

# Annual Financial Investor Presentation

Results Year Ended 30 June 2024

30<sup>th</sup> August 2024

**ParagonCare**

Enabling Healthcare

# Disclaimer

---

This document has been prepared by Paragon Care Limited ACN 064 551 426 (ASX: PGC) (ParagonCare or the Company) (Presentation). The material in this Presentation contains general background information about ParagonCare and its current activities as at the date of this Presentation. The information contained in this Presentation is in summary form only and does not purport to be complete or comprise all information which a shareholder or potential investor may require in order to determine whether to deal in ParagonCare shares.

This Presentation is for information purposes only and is not an offer or invitation to acquire shares of ParagonCare or intended to be relied upon as advice to investors. Before making an investment decision, prospective investors should consider the appropriateness of the information having regard to their own objectives, financial situation and needs, and seek financial, legal and taxation advice appropriate to their jurisdiction. This Presentation should be read in conjunction with the Company's other periodic and continuous disclosure announcements lodged with the Australian Securities Exchange (ASX), which are available at [www.asx.com.au](http://www.asx.com.au).

Due care and consideration should be undertaken when considering and analysing the Company's financial performance. All references to \$ are to Australian dollars, unless otherwise stated.

## Forward-looking statements

This Presentation may contain statements that are, or may be deemed to be, forward-looking statements relating to the operations of ParagonCare. Such statements are based on ParagonCare's own current expectations, estimates and projections about matters relevant to ParagonCare's future financial performance which may ultimately prove to be materially incorrect. Forward-looking statements can generally be identified by the use of words such as "anticipate", "estimate", "expect", "project", "intend", "plan", "believe", "target", "may", "assume" and other words of similar import that involve risks and uncertainties.

References in this Presentation to current assumptions, estimates and outcomes, and forward-looking statements about current assumptions, estimates and outcomes, are based on internal business data and external sources and, by their nature, are subject to a number of known and unknown risks and uncertainties that could cause the actual results, performances and achievements to differ materially from any expected future results, performance or achievements expressed or implied by such forward-looking statements. No assurance or guarantee is, or should be taken to be, given in relation to, and no reliance should be placed on, the future business performance or results of ParagonCare or the likelihood that the current assumptions, estimates or outcomes will be achieved. Any past performance information included in this Presentation is given for illustrative purposes only and should not be relied upon as (and is not) a promise, representation, warranty or guarantee as to the past, present or an indication of future performance.

While management has taken every effort to ensure the accuracy of the material in this Presentation, this Presentation is provided for information only and no representation, warranty or assurance (express or implied) are made as to, and no reliance should be placed on, the accuracy or completeness of such information. To the maximum extent permitted by law, ParagonCare, its subsidiaries and its interests in associates and jointly controlled operations and their directors, officers, employees and advisers expressly exclude and disclaim any liability (including, without limitation, any liability arising out of fault or negligence on the part of any person) in respect of anything done or not done, directly or indirectly, in reliance on this Presentation or information contained in the Presentation.

This Presentation should not be construed in any manner as a recommendation to any investor or potential investor or other reader of this communication. This Presentation and its content is not intended to be relied upon as a forecast or advice to investors or potential investors and does not take into account an individual investor's investment objectives or financial situation. You should make your own enquiries and take your own advice in Australia and elsewhere (including financial, taxation and legal advice) before making an investment in ParagonCare's shares or in making a decision to hold or sell your shares.

To the maximum extent permitted by law and subject to any continuing obligation under applicable law or relevant listing rules of the ASX, ParagonCare, its subsidiaries and its interests in associates and jointly controlled operations and their directors, officers, employees and advisers expressly exclude and disclaim any obligation or undertaking to disseminate any updates or revisions to any forward-looking statements in these materials to reflect any change in expectations in relation to any forward-looking statements or any change in events, conditions or circumstances on which any statement is based. Nothing in these materials shall under any circumstances create an implication that there has been no change in the affairs of ParagonCare since the date of this Presentation.

# Overview of ParagonCare



ParagonCare completed the merger with CH2 in June 2024 -  
the combined entity offers a compelling value proposition to customers and supply partners



**An expanded product range for cross-selling and bundling**

covering pharmaceutical, nutritional, medical consumables, complementary medicines, medical equipment, medical devices, medical consumable, equipment service and logistics.



**A focus on operational efficiency, quality service and competitive pricing**  
with an integrated service model.



**A strong footprint in Asia Pacific**  
including Australia, New Zealand, Japan, Thailand, Vietnam, Korea and Philippines.



**Sovereign manufacturing infrastructure**  
reevaluation and reset.



# ParagonCare is a leading healthcare wholesaler, distributor & manufacturer\*

FY24 Proforma  
Revenue\*\*

**\$3.33 billion**

FY24 Proforma  
EBITDA\*\*

**\$90.8 million**

FY24 Proforma  
Net Profit After Tax\*\*

**\$28.4 million**

FY24 Statutory  
Revenue\*\*\*

**\$2.97 billion**

FY24 Statutory  
EBITDA\*\*\*

**\$44.8 million**

FY24 Statutory  
Net Profit After Tax\*\*\*

**\$8.4 million**

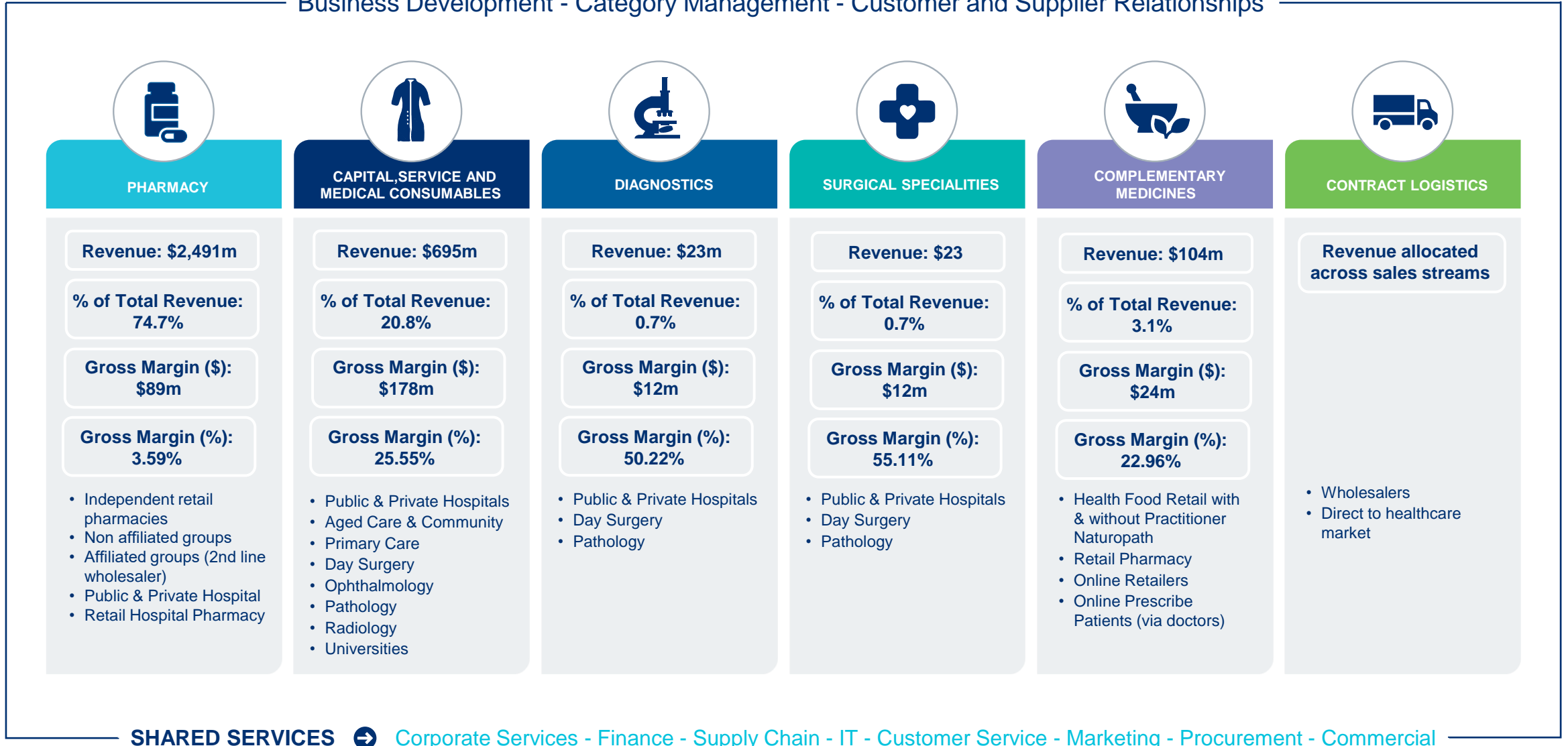
\* ParagonCare completed the merger with CH2 Holdings Pty Ltd on 3 June 2024. ParagonCare acquired all of the issued shares in CH2 and issued 943,524,072 ordinary shares in ParagonCare to the CH2 vendors. Post transaction the CH2 vendors own 57% of ParagonCare.

\*\* Proforma calculations are based on the 12-month contribution of both ParagonCare, Osborne (if Osborne was part of CH2 for the 12 months), and CH2 Holdings from 1 July 2023 to 30 June 2024.

\*\*\*Statutory calculations reflect the 12-month contribution of CH2 Holdings and one-month contribution from ParagonCare, from 3 June 2024 to 30 June 2024.

# Restructured into a new Business and Shared Services model

## Business Development - Category Management - Customer and Supplier Relationships



# Focus on operational efficiency, quality service and competitive pricing

**The merged entity will benefit from cost synergies through network optimisation and the implementation of a shared services model**

Specific initiatives include:

- ✔ The consolidation of warehouse locations in Australia and the optimisation of site performance through improved automated processes.
- ✔ The rationalisation of logistics across Australia and the focus on quality service.
- ✔ The relocation of CH2 head office to the Mount Waverley facility.
- ✔ The rationalisation of offices throughout Australia.
- ✔ Implementation of a shared services model and the utilisation of cross functional resources.
- ✔ Removal of duplicate roles and internal restructure.
- ✔ A focus on operational efficiency and cost rationalisation in order to drive flexibility in pricing strategies.



Consolidating to 8 warehouse locations in Australia and expanding New Zealand and Asia.



### Broad combined geographical reach

Australia - New Zealand - Philippines - Thailand - Korea - Japan - Vietnam

+ *Planned expansion to Singapore, Malaysia and Indonesia*

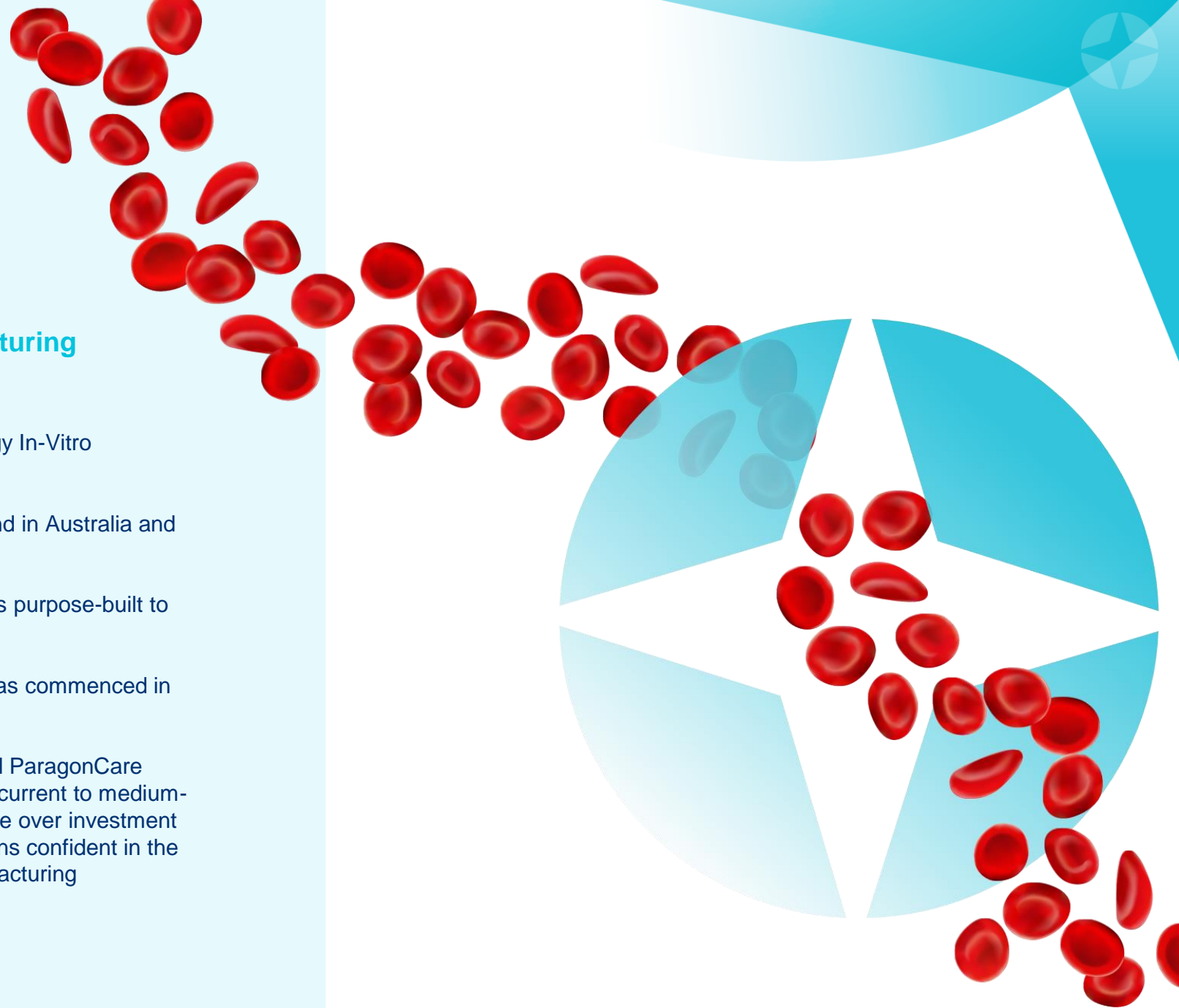


## New Mount Waverley facility to support sovereign manufacturing capability

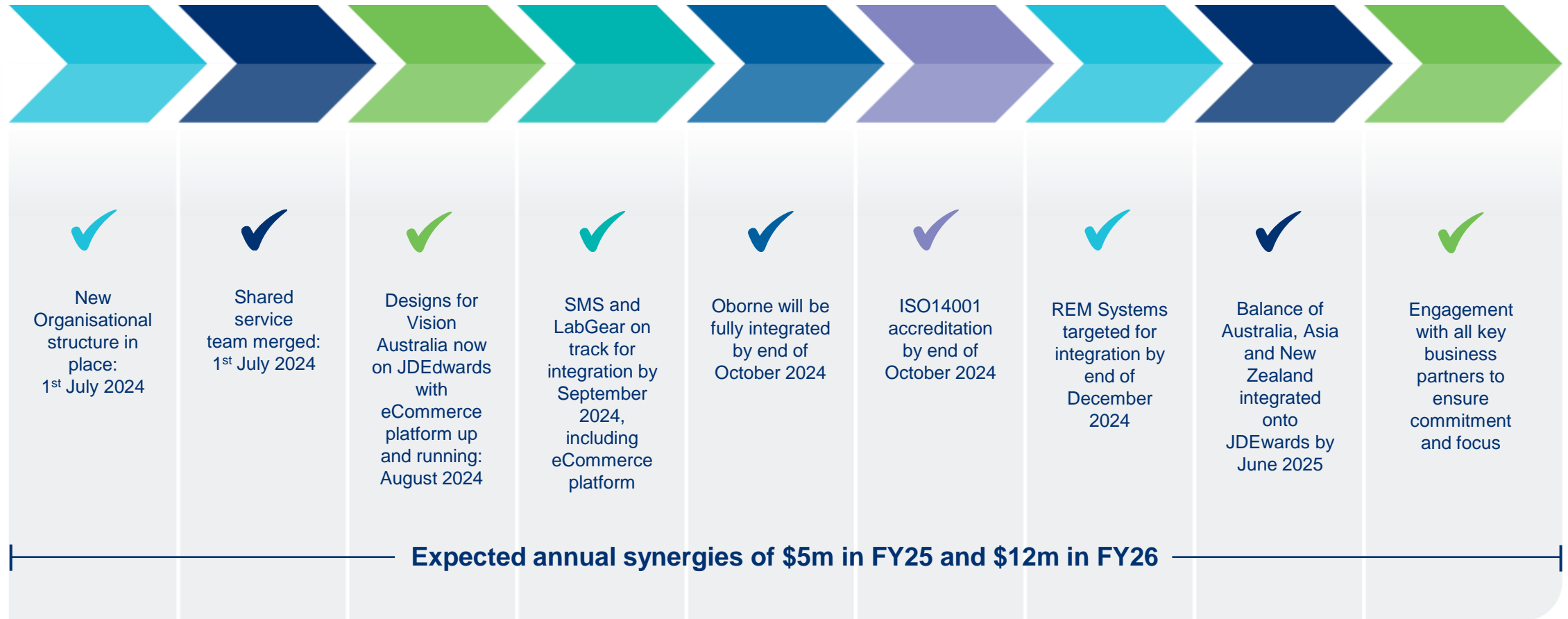
---

### ParagonCare Diagnostics has a unique manufacturing and distribution capability through Immulab

- ✓ ParagonCare | Immulab manufactures immuno-haematology In-Vitro Diagnostics, which are primarily used in Blood Banks.
- ✓ ParagonCare | Immulab is the only manufacturer of this kind in Australia and plays a significant role in ensuring Australia's bio-security.
- ✓ The new Mount Waverley facility is state-of-the-art and was purpose-built to manufacture products for domestic and export markets.
- ✓ TGA Approval was received in July 2024 and production has commenced in August 2024.
- ✓ 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.



# Executing on the integration plan



# Experienced Board with significant expertise in the healthcare sector



## David Collins

Chief Executive Officer

David Collins is CEO and Managing Director and 28.5% owner of ParagonCare. David was a 50% shareholder of CH2 Holdings prior to the completion of reverse acquisition.

David was appointed as CEO and Managing Director in December 2015 of CH2 Holdings when David and Peter Lacaze acquired 100% of CH2 Holdings Pty Ltd. David has been with CH2 Holdings since 2005 starting as Chief Financial Officer and then moving into the Managing Director role in 2008 until 2014. In 2006 David became a minority shareholder of CH2 Holdings. David spent 20 months as the Chief Financial Officer at Greencross Health Limited in Auckland. David brings unparalleled experience and extensive knowledge of the Australian and New Zealand healthcare wholesale and distribution sectors.

Prior to CH2 Holdings David held senior finance and management roles in both Australia and New Zealand, predominantly in the pharmaceutical wholesaling industries.



## Carmen Riley

Executive Director/Chief Operating Officer

Carmen Riley was appointed Chief Operating Officer in 2017 after transitioning from General Manager of Sales. Before joining CH2 Holdings Carmen was CEO of PQ Lifestyles (Intouch) from July 2008, which was successfully acquired by CH2 Holdings in 2010.

Prior to joining the Healthcare industry Carmen had an extensive career within FMCG, across Supply Chain and Operations, Finance and Project Management. Carmen's experience provides strong financial and operational management skills gained from both private and ASX listed companies.

Carmen was appointed to the CH2 Holdings board of directors in July 2019.



## Peter Lacaze

Chairman

Peter Lacaze is the Chairman and 28.5% owner of ParagonCare. Peter was a 50% shareholder of CH2 Holdings prior to the completion of the reverse acquisition.

Peter has been involved in CH2 Holdings since 2006 as a minority shareholder and was the Chief Executive Officer between 2006 to 2008. Peter became the Chairman of CH2 Holdings in December 2015 when David and Peter acquired 100% of CH2 Holdings Pty Ltd.

As an experienced Australian business leader, Peter has worked in a number of industries with particular emphasis on healthcare and travel. Peter brings a dynamic and practical approach with a long-term lens on driving business performance.



## Alan McCarthy

Non-Executive Director

Alan McCarthy's experience spans public health and private health services across Asia Pacific for more than 32 years, including CEO at Alpenglow Australia, and SRG NZ, MD of Philips ANZ, Vice-President Asia Pacific at CareFusion, Country Manager ANZ at Cardinal Health, and GM of Diagnostic Imaging at Mayne Health/Health Care of Australia.

Currently Alan is a Non-Executive Director of Qscan Services Pty Ltd, and RHC Group Ltd (Pacific Radiology, Auckland Radiology), and Bay Radiology, and is also CEO of AdvaHealth Solutions Sg.



## John Walstab

Executive Director and Executive General Manager Paragon Care Asia

John was appointed as CEO and Managing Director on 1 October 2023 and resigned on 3 June 2024 (Continuing as an Executive Director).

John has led a strong team to successfully build Quantum Health Group's medical equipment business across the Asia Pacific region, prior to ParagonCare acquiring Quantum in February 2022. Post-acquisition Quantum Health Group formed the core platform for ParagonCare's growth in Asia. John has over 40 years' experience in medical equipment distribution with a focus on leading-edge healthcare technologies in Asia and was the founder of Quantum Health Group in 1998 (formerly Insight Oceania).

John's prior roles include Managing Director of Advanced Technology, Laboratories (Phils Medical Systems ANZ), and Business Manager for Medtel Australia. John is a member of the Australian Institute of Company Directors and sits on various Boards including Central Sydney Private Hospital, CBTR Healthcare Solutions, and SMS Healthcare.

# FY24 Financial Results Key Highlights



# FY24 P&L: Proforma & Statutory

\$m	FY24	FY23	Var \$	Var %
<b>Underlying EBITDA</b>				
Revenue	3,336.3	2,494.9	841.4	33.72%
EBITDA	90.8	79.3	11.5	14.5%
Depreciation & Amortisation	24.7	22.5	2.2	9.8%
EBIT	66.1	56.8	9.3	16.4%
Net Finance Costs	22.8	17.3	5.5	31.8%
Profit Before Tax	43.2	39.4	3.8	9.6%
<b>Net Profit After Tax</b>	<b>28.8</b>	<b>30.1</b>	<b>(1.3)</b>	<b>(4.3%)</b>
EBITDA margin	2.72%	3.23%		
Net Debt	176.7	127.1	49.6	39%
Net Debt: EBITDA	1.95	1.60	0.35	21.9%
EPS (Underlying)	1.74	1.82	(0.08)	(4.4%)

<b>Statutory Results</b>				
Revenue	2,969.9	2,187.3	782.6	35.8%
EBITDA	44.8	41.4	3.4	8.2%
EBIT	30.3	29.2	1.1	3.8%
Profit Before Tax	14.1	18.4	(4.3)	(23.4%)
Net Profit After Tax	8.4	12.8	(4.4)	(34.4%)

## Commentary

- ✦ **Strong revenue growth on a proforma basis due to:**
  - CH2 up 31.4% - CHS acquisition, market share gains, and market growth.
  - Oborne up 21.7% - strong organic growth in the core complementary medicines product category.
  - ParagonCare up 5.5% - driven by good growth in New Zealand and Thailand, Australia sales continue to be soft.
- ✦ **Gross Margin \$ performance on a proforma basis was:**
  - CH2 gross profit up 19% on pcp to \$155m with gross margin of 5.38% (FY23: 5.93%) - CHS acquisition reduced the overall gross margin % and high-cost drug growth at low GM %.
  - Oborne gross profit up 29% on pcp to \$24m with gross margin of 23.2%% (FY23: 22%) - Gross margin trending up due to the sales mix with new products.
  - ParagonCare gross profit up 7% on pcp to \$135m with gross margin of 41.65% (FY23: 41.1%) - improved gross margin due to the strong Thailand revenue.
- ✦ Overall expenses well managed and economies of scale helping cost as a % of sales. However, there are pressures on wages, freight, insurance, plus higher interest rates.
- ✦ One off cost in statutory result is due to the transaction cost relating to the ParagonCare merger and Oborne acquisition and other one off cost nonrecurring.

# FY24 Balance Sheet: Statutory

## Commentary

- Balance Sheet materially changed due to the CHS, Osborne acquisitions, and ParagonCare merger.
- Working capital increase due to the strong revenue growth.
- Fixed Asset increase due to ParagonCare merger but adjusted for the Immulab write down.
- ROUA and Lease Liability in Other long-term assets/liabilities.
- Goodwill & intangibles increased due to CHS, Osborne, and having to value ParagonCare at the share price on the day of completion (accounting standard treatment). Down on previous estimate due to the reverse accounting treatment, and ParagonCare original Goodwill written off as part the acquisition accounting.
- On a proforma basis for CH2 and ParagonCare daily net debt for FY24 was \$169m – this is the true reflection of overall net debt levels due to the positive intra month cash movements.
- Available funds from debt facilities & cash at year end was \$173m, giving the group good access to funds for organic and in-organic growth.

\$m	FY24	FY23	Var \$	Var %
Receivables	350.6	209.9	115.3	54.9%
Inventory	307.7	215.8	91.9	42.6%
Trade payables	(553.1)	(374.1)	(179)	47.8%
Other current assets/liabilities	(38.9)	(10.6)	(0.8)	7.5%
<b>Net Working Capital</b>	<b>66.3</b>	<b>41.0</b>	<b>27.4</b>	<b>66.8%</b>
Fixed Assets	28.3	9.4	18.9	201.1%
Other long-term assets/liabilities	24.4	6.7	12.9	192.5%
Goodwill and intangibles	349.5	25.1	324.4	1292.4%
<b>Funds Employed</b>	<b>468.5</b>	<b>82.2</b>	<b>386.3</b>	<b>470%</b>
Cash	19.9	1	18.9	
Debt	(196.6)	(64.4)	(132.2)	205.3%
<b>Equity</b>	<b>291.8</b>	<b>18.9</b>	<b>272.9</b>	<b>1444%</b>
ROIC (Proforma Underlying EBIT )	14.1%			
ROE (Proforma Underlying EBIT)	22.65%			
Net Debt / EBITDA (Proforma)	1.95			

## FY24 Cash Flow & Net Debt: Statutory

\$m	FY24	FY23	Var \$	Var %
Cash flows from operating activities	74.4	37.1	37.3	101%
Net interest paid	14.6	10.9	3.7	33.9%
Tax (paid)	5.9	3.9	2	51.3%
<b>Net cash from operating activity</b>	<b>53.9</b>	<b>22.4</b>	<b>31.5</b>	<b>140.6%</b>
Capital expenditure	(6.4)	(4.4)	2	45.5%
Other investing activities	(14.7)	(8.4)	6.3	75%
Net cash used in financing activities	(13.9)	(9.7)	4.2	43.3%
<b>Net increase/decrease in cash</b>	<b>18.9</b>	<b>0</b>	<b>18.9</b>	
Cash at beginning of the financial year	1	1		
Cash at end of financial year	19.9	1	18.9	

### Commentary

- Free cash driven by improved working capital management compared to the prior year.
- Capital expenditure up due to investment in new CH2 Adelaide site.
- Investing activities related to ParagonCare merger and Osborne acquisition, net of the divestment of Aero Travel Solutions.

# 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.
- Inaugural ParagonCare Annual Conference in October 2024, with over 250 team members to reset strategy and focus on “One Team” way of doing business.
- 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.
- Further details on FY25 trading and outlook to be provided at the AGM in November 2024.



Thank you.

**ParagonCare**

Enabling Healthcare