

ASX ANNOUNCEMENT

20 December 2024

Australian Securities Exchange
Company Announcements Office

NEW RETAIL PHARMACY WHOLESALE FUNDING

Paragon Care Limited (ASX: PGC) (“Paragon” or the “Company”) wishes to advise a new wholesaling funding package, which includes the Community Services Obligation (“CSO”) arrangement, has been agreed to with the Commonwealth Government. This covers the supply of PBS & NDSS products to Community Pharmacies for the CSO wholesalers for a 5-year period ending 31 December 2029.

The new arrangement provides CSO wholesalers with a modest increase on the current agreement and ensures the industry has certainty on funding for the next 5 years.

The key changes include:

- Additional funding for Medicines shortages management. This has been an escalating issue and cost, particularly since the start of COVID-19.
- The CSO pool will have an annual CPI indexation adjustment, the first of which is commencing on the 1 July 2025.
- From 1 July 2026 a reduction of the allowable wholesale markup. The reduction in the markup will be offset by increasing the CSO pool, initially resulting in no impact to the CSO wholesalers.
- S100's will be added to the CSO pool with additional funding to accommodate the increased service obligation from 1 July 2026.

Paragon is appreciative of the funding increase, although with the fixed CSO funding pool, which is supporting an increasing script volume, and continuing inflationary pressures, it remains a challenging environment. These changes will have no material impact on the Company's FY25 result.

For further information please contact:

David Collins
CEO & Managing Director
david.collins@paragoncare.com.au

This announcement is authorised for release to the market by the CEO of Paragon Care Limited.

About Paragon Care Limited

Paragon is an Australian based listed company in the healthcare sector. It is a leading provider of medical equipment, devices, pharmaceuticals, and consumables to the healthcare markets in Australia, New Zealand and Asia.