

ASX ANNOUNCEMENT

25 August 2022

Australian Securities Exchange
Company Announcements Office

ACQUISITION OF SPECIALIST MEDICAL SUPPLIES PTY LTD (SMS)

Paragon Care Limited (Paragon Care) is pleased to announce that agreement has been reached to acquire the business of Specialist Medical Supplies Pty Ltd (SMS) for \$15.5 million. Current maintainable EBITDA is approximately \$3.0 million per annum.

SMS is the leading supplier in Australia of biopsy and skin lesion instrumentation and other related products as well as a urethral bulking agent used in the treatment of female stress urinary incontinence. Operating since 1993, SMS has headquarters and a distribution centre located at Macquarie Park, NSW and supplies the pathology market, local specialist distributors and hospitals, predominantly in NSW and Queensland.

Paragon Care's Group CEO & Managing Director, Mark Hooper commented "While our main focus in the short term is on organic growth, SMS fits neatly into the existing Paragon Care 'pillar' structure with significant customer alignment so this acquisition is logical both in terms of strategic match and our capability to expand its portfolio across Paragon Care's existing sales and distribution channels".

The SMS business will largely be integrated into Paragon Care's existing Diagnostics pillar while the SMS urology product will be integrated into the Capital & Consumables pillar. The combination of strong partnerships with existing customers and suppliers together with complementary product ranges are factors expected to drive further expansion in geographic reach and market penetration.

The transaction will be funded by 20% scrip and 80% cash and is expected to be completed by the end of August 2022. The cash portion of the transaction will be funded from existing facilities. The vendors will also be entitled to an earnout payment based on 1.5 times any growth in EBITDA in the first 12 months.

The Chairman of Paragon Care, Shane Tanner commented that "The SMS acquisition is a positive development and the fact that it can be funded from existing reserves optimises the earnings benefit for existing shareholders".

For further information please contact:

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This announcement is authorised for release to the market by the Board of Directors of Paragon Care Limited

About Paragon Care Limited

Paragon Care (ASX:PGC) is an Australian based listed company in the healthcare sector. It is a leading provider of medical equipment, devices and consumables for the Australian, New Zealand and Asian healthcare markets. These are high growth markets driven by the healthcare needs of an ageing 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 advanced technology solutions including equipment, consumables and services for acute and ancillary care environments.