

30 August 2024

ASX ANNOUNCEMENT

FY24 FINANCIAL RESULTS

Merged entity delivers proforma revenue of \$3.3 billion and EBITDA of \$91 million; integration plans on track

Paragon Care Limited (ASX:PGC) ("ParagonCare" or the "Company"), a leading healthcare wholesaler, distributor, and manufacturer throughout the Asia Pacific region, is pleased to report its results for the financial year ended 30 June 2024 ("FY24").

The merger of ParagonCare and CH2 Holdings Pty Ltd ("CH2") was completed on 3rd June 2024.

- **The statutory financial results** include a 12-month contribution from CH2 and a one-month contribution from ParagonCare (3 June 2024 to 30 June 2024).
- **The proforma financial results** reflect the full 12-month contribution from ParagonCare, CH2, and Osborne Health Supplies¹ (July 2023 to June 2024).

FY24 Key Highlights

- New senior management team and three new Board members as of 3 June 2024.
- Proforma revenue of \$3.3 billion (Statutory revenue: \$2.97 billion).
- Proforma EBITDA of \$90.8 million (Statutory EBITDA: \$44.8 million).
- Proforma NPAT of \$28.8 million (Statutory NPAT: \$8.4 million).
- Integration plans on track.

Overview of FY24 Financial Results

The FY24 proforma revenue of \$3.3 billion and EBITDA of \$90.8 million was within \$0.4m of the merger investor presentation² (see ASX release on 5 March 2024), reflecting a combination of both organic and acquisition growth for both entities compared to the prior period.

Revenue performance on a proforma basis:

- CH2 revenue up 33.0% on pcp to \$2,912m which reflects the full year impact of the CHS acquisition³, market share gains and overall market growth.
- Osborne revenue up 21.7% on pcp to \$104m⁴, due to strong organic growth in the core complementary medicines product category.
- ParagonCare revenue up 4.5% on pcp to \$322m driven by good growth in New Zealand and Thailand, whilst Australia sales continue to be adversely impacted by soft capital equipment and service revenue due to the underlying market conditions in public and private hospitals. The eye division had a soft year

¹ CH2 acquired Osborne Health Supplies on 29 February 2024

² The investor presentation released on 5 March 2024 stated FY24 proforma EBITDA guidance of \$92.8m, which included \$1.6m of interest income. CH2 historically booked interest income as sundry income, however this has now been reclassified under interest expense.

³ CH2 acquired CHS on 14th July 2023

⁴ Based on the 4 month run rate under CH2 ownership

after strong FY23 revenues which was positively impacted by COVID instance tax write off for equipment, and the delay in launching robot technology into the orthopaedics business.

Gross margin performance on a proforma basis:

- CH2 gross profit up 18% on pcp to \$155m with gross margin of 5.34% (FY23: 5.93%) - CHS Hospital acquisition reduced the overall gross margin %, and high-cost drug growth at low GM %.
- Osborne gross profit up 27% on pcp to \$24m with gross margin of 23.0% (FY23: 22%) - gross margin trending up due to the sales mix with new products.
- ParagonCare gross profit up 7% on pcp to \$136m with gross margin of 42.2% (FY23: 41.1%) - improved gross margin due to the strong Thailand revenue.

Net debt finished in line with expectations. Unused debt facilities at year end were \$172.8m which included cash of \$20m. ParagonCare is currently reviewing its long-term funding facilities.

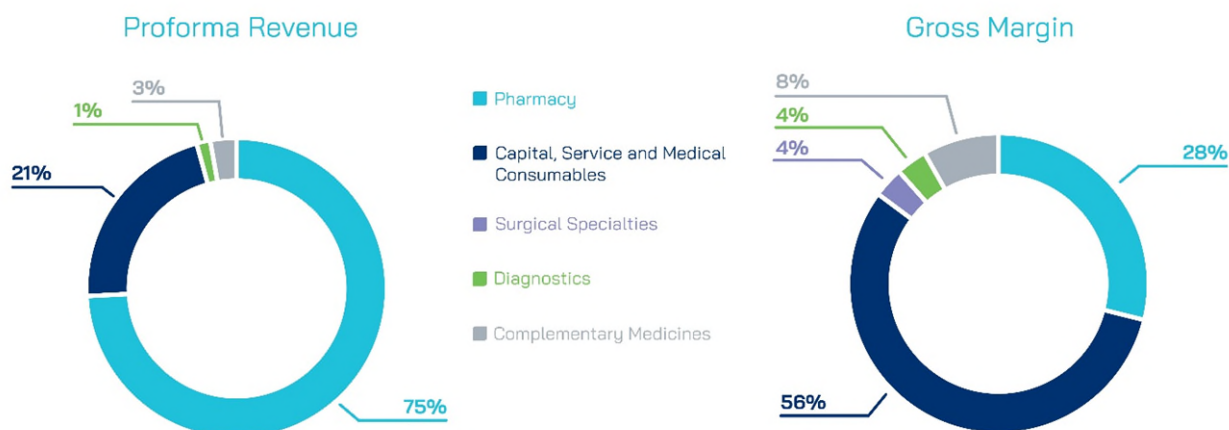
Statutory Operating Free cash was \$53.9m, a material improvement on the prior year.

A thorough review of the Immulab business was completed and due to the current trading performance, and medium-term outlook for Immulab, the decision was made to write down the value of the Mount Waverley site investment. This facility was written down by \$31.7m as part of the final ParagonCare review prior to the merger. The write down was due to the current to medium-term profitability of Immulab and we needed to right size the over investment in the Mount Waverley site. Long term management remains confident in the growth potential if the business can secure contract manufacturing opportunities.

There was no final dividend declared for FY24. The directors wish to retain cash for future investment in the business for organic, and in-organic growth opportunities.

Integration plan on track

ParagonCare has completed an internal restructure and now has six Sales Streams⁵ (including our Contract Logistics business). We have implemented a shared services model for corporate services, finance, supply chain, IT, customer service, marketing, procurement and commercial. Proforma revenue & gross margin mix for FY24 was:



⁵ Contract Logistics revenues and gross margin embedded into each division

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Over the past three months the new management team has been executing on the integration plan with early initiatives focused on the new organisational structure, merging the shared services teams, and integrating individual ParagonCare businesses onto the group financial platform, JDEdwards.

Osborne will be integrated onto JDEdwards from October 2024, the ParagonCare Australian eye business was completed in August 2024, and we are confident in having the balance of the ParagonCare business completed by June 2025.

The next stage of the integration plan includes the consolidation of warehouse locations (already started), site optimisation through automated processes, and the rationalisation of logistics.

ParagonCare remains on track to deliver annual synergies of \$5m in FY25 and \$12m in FY26.

FY25 Outlook

In FY25, we are focused on the continued execution on the integration plan for the merged entity and organic revenue & margin growth. Specific initiatives include:

- Increase cross-sell of expanded product range and bundled offerings.
- Focus on operational efficiency and cost rationalisation.
- Actively reviewing customer, product and agency partner pipeline to embed organic growth.
- Acquisition pipeline in place and we are being proactive in additional in-organic opportunities.
- Inaugural ParagonCare Annual Conference in October 2024, with over 250 team members to reset strategy and focus on “One Team” way of doing business.

Further details on FY25 trading and outlook will be provided at the AGM in November 2024.

David Collins, ParagonCare CEO and Managing Director stated:

“I am excited to have the opportunity to lead ParagonCare in this transformational phase as we scale up to become a leading healthcare player in Australia, New Zealand and across the Asia region. We are at the early stages of integrating the businesses and I am pleased with our progress so far, particularly in implementing the new organisational structure and moving towards the integration of our financial systems onto one platform. We remain very optimistic about the growth potential ahead, through revenue synergies, and the improved operational efficiency of our combined organisation.”

A pre-recorded presentation of the FY24 Financial Results can be viewed on the following link:

[PGC FY24 Results Presentation On Demand Webcast Recording](#)

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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, consumables, pharmaceuticals, complementary medicines, nutritional supplies, and manufacturer of Blood Bank diagnostic reagents to the healthcare markets in Australia, New Zealand and Asia.