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ASX ANNOUNCEMENT

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Australian Securities Exchange
Company Announcements Office

UNDERLYING EBITDA* UP 35% AS POSITIVE PROGRESS CONTINUES

Paragon Care Limited (ASX:PGC) ("Paragon Care" or the "Company") is pleased to report its financial results for the full year ended 30 June 2023 ("FY23").

Key highlights from the results include:

- **Sales revenue up 29% to $308 million:** Reflects organic growth, a full year contribution from Quantum Healthcare, and nine months of sales from SMS.
- **Margins remain strong:** Gross margins remained healthy at 41.1% and EBITDA margins improved to 12.5% (up from 11.9% in FY22).
- **Underlying EBITDA* up 35% to $38.4 million:** Mainly driven by the earnings from Quantum and SMS, with both businesses continuing to perform strongly. Like for like organic growth for the Group was around 10% for FY23.
- **Underlying NPAT* up 61% to $15.6 million:** Strong operating results have largely flowed through to Underlying NPAT*.
- **Final dividend declared of 0.6 cents per share fully franked:** The PGC Board has also announced the reinstatement of the Dividend Reinvestment Program (DRP) to help support additional capital expenditure requirements in relation to Mount Waverley which will now be funded via bank debt.

FY23 Financial Results Overview ($m unless otherwise stated)

	FY23	FY22	Δ
Revenue	$307.6m	$237.6m	↑ 29%
Reported EBITDA	$38.2m	$24.0m	↑ 59%
Underlying EBITDA*	$38.4m	$28.4m	↑ 35%
Reported NPAT	$13.6m	$6.9m	↑ 96%
Underlying NPAT*	$15.6m	$9.7m	↑ 61%
Basic EPS (cps)	1.64	1.41	↑ 16%
DPS (cps fully franked)	0.6	0.6	-
Net Debt (excluding AASB16)	$64m	$50m	↑ $14m

* See Appendix 1

FY23 Financial Results – further commentary

The Reported results in FY23 and FY22 have been adjusted to exclude a number of one-off items to better represent underlying business performance. In FY23 this includes the costs associated with the closure of the Lovell business which are separately disclosed as discontinued operations. (See Appendix 1 for a full reconciliation.)

The fully franked final dividend of 0.6 cents per share represents a payout ratio of 43% of Underlying NPAT* (record date 19 September 2023 and payment date 6 October 2023). This is at the lower end of the Board's targeted payout ratio range of 40-60% and represents an annual fully franked yield of over 7% based on the current share price.

Paragon's net debt position (pre AASB 16) increased from $50m to $64m in FY23, primarily due to the SMS acquisition, which was completed in the first half of FY23. Gearing for the PGC Group remains around 2 times EBITDA (all figures pre AASB-16).

General business – further commentary

A key focus over the past year has been the successful integration of the Quantum and SMS businesses which were acquired in February and October 2022. Paragon Care Chairman Shane Tanner commented "It's been pleasing to see the continued progress we've made over the last twelve months with the successful integration of Quantum and SMS a highlight. Both businesses performed extremely well in FY23."

Work has also continued on our new site at Mount Waverley in Victoria. Paragon Care's Group CEO & Managing Director Mark Hooper commented, "We have made some great progress over the last 12 months both in terms of day-to-day business performance but also in developing and executing our longer-term strategy. The new Mount Waverley site is a critical part of that and is expected to be fully operational in early to mid 2024."

Paragon Care also announced today that the funding required to complete this work will now be sourced via its existing bank facilities. The original plan was for $11.5m of this funding to be provided by Centuria as an extension of existing lease incentive arrangements but despite having a genuine interest in further investing in the new Mount Waverley facility, Centuria was not in a position to support the additional funding due to a challenging commercial property environment.

Work has also continued in regard to the development of detailed pillar strategies. These have now all been reviewed and approved by the Board and are being implemented throughout the business. Paragon Care Chairman Shane Tanner concluded "While we expect organic growth to continue into FY24, the more significant growth will come in FY25 and beyond."

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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 to the healthcare markets in Australia, New Zealand and Asia.

* See Appendix 1

ParagonCare

Appendix 1 – Reconciliation from Reported to Underlying Results

From Continuing Operations	FY23 $m	FY22 $m	CHANGE %
Reported EBITDA	38.2	24.0	59%
Normalisations			
Share-Based Payments Expense	0.0	0.9	
Acquisition costs	0.2	3.0	
Obsolete Inventory write-off	0.8	3.5	
Fair value gain - Interest rate swap	-0.7	-3.0	
Other write-offs	-0.1	0.0	
Underlying EBITDA	**38.4**	**28.4**	**35%**

	FY23 $m	FY22 $m	CHANGE %
Reported NPAT	13.6	6.9	96%
Normalisations			
Share-Based Payments Expense	0.0	0.9	
Acquisition costs	0.2	3.0	
Obsolete Inventory	0.8	3.5	
Fair value gain - Interest rate swap	-0.7	-3.0	
Discontinued Operations	2.7	-0.5	
Other	-0.1	0.0	
30% Tax Adjustment add back on items above	-0.9	-1.2	
Underlying NPAT	**15.6**	**9.7**	**61%**

The only item not included in Reported EBITDA to Underlying EBITDA is Discontinued Operations