Enabling Healthcare

Half Year Results
Investor Presentation FY25

27 February 2025

Paragon Care Limited

ASX : PGC

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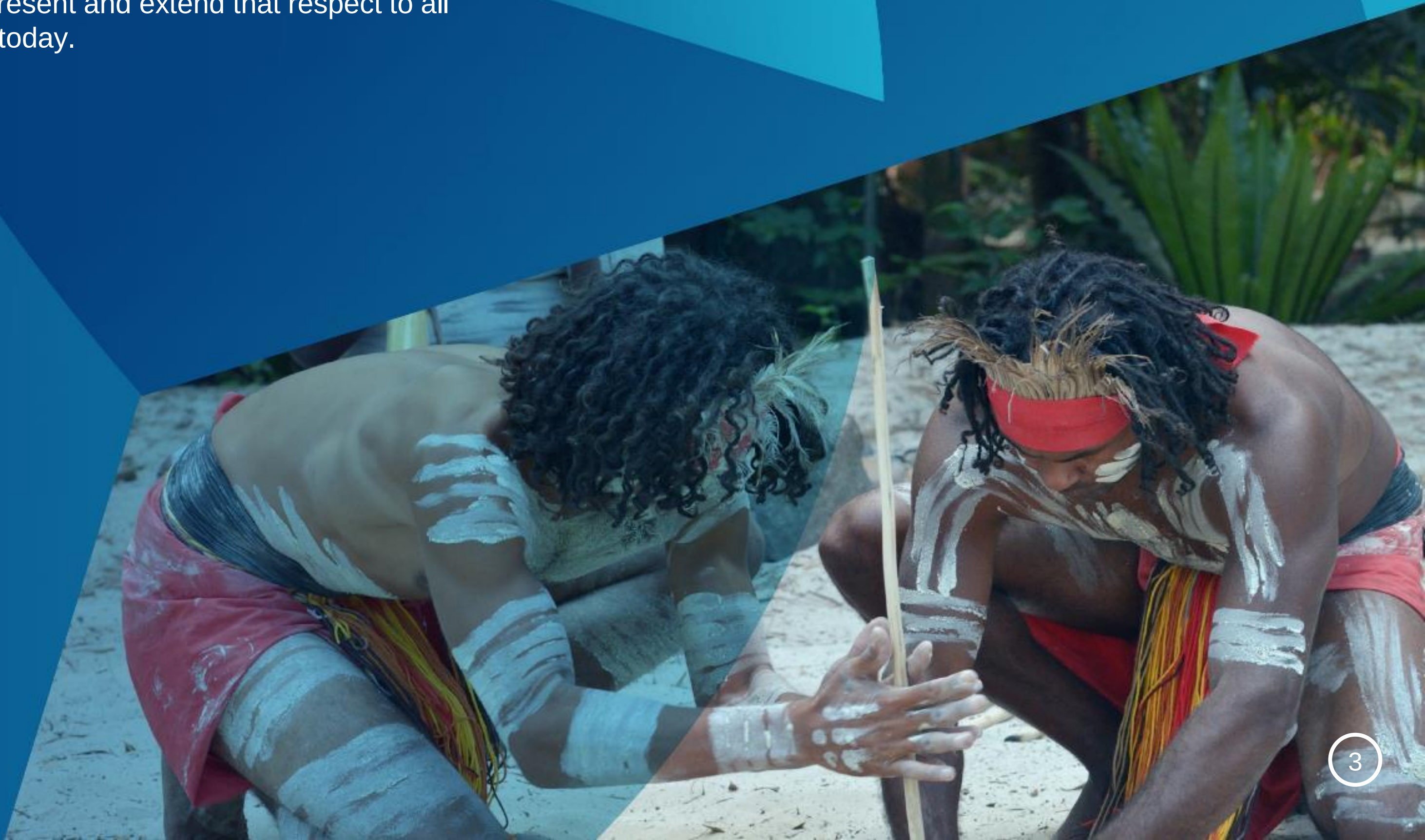
Acknowledgement of Country

In the spirit of reconciliation ParagonCare acknowledges the Traditional Custodians of Country throughout Australia and their connections to land, sea and community.

We pay our respect to their Elders past and present and extend that respect to all Aboriginal and Torres Strait Islander peoples today.



ParagonCare

Enabling Healthcare

David Collins

Chief Executive Officer

Review of the half year

Half year 2025

Revenue	28% ↑	$1.85 BILLION
EBITDA	103% ↑	$47.5 MILLION
Net Profit After Tax	85.9% ↑	$13.2 MILLION

Half year 2024

Revenue	$1.44 BILLION
EBITDA	$23.4 MILLION
Net Profit After Tax	$7.1 MILLION

** ParagonCare completed the merger with CH2 Holdings Pty Ltd on 3 June 2024. Results show the full 6 months for ParagonCare, Clifford Hallam Healthcare and Oborne Health Supplies in 2025 verse the full six months of Clifford Healthcare only for 2024.*

FY24 P&L

Commentary

Revenue on a like for like basis was solid:

- Pharmacy continues to grow above market (as measured by IQVIA)
- Capital & Service continues to be soft due to NZ government delaying capital purchases and a challenging market in Australia
- Orthopaedics also had a challenging 6 months due to Avanos product withdrawal, and the delay in rolling out the robotic technology in the hip and knee sector
- Diagnostic has had a good result with the new Immulab site now fully operational
- Asia continues its strong growth
- Complementary medicines had good growth, even though it went through an integration process, including the closure of two warehouses

Overall Gross Margin % is down on last year due to the revenue mix on a proforma basis.

Expenses overall were well managed considering we are going through a complex integration. There are some challenges with higher professional services fees and insurance cost, plus ongoing pressure with salary, wages and freight expense. There are $650k of one-off costs associated with the integration in the first half.

Depreciation and Amortisation were materially up on last year due to incremental amortisation expense for the CHS, Oborne and ParagonCare acquisitions - $4.2m (non cash).

Finance cost were up due to higher intra month debt levels due to financing increased stock investment as we go through our integration process, and overall debtor days were up.

Underlying Result - $m	HY25*	HY24**	Var $	Var %
Revenue	**1,850.4**	**1,636.6**	**213.8**	**13.1**
EBITDA	**47.5**	**43.0**	**4.5**	**10.5**
Depreciation & Amortisation	15.3	10.9	4.4	40.4
EBIT	**32.2**	**32.1**	**0.1**	**0.3**
Finance Costs	15.3	12.2	3.1	25.4
Profit Before Tax	16.9	19.9	(3.0)	(15.1)
Net Profit After Tax	**13.2**	**14.2**	**(1.0)**	**(7.0)**
Net Profit After Tax excluding PPA	**16.1**	**14.2**	**1.9**	**13.3%**
EBITDA margin	2.57%	2.63%	0.0	(2.3)
Net Debt (vs June 24)	226.6	176.7	49.9	28.2
Net Debt: EBITDA (annualised vs June 24)	2.38	2.05	0.3	16.6
EPS (Underlying)	0.80			

Statutory Results - $m				
Revenue	**1,850.4**	**1,440.8**	**409.6**	**28.4**
EBITDA	47.5	23.4	24.1	103.0
EBIT	32.2	16.8	15.4	91.7
Profit Before Tax	16.9	10.3	6.6	64.1
Net Profit After Tax	13.2	7.1	6.1	85.9
Net Profit After Tax excluding PPA	16.1	7.1	9.0	126.8
EPS	0.80	0.75	0.05	6.7

** HY25 & HY24 underlying result includes CH2, PGC and Oborne for the full 6 months and Statutory result HY25 includes CH2, PGC and Oborne and HY24 is only CH2*

** Proforma numbers not subject to audit or review by external auditors.

FY24 Balance Sheet:
Statutory

Commentary

Net working capital was up on June 24 due to this being the peak working capital period for the CH2 business. Receivables were up due to the revenue growth, and a number of large customers delaying payment at the end of December (which is normal practice for this time of year – since collected). Inventory was up due to higher revenues, and we have invested more into stock as we go through the integration process – this will normalise itself in the second half.

Goodwill and intangibles – Oborne PPA completed, and draft ParagonCare PPA to be finalised in the second half. We have booked all provisional PPA amortisations (Oborne and ParagonCare) for the first half. Other long-term assets/liabilities now a credit due to DTL booked on intangibles (which also increased the goodwill amount).

Net Debt was higher than June due to December being the peak period for the CH2 business, overall higher stock levels as we go through the integration process, and debtors delaying payment in December – overall this will normalise itself in the second half. Average daily net debt was $221m. Unused bank facility was $84m which still gives us adequate capacity for future M&A investment.

$m	HY25	FY24	Var $	Var %
Receivables	403.0	346.3	56.7	16.4
Inventory	305.8	270.2	35.6	13.2
Trade payables	(585.9)	(553.1)	(32.8)	5.9
Other current assets/liabilities	10.3	0.1	10.2	10,200
Net Working Capital	**133.2**	**63.5**	**69.7**	**109.8**
Fixed Assets	29.6	28.3	1.3	4.6
Other long-term assets/liabilities	(10.4)	27.1	(37.5)	(138.4)
Goodwill and intangibles	385.1	349.7	35.4	10.1
Funds Employed	**537.5**	**468.6**	**68.9**	**14.7**
Cash	21.7	19.9	1.8	9.0
Debt	(248.2)	(196.6)	(51.6)	26.2
Equity	**311.0**	**291.9**	**19.1**	**6.5**
ROIC (Proforma EBIT)	6.0%	6.9%	0.9	(12.5)
ROIC (Proforma EBIT excluding PPA)	6.8%	6.9%	0.1	(2.4)
ROE (Proforma EBIT)	10.4%	11.0%	(0.6)	(5.8)
ROE (Proforma EBIT excluding PPA)	11.7%	11.1%	0.6	5.1
Net Debt / EBITDA (Proforma)	2.38	2.05	0.33	16.1

Australia and New Zealand Overview

Revenue growth in line with expectations:

- Retail Pharmacy continues to grow with gains in market share.
- Hospital Pharmacy had modest growth due to being affected by price deflation.
- 4PL Pharmacy (Contract Logistic) had a strong result.
- New retail pharmacy wholesale agreement with the federal government will only give a modest increase to income in the short to medium term.
- Medical consumables had a solid result due to good growth in the 4PL Medical (Contract Logistics) business, and Medical OTC into Public Hospitals. This was partly offset by lower sales in Private Hospital (demand soft) and Aged Care (loss of 3 contracts).
- New Zealand Capital & Consumables had a challenging first half due to the NZ government's decision to defer all capital purchases. Saying that NZ still had modest growth over last year which is a good result.
- The Australia OEM Capital & Consumable business also had a soft first half with challenges in the hospital sector, and the Eyecare business had some teething issues through integration. We have had to restructure the Eyecare business due to a bloated cost base, this has now settled down and we are focused on growing this business once again.
- Capital and Service struggled compared to last year due to a large one-off sale in the previous year, and lower service income (loss of a contract). Also, the Australian hospital market for large equipment is a challenge at present due funding issues in public hospitals and cost pressure in the private sector.
- Surgical Specialties well down on last year due to Avanos product withdrawal, and the delay in rolling out the robotic technology in the knee and hip sector.
- Complementary Medicines had a good first half with new brands coming on board.

$m	HY25	HY24*	Var $	Var %
Pharmacy	1,420.3	1,222.3	198.0	16.2
Medical Consumables	221.4	213.0	8.4	3.9
OEM Capital & Consumables	66.2	70.2	(4.0)	(5.7)
Capital & Service	13.8	20.5	(6.7)	(32.7)
Diagnostics	13.0	11.5	1.5	13.0
Surgical Specialties	9.5	12.8	(3.3)	(25.8)
Complimentary Medicines	54.0	48.4	5.6	11.6
ANZ Total Revenue	**1,798.2**	**1,598.7**	**199.5**	**12.5**

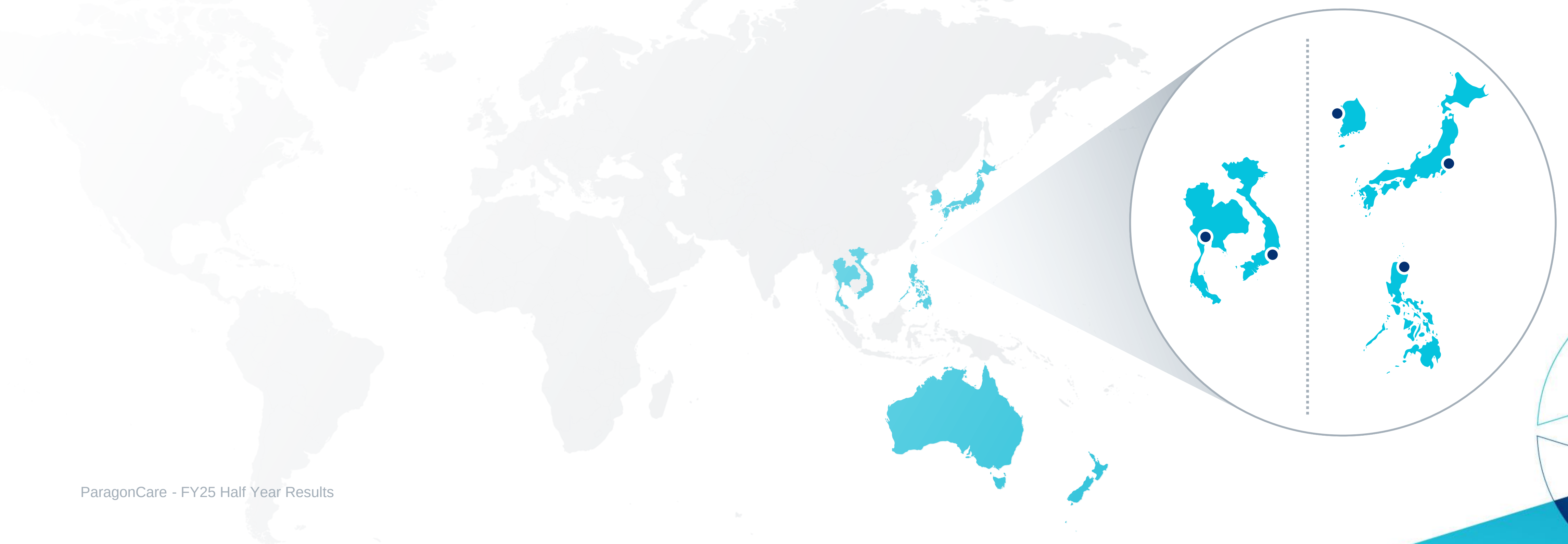
** Proforma numbers not subject to audit or review by external auditors.

Asia Overview

Strong Revenue growth due to:

- Aesthetics business grew strongly due to new products and strong promotional activity
- Imaging business was solid which offset lower service revenue – the service business reduces each year as products are replaced with different technology
- Korea impacted due to doctor's strike and political uncertainty
- Japan had good growth over last year
- Thailand and Vietnam had strong growth
- Philippines down on last year as service revenues reduce

$m	HY25	HY24	Var $	Var %
Aesthetics	30.9	17.1	13.8	80.7
Capital & Service	21.3	20.8	0.5	2.4
Asia Total	**52.2**	**37.9**	**14.3**	**37.7**



Executing on the integration plan

On track for annual synergies of $5m in FY25 and $12m in FY26

- New Organisational structure in place: 1st July 2024
- Shared service team merged: 1st July 2024
- Eyecare business now on JDE ERP with eCommerce platform up and running: August 2024
- SMS, WBM, REM Australia now on JDE ERP: December 24
-
  - Oborne fully integrated onto JDE ERP
  - Oborne Melbourne and Perth sites closed and integrated into ParagonCare facilities
  - Oborne Brisbane site due for closure in June 2025
- ISO14001 accreditation obtained
- ParagonCare Macquarie Park, Rosebery and Frenchs Forest sites closed
- Balance of Australia to be integrated onto JDE ERP by June 2025
- Engagement with all key business partners to ensure commitment and focus on sales execution

Strategic Overview

Diversified healthcare distributor

- Being the **leading independent wholesaler & distributor** in the Asia Pacific healthcare market by providing **tailored solutions** in leveraging ParagonCare's comprehensive range, with a unique combination of Quality, Service and Price being a key value driver for our customers and strategic supplier partners.
- To be the **master franchise holder** for Asia Pacific agency arrangements.
- The best-in-class **red cell blood diagnostics manufacturer** in Asia Pacific.
- **Specialist Contract Logistics** offering into healthcare suppliers with our integrated service model and hub & spoke solution.

Our Vision

ParagonCare is easy to do business with.	Pharmaceuticals, capital equipment (including service capability), diagnostics, medical consumable, devices & complimentary medicines.	Execute daily tasks in a lean & efficient manner to get the job done.	Superior technology and data.

Our Core Values

Accountable

Our teams take personal responsibility

Discipline

We do it right the first time

Empowerment

ParagonCare enables all its staff to achieve

Initiating

We drive continuous improvement

Communication

We pride ourselves on open & honest communication

FY25 Outlook

- Continued execution on the integration plan for the merged entity.
- Increase cross-sell of expanded product range and bundled offerings.
- Focus on operational efficiency and cost rationalisation.
- Strategic focus on **"One Team"** way of doing business.
- Actively reviewing customer, product and agency partner pipeline to embed organic growth.
- Acquisition pipeline in place for proactive searches in additional growth opportunities.

Thank you