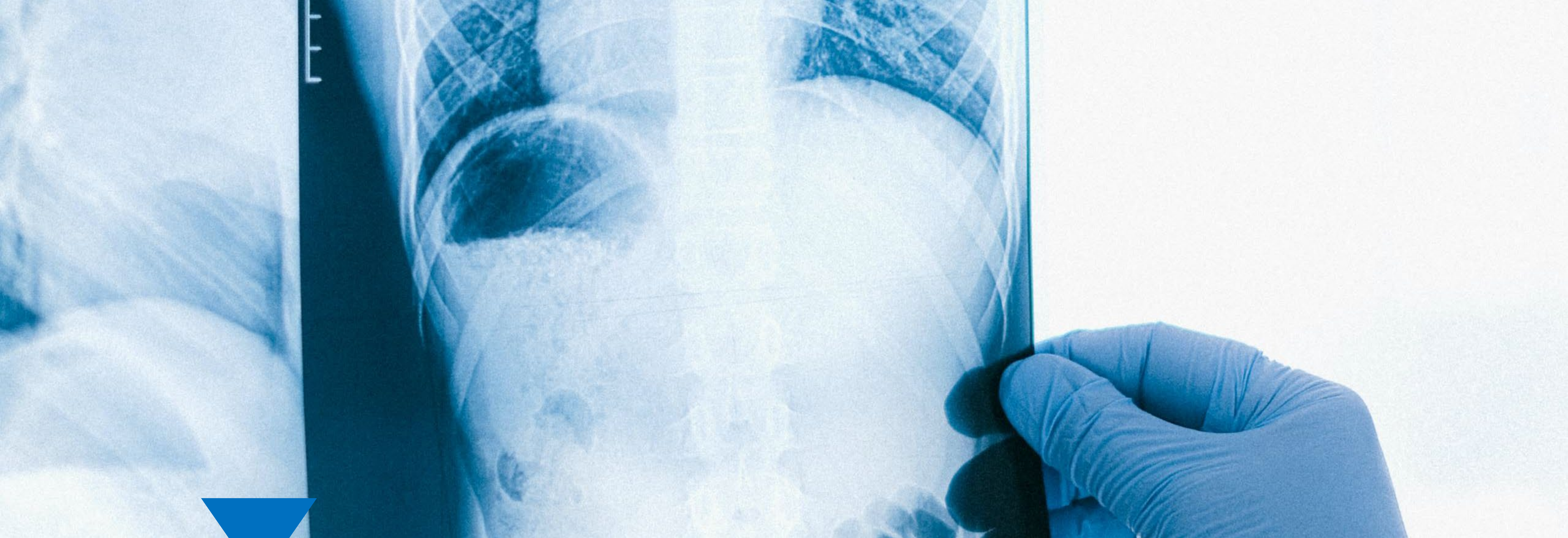


Positive external trends

Growth in 2H FY21 driven by re-opening of elective surgery, improved access to aged care and a normalisation of operations in healthcare, subject to lifting COVID restrictions.

EFFECTIVE IMPLEMENTATION OF STRATEGIC REVIEW

| STRATEGIC REVIEW OBJECTIVE | FY20 | FY21 |
|---|---|---|
| To unlock internal capability | Internal silos | Unified management team with incentives to promote collaboration and group performance |
| To streamline operations and consolidate facilities | 14 discrete business units with duplicate management infrastructure | Implemented four pillar structure, eliminated Sydney and Melbourne head offices, with reduced shared services to match new business structure |
| To improve inventory management and working capital cycle | Inefficient working capital cycle | Consolidated national warehouse and lowered freight costs, introduced LEAN principles and reduced working capital cycle |
| To ensure fit-for-purpose ERP systems | Failed implementation of single centralised ERP system | Stable ERP platforms restored by Q3 FY21 |
| To deliver cost savings | Targeted significant annualised cost savings | Delivered \$6m in annualised savings to date |



FY20 FINANCIAL
PERFORMANCE

FY21 STRATEGY

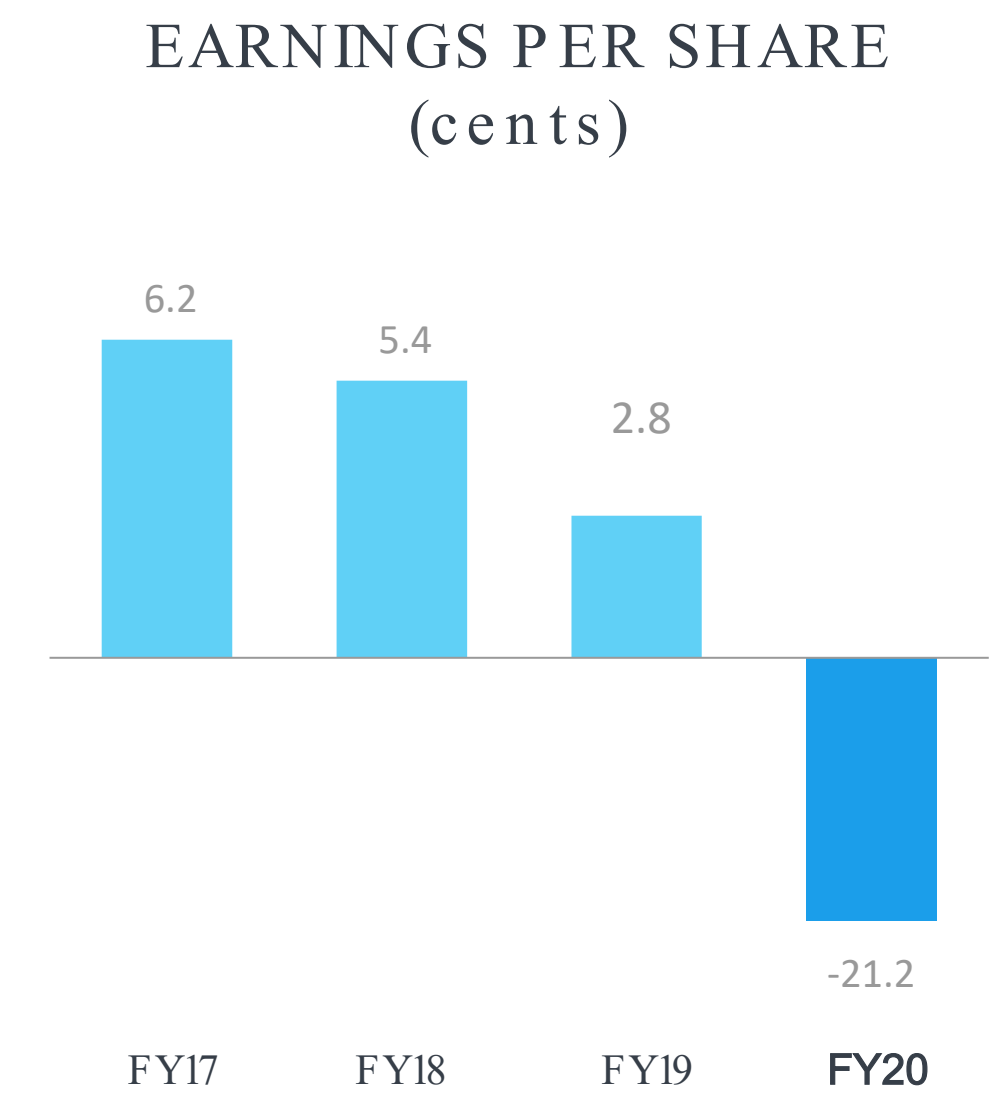
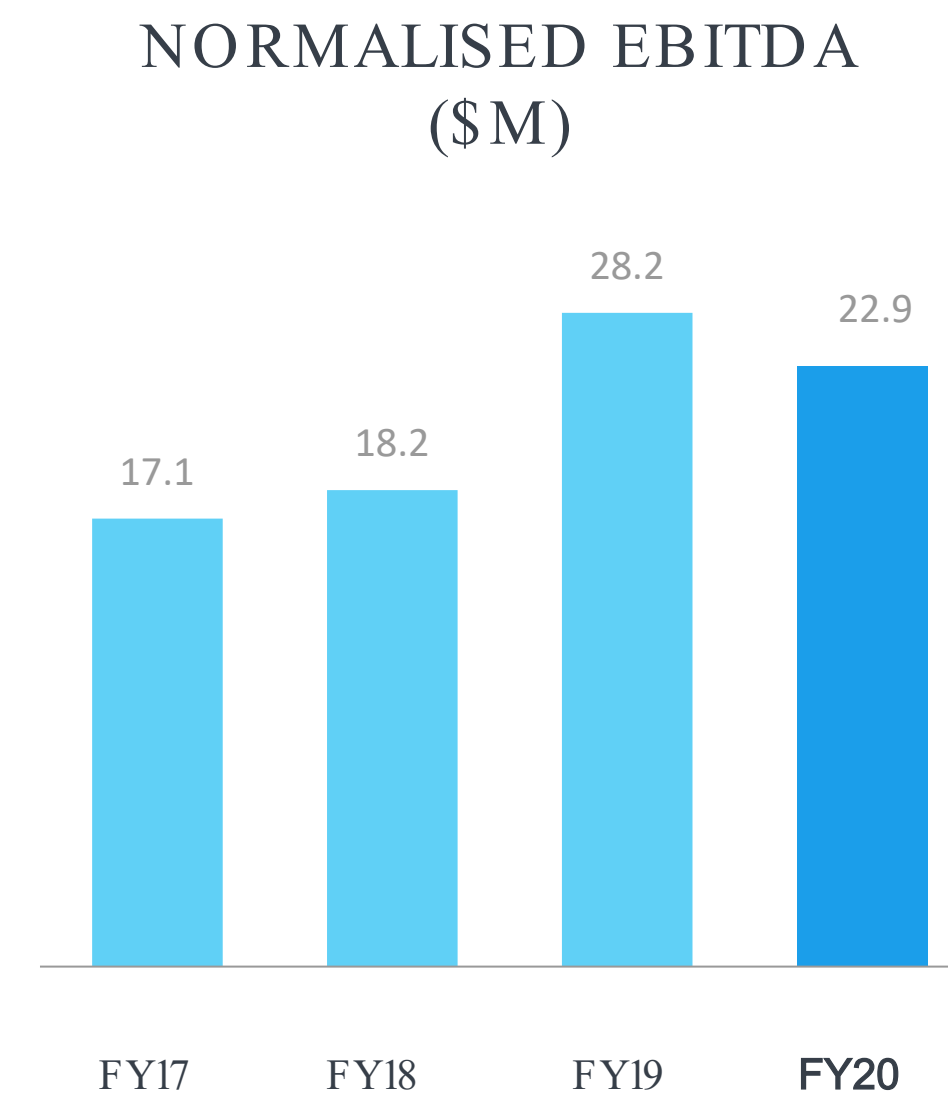
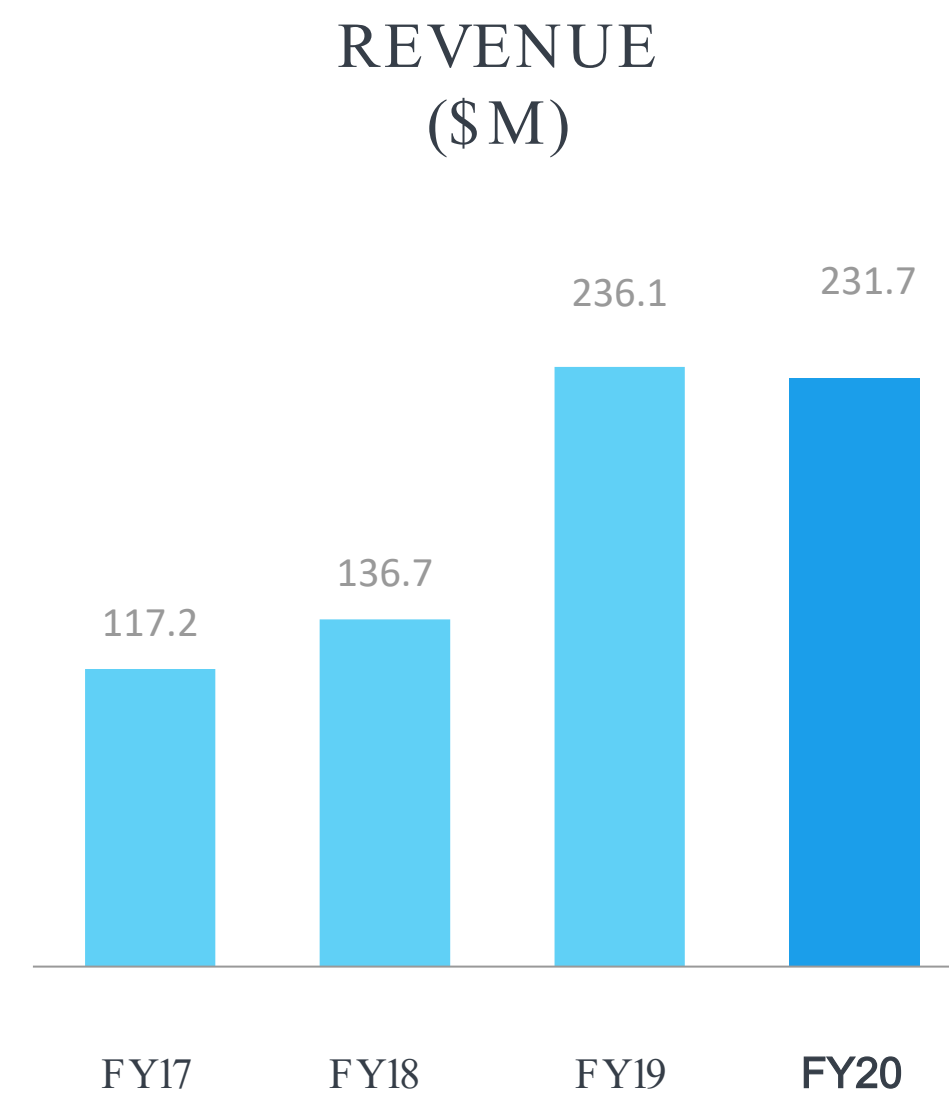
Q1 FY21 UPDATE AND
OUTLOOK

FY20 RESULTS

IMPACTED BY GLOBAL PANDEMIC AND STRUCTURAL CHANGES

- Group revenue from continuing operations down 2% - impacted by temporary closure of hospital elective surgery due to global pandemic
- Normalised EBITDA from continuing operations down 19% reflecting significant organisational restructuring and cost out initiatives
- Group net loss after tax of \$77m impacted heavily by goodwill impairment and asset write-offs
- Earnings per share down substantially as a consequence
- No final dividend will be declared to preserve cash for expansion and debt reduction

Reported financials for continuing operations



FY20 IN REVIEW



REVENUE



EBITDA



NPAT



EPS

CONTINUING
OPERATIONS

\$231.7m

-2%

\$22.9m

-19%

\$(71.6)m

(21.2)c

REPORTED

\$231.8m

-2%

\$(62.1)m

-320%

\$(77.3)m

(22.9)c

FY20 REVENUE PERFORMANCE BY PILLAR





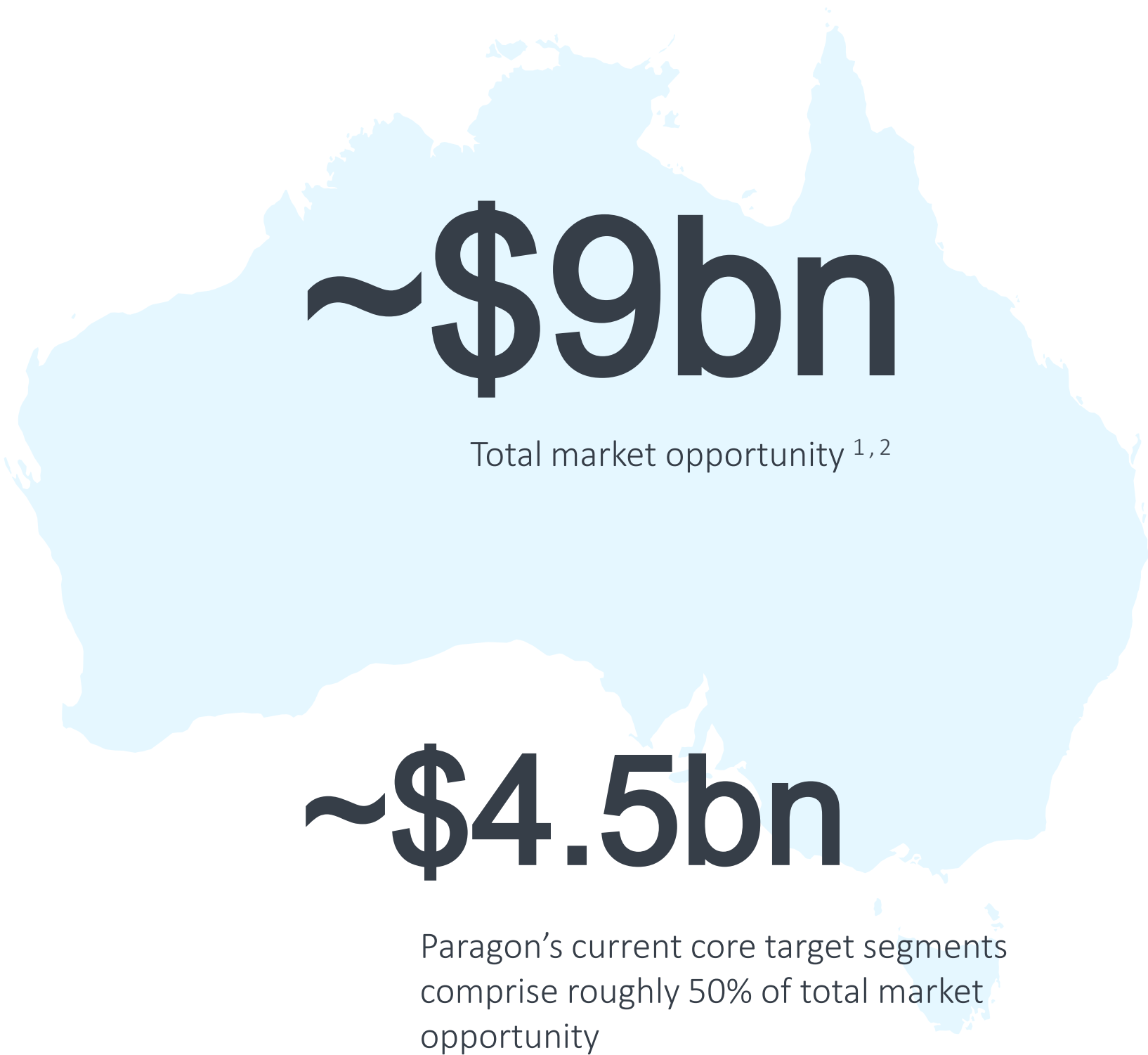
FY20 FINANCIAL
PERFORMANCE

FY21 STRATEGY

Q1 FY21 UPDATE AND
OUTLOOK

GROWING OUR SHARE IN A ~A\$9bn INDUSTRY

AUSTRALIA AND NEW ZEALAND



>4%

Per year

Industry continues to grow, driven by strong tailwinds

+3%

Increasing proportion of total population over 64

+4%

Increasing proportion of chronic disease as a percentage of total

+5%

Increasing total number of procedures in Australia

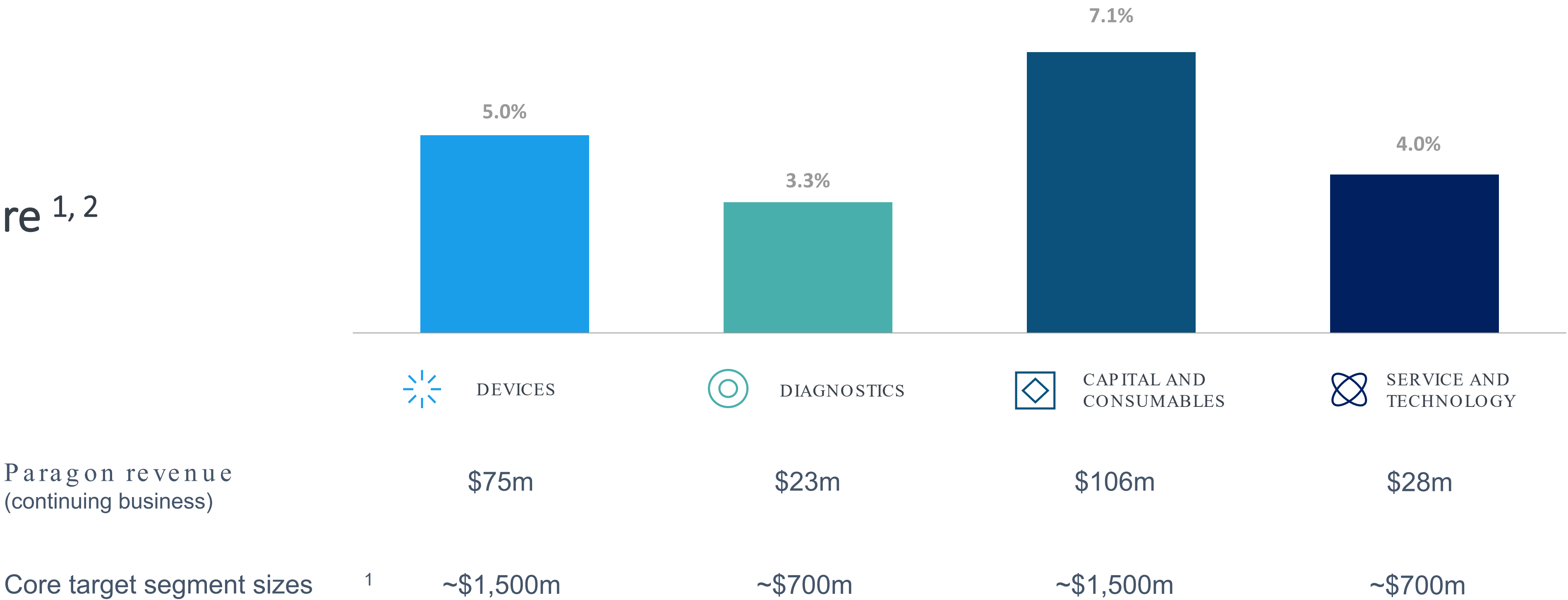
Notes:

- 1. Total healthcare expenditure includes hospitals, medical and surgical supplies, primary health care, referred medical services, other services, research and capital expenditure
- 2. Paragon’s target market is roughly 70% the size of the total medical and surgical supplies segment

Source: Australian Institute of Health and Welfare; Health Expenditure 2015-16; Fitch Solutions Macro research report – IP owned by Fitch Solutions Group; ACCC reports 2016 and 2018; ABS; OECD; NSW Health

MARKET SHARE IN KEY PARAGON VERTICALS

2020
market share ^{1, 2}



Notes:
1. CY20 market sizes shown. Assumed US market is 40% of global market and AU market is 4% of US market to calculate services, lab equipment (part of capital and consumables) and IVD (part of diagnostics) market sizes
2. Market share calculated by comparing FY20 PGC revenue to CY19 addressable market sizes

Source: Fitch Solutions Macro research report – IP owned by Fitch Solutions Group; Company financials; Grandview Research medical device outsourcing market size 2018; MarketWatch 2019 and NCBI research 2016

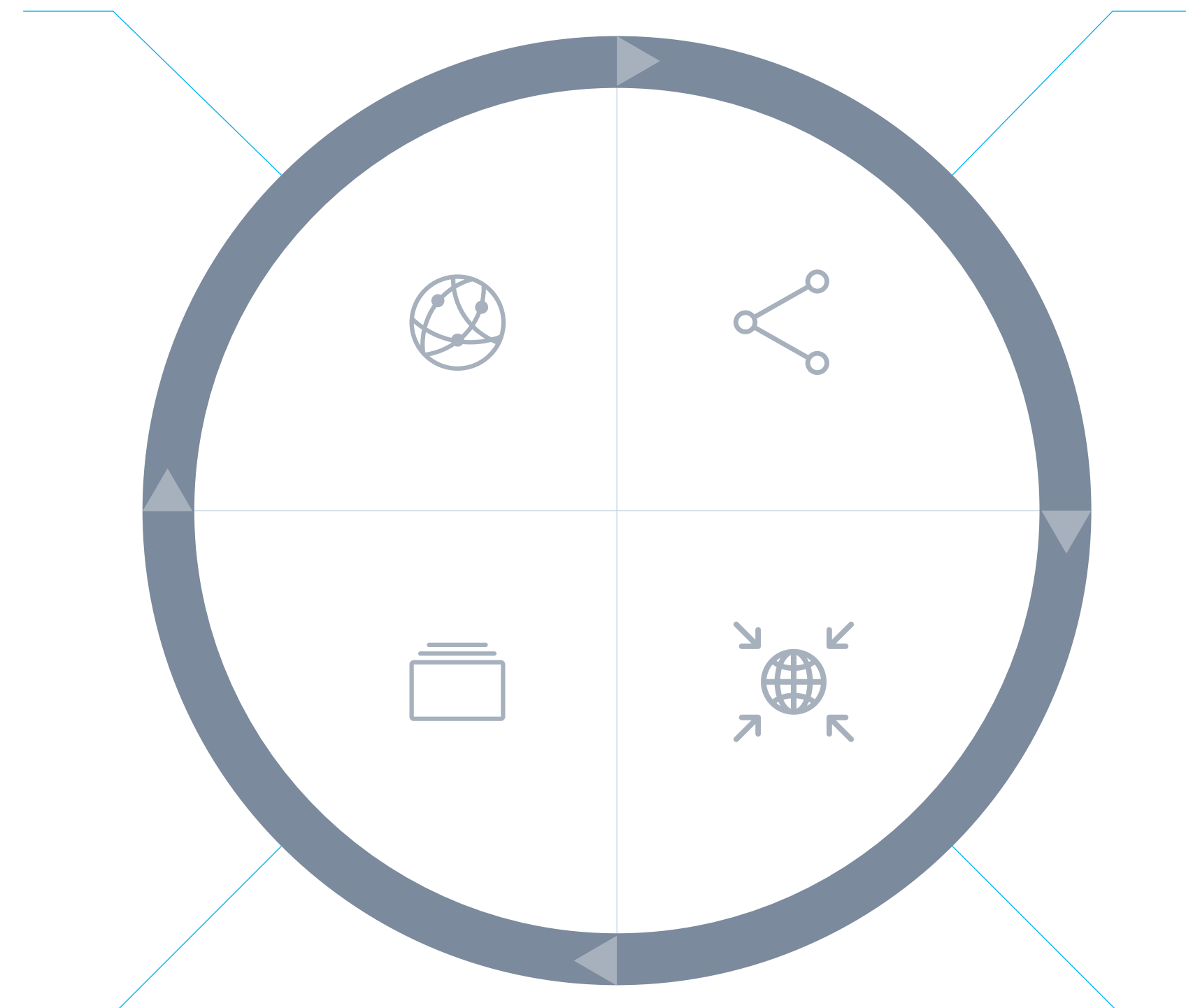
CLEAR COMPETITIVE ADVANTAGES

Aus/NZ distribution footprint

We have a distribution footprint across Australia and New Zealand, with comprehensive sales & marketing, regulatory, service & maintenance and logistics capabilities to ensure we are a preferred partner for overseas distributors

Diversified product portfolio

We currently have a product offering across devices, diagnostics, consumables and technology and capital equipment. No product or supplier accounts for more than 10% of earnings



Well-established distribution relationships

We currently have long term relationships with >100 manufacturers around the world, supplying the majority of hospitals and healthcare facilities in Aus & NZ supported by an experienced, dedicated sales team

Local manufacturing capability

Additional opportunities have been created to expand our locally manufactured diagnostics consumables and surgical packs as a result of COVID-19

PARAGON CARE

FY21: FOCUS ON NEW GROWTH OPPORTUNITIES

Grow supply footprint

- Competitive market offering leading to ongoing inbound enquires as elective surgery opens
- Internal focus on cross division sales collaboration

Capitalise on existing local manufacturing capability

- Order for swab testing kits and other diagnostics tests, including saliva
- Driven by Government requirements for local manufacturing of essential health equipment

Expand in aged care

- Royal Commission into Aged Care focus on expanding technology
- Blue chip client base investing heavily in leading edge technology solutions





FY20 FINANCIAL
PERFORMANCE

FY21 STRATEGY

Q1 FY21 UPDATE AND
OUTLOOK

Q1 FY21: FINANCIAL HIGHLIGHTS



Stable revenue

Q1 revenue of \$57m, down only 4.7% on pcp in a disrupted and distracted health industry



Lower margin sales mix

GP margins of 37.5%, down from 39.9% on pcp, due to lower margin sales



Lower opex

Underlying operating expenses down \$1.5m on pcp with expected savings growing over the year



Stable ERP platforms

All four pillars will be operating on stable ERP platforms by Q3 FY21



Increase in EBITDA

Q1 EBITDA of \$7.5m, up by 12% on pcp, due to improved operations and \$3m JobKeeper



Positive operating cash flow

Q1 operating cash flow of \$1m and cash balance of \$13.4m



Repayments on hold

The repayment of borrowings with NAB is on hold

SOLID FOUNDATION FOR FUTURE GROWTH

ACHIEVEMENTS TO DATE

- ✓ \$6m annualised reduction in costs
- ✓ ERP stabilization
- ✓ Warehouse rationalization
- ✓ 14 businesses into 4 pillars
- ✓ Headcount reduction
- ✓ Restructured Board and senior management team
- ✓ Strong platform for revenue and EBITDA growth



OUTLOOK – FY21 & BEYOND

- Revenue to be in line for FY21 and >5% in FY22
- Gross profit margins >38% from 2H FY21
- Target 15% EBITDA margins from FY22 onwards
- Reinstatement of dividends is a priority

CORPORATE OVERVIEW

FINANCIAL INFORMATION

| | |
|---------------------------------------|---------|
| Share price (17 -Nov -20) | \$0.215 |
| Number of shares (m) | 337.9 |
| Market capitalisation | \$73m |
| Cash & cash equivalents (30 -Jun -20) | \$25m |
| Interest bearing debt (30 -Jun -20) | \$99m |
| Enterprise value | \$147m |

| | |
|----------------------|--------|
| Major Shareholders | |
| Board & Management | 17.68% |
| China Pioneer | 17.12% |
| First Samuel Limited | 11.75% |

BOARD OF DIRECTORS

Shane Tanner

Non-Executive Chairman

- Co-founder of Paragon Care
- Extensive commercial and financial experience
- Chairman of Zenitas Healthcare, Rhythm Biosciences Limited and Cronos Limited

Brent Stewart

Non-Executive Director

- 25 years’ experience in several senior executive and board roles
- Professional background includes a wide range of experience in marketing, technology and strategic planning at both domestic and international levels

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 and CML Group

Mark Simari

Non-Executive Director

- Former Managing Director and co-founder of Paragon Care
- Professional background includes over 12 years’ experience in ASX listed entities, mergers & acquisitions, equity capital markets and business development

DISCLAIMER

Summary information This Presentation contains summary information about Paragon Care and its activities current as at 17 November 2020. The information in the Presentation is of a general nature and does not purport to be complete or comprise all information which a shareholder or potential investor may require in order to determine whether to deal in Paragon Care shares. It should be read in conjunction with the Company’s other periodic and continuous disclosure announcements lodged with the Australian Securities Exchange, which are available at www.asx.com.au.

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Past performance information, including past share price performance, given in this Presentation is given for illustrative purposes only and should not be relied upon as an indication of future performance.

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This presentation contains certain “forward-looking statements” including statements regarding our intent, belief or current expectations with respect to the Company’s business and operations, market conditions, results of operations and financial condition, and risk management practices. The words “likely”, “expect”, “aim”, “should”, “could”, “may”, “anticipate”, “predict”, “believe”, “plan” and other similar expressions are intended to identify forward-looking statements. Indications of, and guidance on, future earnings and financial position and performance are also forward-looking statements. Forward-looking statements, opinions and estimates provided in this Presentation are based on assumptions and contingencies which are subject to change without notice, as are statements about market and industry trends, which are based on interpretations of current market conditions. Forward-looking statements including projections, guidance on future earnings and estimates are provided as a general guide only and should not be relied upon as an indication or guarantee of future performance.

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THANK YOU

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