

1st July 2019

Australian Securities Exchange
Company Announcements Office

SALE OF LEGACY CAPITAL BUSINESS

The Directors of Paragon Care Limited (ASX: PGC) ("**Paragon**" or the "**Company**") are pleased to advise that, effective the 28th June 2019, the Company has successfully completed the divestment of Axis Health (the Company's Legacy Capital business representing around 8% of the Company's revenues) to Cabrini Health Limited ("**Cabrini**"), a well-established not for profit operator of hospitals and aged care facilities. Cabrini's Cabrini Technology Group division also provides technology services throughout Australia and New Zealand.

The completion of the sale represents a significant milestone in the Company's transformation programme and is in line with the Company's stated intent to finalise this transaction by 30th June 2019.

The divestment aligns with Paragon's strategy and vision, which increases focus on high end technologies and recurring revenues to embed ourselves as a deep solution partner for our chosen customers. The continuing Paragon businesses are less commoditised, less competitive and command higher margins. The more focused portfolio will benefit from significant further cost reductions and other efficiency initiatives currently under way.

The divested business generated sales of approximately \$20m and pre-tax losses of \$4m-\$5m during the 2018/19 financial year. As a consequence of the divestment, Paragon will incur a non-cash write-down of approximately \$25m due primarily to goodwill, stock value reductions and IT write-offs.

Paragon will receive \$4.5m cash – \$1.8m payable upon settlement and the balance over the next 12 months. The Cabrini Technology Group will take responsibility for all staff (approximately 50) and all properties used by the divestment businesses.

The Chairman of Paragon, Shane Tanner, said – "This is a clean sale of our legacy capital businesses to a well-respected buyer who is strategically focused in this sector to more efficiently manage this portfolio of businesses. We are pleased to now focus on our continuing portfolio of stronger margin products and services".

"The sale is consistent with our strategic direction and should prove to be a major positive for Paragon as we move into the 2019/20 financial year".

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About Paragon Care Limited

Paragon Care (ASX:PGC) is an Australian 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.