

PARAGON CARE AND QUANTUM MERGER

Creating a leading medical distribution
business across Asia Pacific



DISCLAIMER

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TRANSACTION
OVERVIEW

COMBINED
BUSINESS
OVERVIEW

OUTLOOK

SUMMARY OF MERGER

Paragon Care and Quantum are highly complementary medical distribution businesses

Transaction Overview	- Paragon Care Limited (ASX: PGC) will acquire 100% of the shares of Quantum Health Group Limited (ASX: QTM) by scheme of arrangement (Proposal) - Under the Proposal, each Quantum shareholder will receive 0.243 Paragon Care shares for each Quantum share held at the scheme record date - Under the Proposal, Quantum shareholders as a whole will be issued up to a maximum of 274,178,915 Paragon Care shares and will own approximately 43.8% of the merged entity¹
Scheme Conditions	- The Proposal is subject to the fulfilment of certain conditions, including: (1) approval by the requisite majorities of Quantum shareholders and the Court; (2) the Independent Expert concluding that the Scheme is in the best interests of Quantum shareholders; (3) no material adverse change, prescribed event, material litigation or breach of warranty (as defined in the scheme implementation deed) occurring in relation to either Quantum or Paragon Care; (4) John Walstab entering into a voluntary escrow deed in respect of the Paragon Care shares received under the Scheme; (5) the repayment of Quantum related party loans; (6) certain key executives of Quantum (to be agreed between Paragon Care and Quantum) to enter into new employment agreements; and (7) no regulatory restraints to implementation of the Scheme
Combined Financial Metrics	- Consolidated FY21 revenue of \$291m² - Consolidated FY21 EBITDA of \$37m and NPBT of \$21m² - Consolidated FY21 Net debt to EBITDA of <2.0x³
Board	- Two nominated Directors from Quantum will be appointed to the Board of Paragon Care on implementation of the Scheme. - After implementation of the Scheme, John Walstab (CEO of Quantum) is expected to own 19.99% of the merged entity. John Walstab, as a condition to the Scheme, proposes to enter into a voluntary escrow agreement in respect of the Paragon Care shares received under the Scheme, to be released over 2 years (50% in Year 1 and 50% in Year 2)⁴
Timing	There is no capital raising associated with the transaction and Paragon Care shareholders do not need to take any action. It is anticipated that Quantum shareholders will vote on the Scheme in late January 2022 and, if approved by the requisite majorities of Quantum shareholders and the Court, the Scheme is expected to be implemented in February 2022 subject to fulfilment of conditions

Notes: (1) Subject to rounding and based on the current offer prices and existing PGC shares of 351.4m and anticipated post transaction PGC shares of 625.6m. (2) Proforma numbers are based on the published FY21 Annual Reports of Paragon Care and Quantum. No cost or revenue synergies across Asia Pacific have been considered in the consolidation. (3) Based off Paragon Care and Quantum. FY21 annual reports and net debt position as at Jul-21 and consolidated FY21 in EBITDA in note 2. (4) John Walstab currently owns approximately 514.7m QTM shares. As part of the transaction it is anticipated that John will receive approximately 125.1m PGC shares

STRATEGIC RATIONALE

Cross-Sell	Cross-sell the combined product portfolio into the high growth Asia Pacific markets
Growth in Asia Pacific	Enhance growth opportunities in Asia, particularly for Immulab, in Paragon Care's diagnostics pillar
New Suppliers	Attract new suppliers through a larger distribution footprint and commitment to high levels of corporate governance in Asian markets
Strengthen Balance Sheet	Strengthen balance sheet capacity and improved covenants through expanded earnings base which will enable additional opportunities for growth in the future. Net Debt/EBITDA improvement to less than 2x
Merger	- Merger is a nil premium transaction - Merged entity expected to have a proforma FY21 EBITDA of \$37m (EV/EBITDA 6.5x)¹ - Significantly below industry averages for healthcare businesses
Synergies	Significant synergies across Asia Pacific are expected based on strong collaboration and analysis between PGC and QTM, but none have been included in any financial numbers in this presentation
Revenue Diversification	Implementation of the Scheme is expected to result in diversified revenue across product lines, customers and geographies
Recurring Revenue	Merged entity anticipated to benefit from stronger recurring revenue streams through maintenance revenue

Notes: (1) Based on Enterprise Value/EBITDA using post transaction market capitalisation calculated in slide 11 plus net debt as enterprise value. The proforma combined numbers for net debt and EBITDA are based on the published FY21 Annual Reports of Paragon Care and Quantum.



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A FIVE PILLAR STRUCTURE

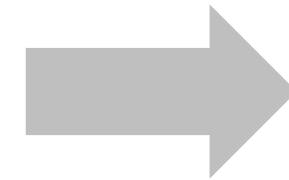
DEVICES EYE CARE ORTHOPAEDICS 30% FY21 Rev * 	DIAGNOSTICS BLOOD BANK LABORATORY 9% FY21 Rev * 	CAPITAL & CONSUMABLES UROLOGY, CRITICAL CARE NEONATAL, RADIOLOGY 36% FY21 Rev * 	SERVICE & TECHNOLOGY MANAGEMENT REPORTING & MAINTENANCE 6% FY21 Rev * 	QUANTUM HEALTH GROUP MEDICAL IMAGING, EQUIPMENT & SERVICES 19% FY21 Rev * 
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LEADING MEDICAL DISTRIBUTION BUSINESS IN ASIA PACIFIC



Established long-term relationships with over 100 manufacturers around the world



Sales & Marketing

Regulatory Approvals

Service Maintenance

Logistics Capabilities



Supplying hospitals and healthcare facilities in Asia Pacific



ESTABLISHED RELATIONSHIPS ACROSS HEALTHCARE

GLOBAL MANUFACTURERS



LEADING BRANDS



ASIA PACIFIC CUSTOMERS



CONSOLIDATED FY21 METRICS (Pre-Synergies)

FY21
Consolidated
Revenue¹
\$291m

FY21
Consolidated
EBITDA¹
\$37m

FY21
Consolidated
NPBT¹
\$21m

FY21
Consolidated
Net Debt/EBITDA²
< 2x

Gearing
Ratio²
24%

Countries
Australia
New Zealand
Korea
Thailand
Philippines
China
Vietnam

Notes: (1) Proforma numbers are based on the published FY21 Annual Reports of Paragon Care and Quantum. No cost or revenue synergies across Asia Pacific have been considered in the consolidation. (2) Based on Paragon Care and Quantum FY21 annual reports and net debt position as at 30 June 2021 and consolidated FY21 in EBITDA in note 1. Gearing calculated in accordance with note 28 to the Paragon Care FY21 Annual Report

CORPORATE OVERVIEW POST TRANSACTION

	PGC	QTM	Pro Forma Combined Group	Major Shareholders (as at 3 Nov 2021) ⁴	
Number of shares (m) ²	351.40	1,128.31	625.58	Board, Management & Vendors	29.1%
Market capitalisation (m)	\$101.2	\$79.0	\$180.2	China Pioneer	8.4%
Pre Merger Market Capitalisation (%)	56%	44%	100%	Realm Group Pty Ltd	4.2%
FY21 Revenue (\$m) ³	\$236m	\$55m	\$291m	First Samuel Limited	3.9%
FY21 Net Profit Before Tax (\$m) ³	\$12m	\$9m	\$21m	Other shareholders	54.4%
FY21 Employees	423	178	601	Total number of shareholders	7,187

Notes: (1) Reflects current offer pricing per the agreed Scheme Implementation Deed (2) Based on the latest Paragon Care and Quantum share register and anticipated number of Paragon Care shares post transaction (3) Based off Paragon Care and Quantum FY21 annual reports. Pro forma combined cash balance is net of transaction costs. (4) Major shareholders table reflects the expected post merger shareholdings



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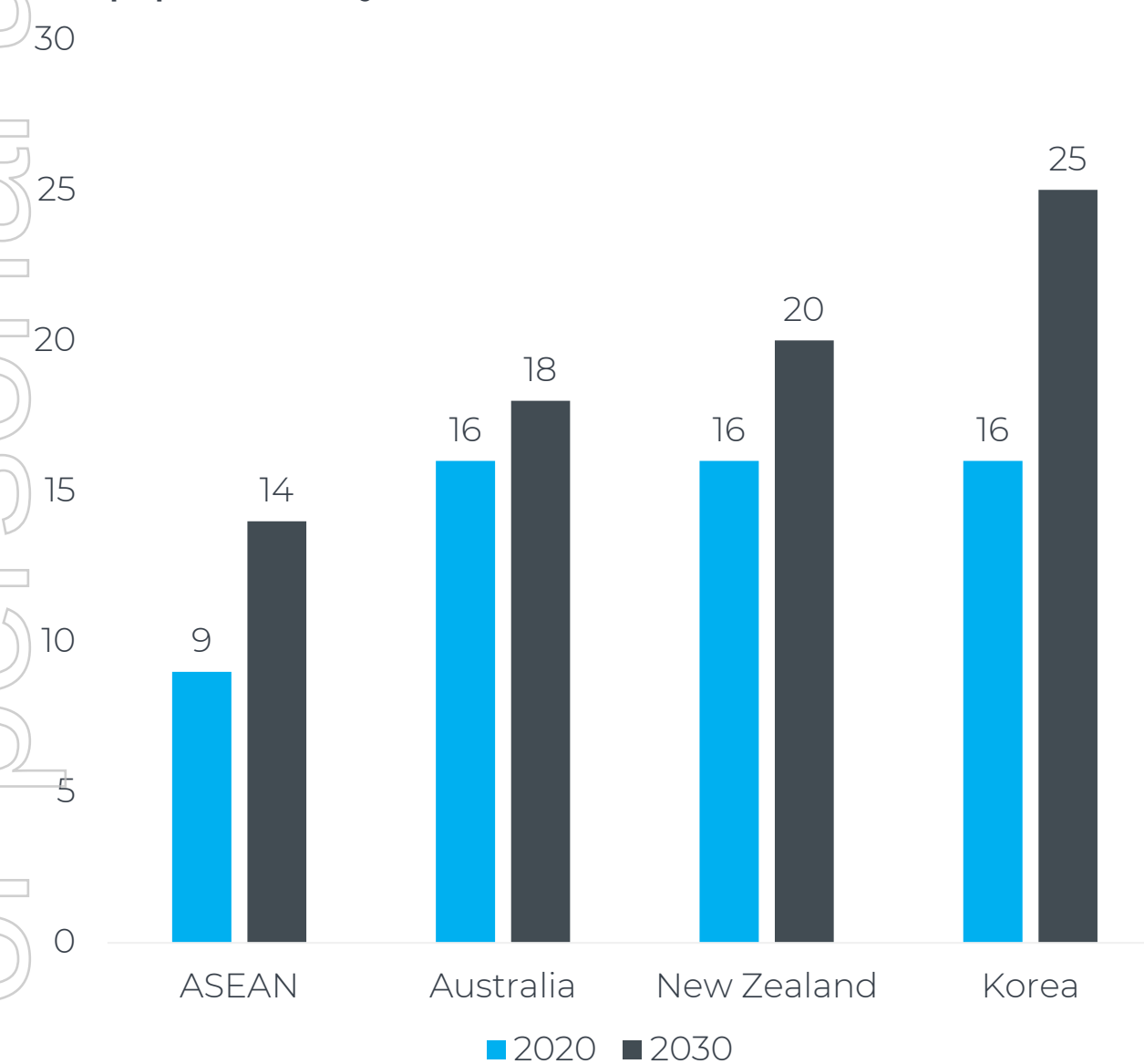
OUTLOOK

MARKET OPPORTUNITY

The developed and emerging Asian economies macro drivers are similarly compelling with higher growth rates. Historical underinvestment in healthcare has lead to a “health debt” which we anticipate will be repaid through wealth from a growing middle class and therefore create the potential for outsized returns for the medical equipment industry

1 ASIA HAS AN AGEING POPULATION...

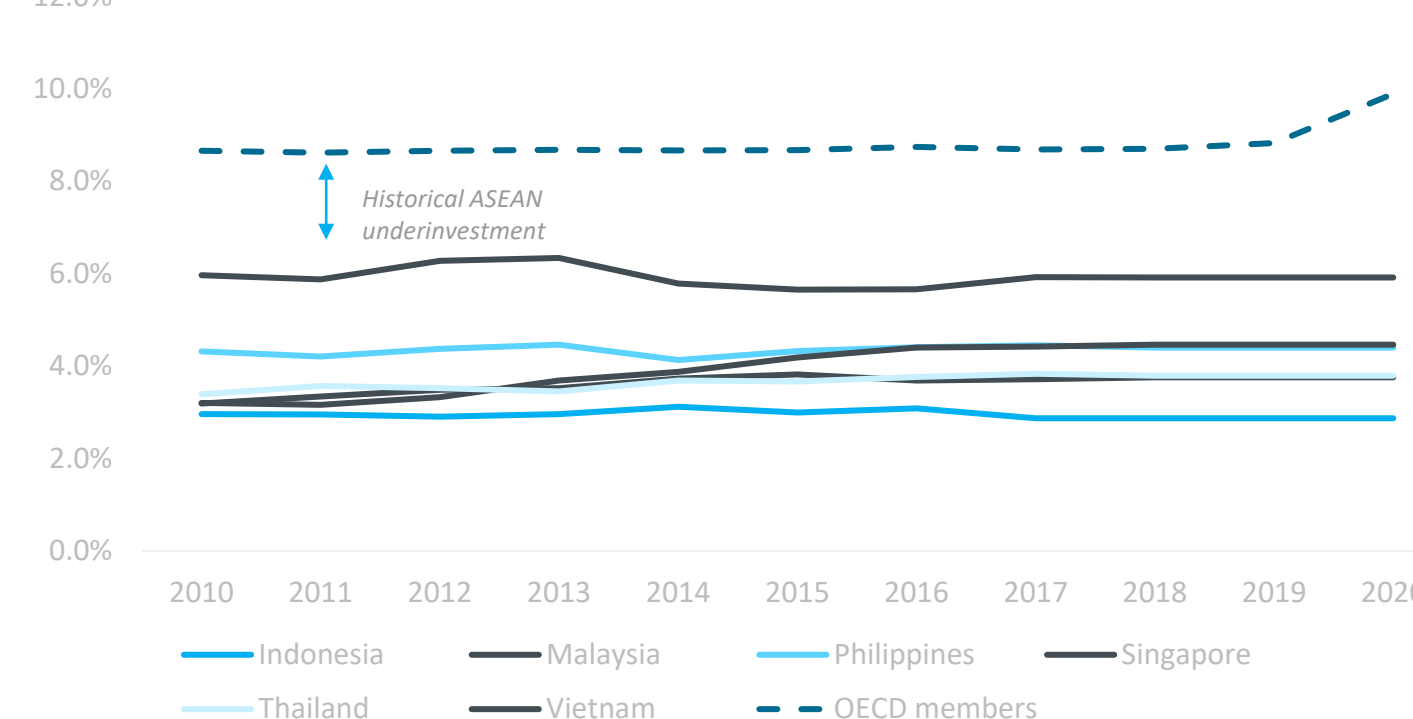
% of population 65 years or older¹



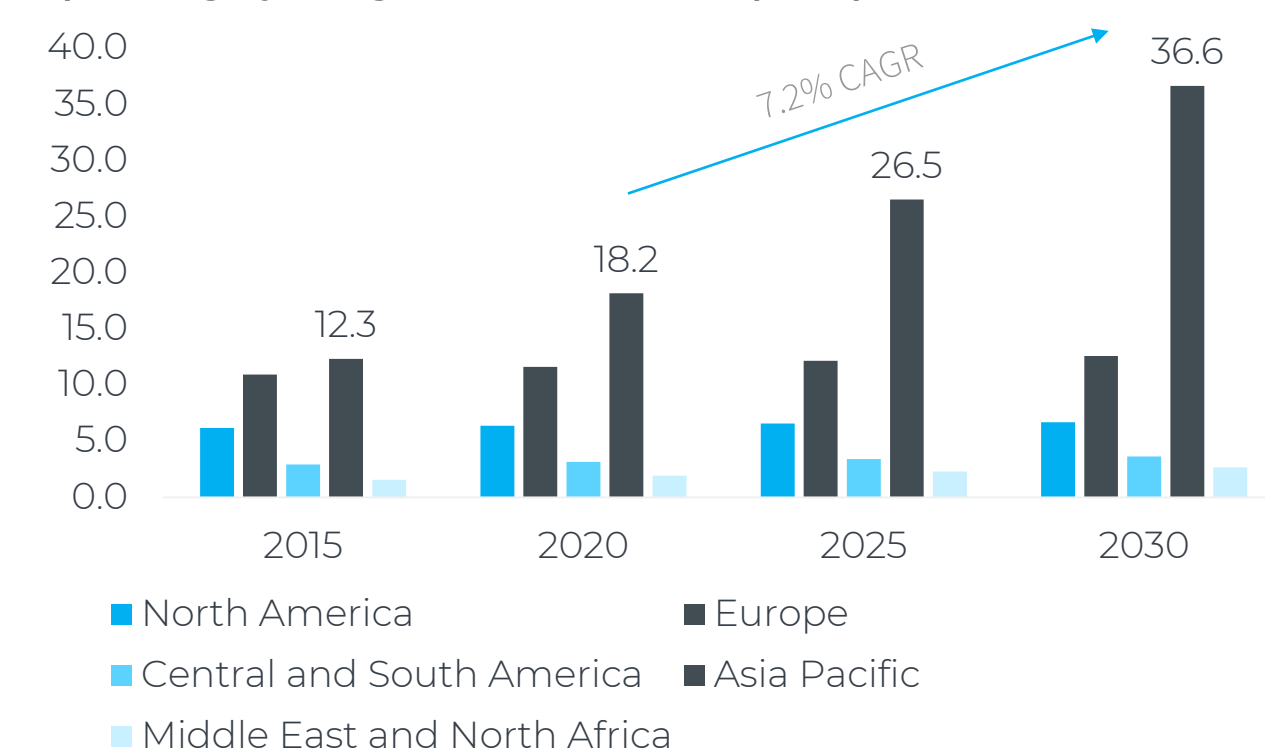
Ageing population may place increased demands on the medical system, that has been underinvested, causing a health debt

2 ...AND A GROWING MIDDLE CLASS...

Healthcare expenditure % of GDP²

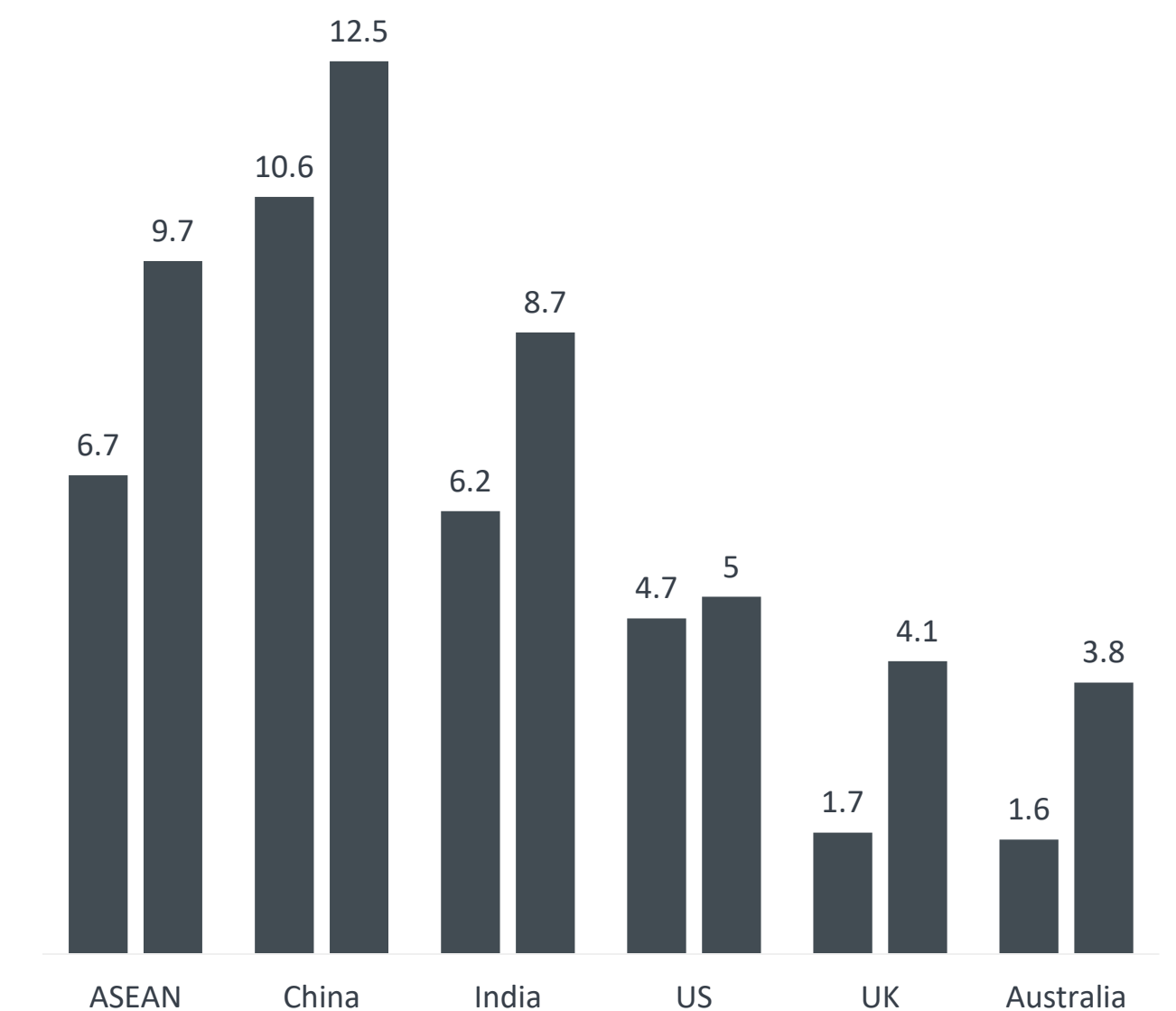


Spending by the global middle class (US\$)³



3 ...TO FUND HEALTHCARE DEBT

Medical Device Market Growth Rates (CAGR %)⁴



Resulting in an opportunity for outsized returns for the medical devices and broader healthcare market in ASEAN

MARKET OPPORTUNITY

A rise in surgical procedures is increasing the expenditure on medical devices, which may drive hospitals to seek higher quality products and better value for money outcomes

A RISE IN SURGICAL PROCEDURES ...

GROWING NUMBER OF SURGICAL PROCEDURES
IN PUBLIC & PRIVATE HOSPITALS



2.7m¹

SURGICAL PROCEDURES PER ANNUM

24%¹

OF ALL SEPARATIONS

AN INCREASE IN OPERATING ROOM TURNOVER
RESULTING FROM DECLINING LENGTH OF STAY



2.7 DAYS²

AVERAGE LENGTH OF STAY
FOR ADMITTED PATIENTS IS ...

-0.9%²

GROWTH PER ANNUM (4 YR CAGR)



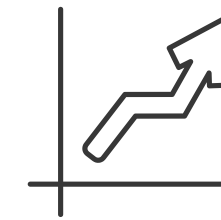
INCREASED EXPENDITURE ON MEDICAL DEVICES..

AUSTRALIAN MEDICAL DEVICES MARKET IS
SIGNIFICANT AND GROWING



\$9.5BN³

MEDICAL DEVICE
MARKET SIZE IN AUS



4.6%³

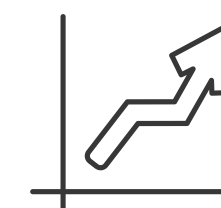
GROWTH PER ANNUM
(5 YR CAGR)

SPEND ON MEDICAL DEVICES IN ASIA-
PACIFIC IS FORECAST TO GROW
RAPIDLY



~\$126 BN⁴

APAC MEDICAL
DEVICE MARKET SIZE



6.8%⁷

GROWTH PER ANNUM
(5 YR CAGR)



... DRIVING HOSPITALS TO SEEK VALUE LEVERS

1

CONSOLIDATION OF PROCUREMENT
PARTNERS HELPS HOSPITALS IMPROVE THEIR
OPERATING EFFICIENCY AND DELIVER BETTER
VALUE FOR MONEY OUTCOMES



PROCUREMENT POLICY⁵

*"Procurement ... is to provide supplies,
in a timely manner, that are fit for purpose and
sufficient in quality and/or quantity... at an affordable
and sustainable cost"*

2

CONSOLIDATION OF PROCUREMENT
PARTNERS HELPS ORIGINAL
EQUIPMENT MANUFACTURERS ("OEMs")
IMPROVE THEIR OPERATING
EFFICIENCY THROUGH AGREEMENTS
WITH ONE DISTRIBUTOR ACROSS THE
PROCUREMENT SPECTRUM

SCALE WITH A DIVERSIFIED OFFERING BOTH
GEOGRAPHICALLY AND ACROSS THE PROCUREMENT
SPECTRUM PROVIDES BENEFITS FOR CUSTOMERS AND
MANUFACTURERS

STRATEGIC PRIORITIES

Securing Group Managing Director for merged entity

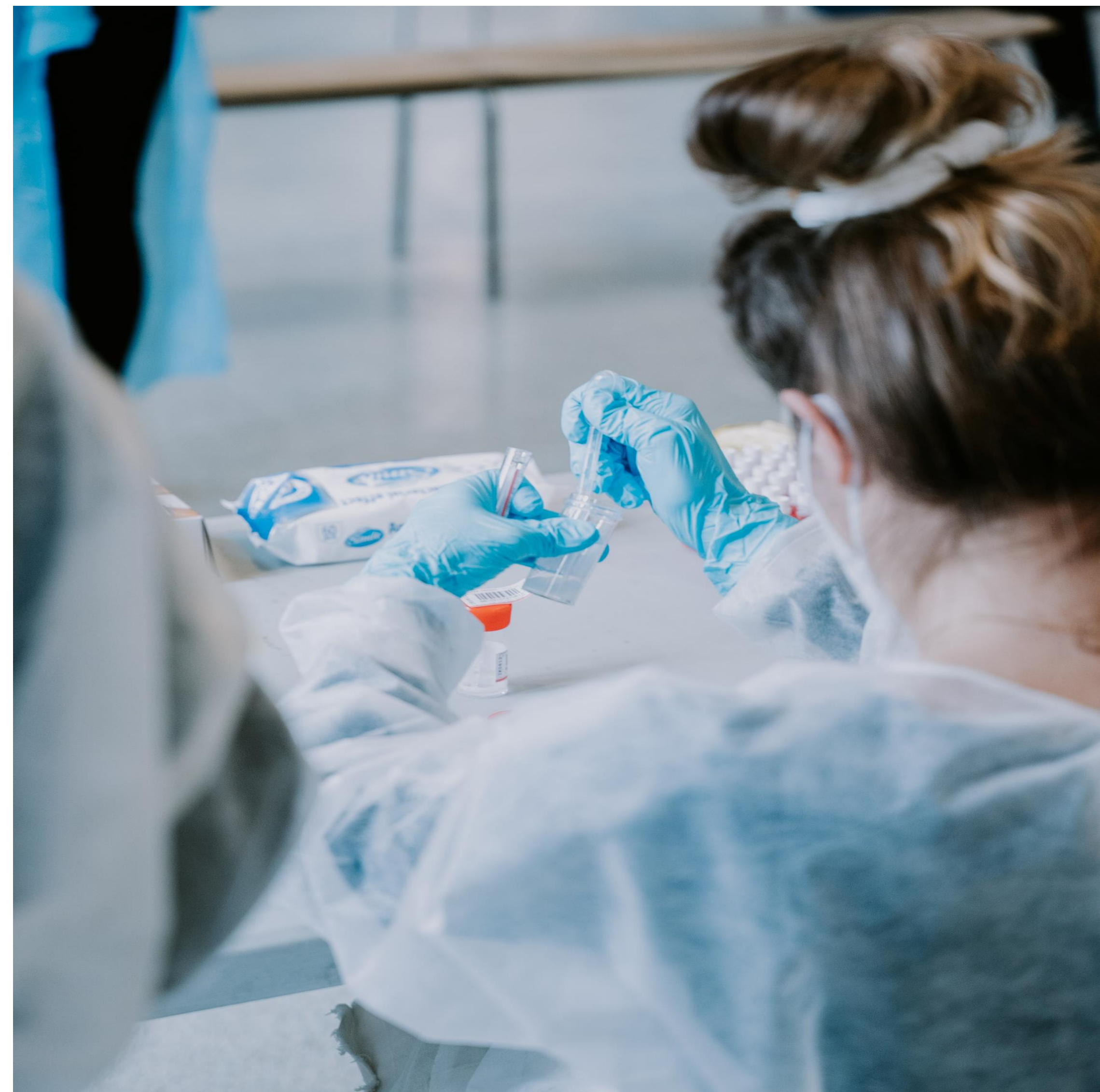
- Paragon Care has commenced the recruitment process for a Group Managing Director with a strong background on growing businesses in the Asia Pacific region.
- Phil Nicholl will continue his role as CEO of Paragon Care, Australia & NZ
- If the Scheme progresses to implementation, it is proposed that John Walstab will retain his role as CEO of Quantum's operations

Growth in Asia Pacific

- Opportunities for cross-selling and up-selling the expanded product portfolio across the combined customer base
- Explore growth opportunities for Paragon's proprietary diagnostics products, Immulab

Attract new suppliers

- Expanded Asia Pacific operation that will benefit existing suppliers to both companies
- Larger distribution footprint
- Commitment to high levels of corporate governance in Asian markets





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THANK YOU

ParagonCare
Health. Covered.

Quantum
HEALTH GROUP