ParagonCare
Enabling Healthcare

Paragon Care Limited

ABN 76 064 551 426

Preliminary Final Report - 30 June 2025

(Issued in accordance with ASX Listing Rule 4.3A and the disclosure requirements of ASX Appendix 4E)

1. Company details

Name of entity:	Paragon Care Limited
ABN:	76 064 551 426
Reporting period:	For the year ended 30 June 2025
Previous period:	For the year ended 30 June 2024

2. Results for announcement to the market

				$'000
Revenues from ordinary activities	up	21.7%	to	3,613,887
Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA)(i)	up	98.7%	to	88,466
Normalised earnings before interest, tax, depreciation and amortisation ('Underlying EBITDA')(i)	up	79.5%	to	95,203
Profit from ordinary activities after tax attributable to the owners of Paragon Care Limited	up	151.5%	to	20,574
Profit for the year attributable to the owners of Paragon Care Limited	up	151.5%	to	20,574

Comments
The profit for the Group after providing for income tax amounted to $20,574,000 (30 June 2024: $8,180,000).

(i) Earnings before interest, tax, depreciation and amortisation ('EBITDA') and Normalised earnings before interest, tax, depreciation and amortisation ('Underlying EBITDA') are non-IFRS financial information metrics and have not been subject to audit or review by the ParagonCare's external auditor in accordance with Australian Auditing Standards. Underlying EBITDA is presented to provide insights into the operating and financial performance of the Group to the users of the financial statements.

Review of operations

	30 June 2025 $'000	30 June 2024(i) $'000	Change $'000	Change %
Revenue	3,613,887	2,969,885	644,002	22%
Cost of goods sold	(3,289,886)	(2,793,353)	(496,533)	18%
Gross margin	**324,001**	**176,532**	**147,469**	**84%**
Profit before tax	**25,461**	**13,765**	**11,696**	**85%**
Depreciation and amortisation expenses	29,833	14,756	15,077	102%
Finance costs	33,172	16,007	17,165	107%
Earnings before interest, tax, depreciation and amortisation ('EBITDA')(ii)	**88,466**	**44,528**	**43,938**	**99%**
EBITDA	88,466	44,528	43,938	99%
Integration/Acquisition costs	2,803	5,460	(2,657)	(49%)
Other one-offs	3,934	3,046	888	29%
Normalised earnings before interest, tax, depreciation and amortisation ('Underlying EBITDA')(ii)	**95,203**	**53,034**	**42,169**	**80%**

(i) Operating results for the year ended 30 June 2024 include 12 months results for CH2 Holdings and results for ParagonCare from the date of acquisition (3 June 2024 to 30 June 2024). The comparative operating results are for CH2 Holdings only.

(ii) Earnings before interest, tax, depreciation and amortisation ('EBITDA') and Normalised earnings before interest, tax, depreciation and amortisation ('Underlying EBITDA') are non-IFRS financial information metrics and have not been subject to audit or review by the ParagonCare's external auditor in accordance with Australian Auditing Standards. Underlying EBITDA is presented to provide insights into the operating and financial results of the Group to the users of the financial statements.

Group summary financial performance

The Group delivered a solid underlying result during the year ended 30 June 2025. Revenue was up by 22% to $3,613,887,000 and gross margin was up 84% to $324,001,000. Underlying EBITDA increased by 80% to $95,203,000 reflecting the organic growth of the Group's position along with full-year earnings contributions from the reverse acquisition, and the acquisition of Oborne Health Services (OHS).

3. Any other significant information needed by an investor

Prior Year – Significant changes in the state of affairs

The Reverse Acquisition

On 3 June 2024 ParagonCare completed the 100% acquisition of CH2 Holdings Pty Limited and its controlled entities (collectively, ‘CH2 Holdings’). ParagonCare issued a combined total of 943,524,072 ordinary shares as purchase consideration to the shareholders of CH2 Holdings.

The acquisition of CH2 Holdings was a transformative transaction for ParagonCare executed to create a leading healthcare wholesaler, distributor and manufacturer of significant scale. This acquisition enables ParagonCare to leverage expansion into both companies’ healthcare wholesaling and distribution networks across Australia, New Zealand and Asia, capitalising on and strengthening the combined market presence and operational capabilities in these growing markets.

The acquisition has been accounted for using the principles for reverse acquisition in AASB3 *Business Combinations* (AASB3). The application of the reverse acquisition guidance contained in AASB3 has resulted in ParagonCare (legal parent) being accounted for as the accounting acquiree and CH2 Holdings (legal subsidiary) being accounted for as the accounting acquirer.

Accordingly, the Consolidated Financial Statements for the comparative year ended 30 June 2024 have been prepared as a continuation of the business and operations of CH2 Holdings. As the effective date of acquisition is 3 June 2024, the financial results for the year ended 30 June 2025 reflect a full year’s performance for CH2 Holdings and one month for ParagonCare. Further information on the acquisition and the reported accounting impacts is located in Part 7.

The fair values of assets acquired and liabilities assumed as part of the reverse acquisition were finalised within 12 months and these impacts have been reflected in the 30 June 2024 balance sheet. The acquisition resulted in the recognition of $234,982,000 of goodwill.

4. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	(6.62)	(2.78)

(i) Net tangible assets per ordinary security excludes *Right of Use Assets*.

5. Control gained over entities

Not applicable.

6. Loss of control over entities

Not applicable.

7. Dividend reinvestment plans

Not applicable.

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8. Details of associates and joint venture entities

Not applicable.

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9. Foreign entities

Details of origin of accounting standards used in compiling the report

Not applicable.

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10. Audit qualification or review

Details of audit/review dispute or qualification (if any)

This preliminary final report is based upon the financial statements for the year ended 30 June 2025, which are in the process of being audited by Ernst & Young.

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11. Attachments

Details of attachments (if any)

The Preliminary Final Report of ParagonCare for the year ended 30 June 2025 is attached.

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12. Authority for release

Authorised for release by the Board of Directors 27 August 2025.

Part 2 – Statement of profit or loss and other comprehensive income
For the year ended 30 June 2025

	Note	Consolidated 30 June 2025 $'000	Consolidated 30 June 2024 $'000
Revenue			
Revenue		3,613,887	2,969,885
Cost of goods sold		(3,289,886)	(2,793,353)
Gross profit		324,001	176,532
Other income		281	227
Interest income		3,134	1,627
Expenses			
Warehousing and distribution expenses		(54,356)	(41,069)
Employee benefits expenses		(141,894)	(71,186)
Administration expenses		(38,224)	(21,369)
Depreciation and amortisation expenses		(29,833)	(14,756)
Finance costs		(33,172)	(16,007)
Other expenses		(4,476)	(234)
Profit before income tax expense		25,461	13,765
Income tax expense		(4,887)	(5,585)
Profit after income tax expense for the year attributable to the owners of Paragon Care Limited		20,574	8,180
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Actuarial gain on defined benefit plans, net of tax		(106)	(25)
Hedges reserves, net of tax		(35)	-
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation		5,870	(300)
Other comprehensive income for the year, net of tax		5,729	(325)
Total comprehensive income for the year attributable to the owners of ParagonCare		26,303	7,855
		Cents	**Cents**
Basic earnings per share		1.24	0.87
Diluted earnings per share		1.24	0.87

Paragon Care Limited
Appendix 4E – Preliminary final report
Part 3 – Statement of financial position
As at 30 June 2025

	Note	Consolidated 30 June 2025 $'000	Consolidated 30 June 2024 $'000
Assets			
Current assets			
Cash and cash equivalents		21,898	19,944
Trade and other receivables		402,712	345,986
Inventories		282,544	270,384
Derivative financial instruments		394	719
Income tax refund due		3,057	-
Other assets		49,184	40,712
Total current assets		759,789	677,745
Non-current assets			
Trade and other receivables		1,000	1,500
Other assets		8,945	8,796
Investment properties		1,678	1,711
Deferred tax		2,177	-
Property, plant and equipment		31,189	27,825
Right-of-use assets		44,633	43,834
Goodwill and other intangible assets		384,636	389,210
Total non-current assets		474,258	472,876
Total assets		1,234,047	1,150,621
Liabilities			
Current liabilities			
Trade and other payables		576,942	553,543
Contract liabilities		4,868	10,339
Borrowings		35,360	106,665
Lease liabilities		12,141	10,089
Derivative financial instruments		4,656	334
Income tax payable		-	4,299
Employee benefits		13,405	16,845
Vendor conditional payables		264	321
Total current liabilities		647,636	702,435
Non-current liabilities			
Contract liabilities		272	144
Borrowings		201,359	89,897
Lease liabilities		47,660	48,642
Deferred tax		12,415	12,360
Employee benefits		1,849	1,510
Vendor conditional payables		3,852	3,917
Total non-current liabilities		267,407	156,470
Total liabilities		915,043	858,905
Net assets		319,004	291,716
Equity			
Issued capital		328,488	328,488
Reserves		6,388	(325)
Accumulated losses		(15,872)	(36,447)
Total equity		319,004	291,716

Paragon Care Limited
Appendix 4E – Preliminary final report
Part 4 – Statement of changes in equity
For the year ended 30 June 2025

Consolidated	Issued capital $'000	Reserves $'000	Accumulated losses $'000	Total equity $'000
Balance at 1 July 2023	50,893	-	(32,013)	18,880
Profit after income tax expense for the year	-	-	8,180	8,180
Other comprehensive income for the year, net of tax	-	(325)	-	(325)
Total comprehensive income for the year	-	(325)	8,180	7,855
Transactions with owners in their capacity as owners:				
Issue of equity	277,595	-	-	277,595
Dividends paid	-	-	(12,613)	(12,613)
Balance at 30 June 2024	328,488	(325)	(36,446)	291,717

Consolidated	Issued capital $'000	Reserves $'000	Accumulated losses $'000	Total equity $'000
Balance at 1 July 2024	328,488	(325)	(36,446)	291,717
Profit after income tax expense for the year	-	-	20,574	20,574
Other comprehensive income for the year, net of tax	-	5,870	-	5,870
Total comprehensive income for the year	-	5,870	20,574	26,444
Transactions with owners in their capacity as owners:				
Share-based payments	-	984	-	984
FEC reserve	-	(35)	-	(35)
Actuarial gain/(loss)	-	(106)	-	(106)
Balance at 30 June 2025	328,488	6,388	(15,872)	319,004

Paragon Care Limited
Appendix 4E – Preliminary final report
Part 5 – Statement of cash flows
For the year ended 30 June 2025

	Note	Consolidated 30 June 2025 $'000	Consolidated 30 June 2024 $'000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		3,908,626	3,175,060
Payments to suppliers and employees (inclusive of GST)		(3,875,313)	(3,111,029)
		33,313	64,031
Interest received		3,134	1,575
Interest and other finance costs paid		(30,035)	(14,656)
Interest paid on lease liabilities		(3,137)	(1,585)
Income taxes paid		(14,623)	(4,913)
Net cash (used in) / from operating activities		(11,348)	44,452
Cash flows from investing activities			
Cash acquired as part of the reverse acquisition		-	21,522
Cash consideration for the acquisition of business, net of cash acquired		(463)	(25,063)
Payments for property, plant and equipment		(11,691)	(6,779)
Payments for intangibles		(5,172)	(12,538)
Proceeds from disposal of investments		-	3,199
Proceeds from disposal of property, plant and equipment		685	134
Net cash used in investing activities		(16,641)	(19,525)
Cash flows from financing activities			
Proceeds from borrowings		3,813,577	3,189,449
Dividends paid		-	(12,613)
Repayment of borrowings		(3,773,421)	(3,174,808)
Repayment of lease liabilities		(11,508)	(7,981)
Net cash used in financing activities		28,648	(5,953)
Net increase in cash and cash equivalents		659	18,974
Cash and cash equivalents at the beginning of the financial year		19,944	970
Net foreign exchange difference		1,295	
Cash and cash equivalents at the end of the financial year		21,898	19,944

Part 6 - Basis of preparation

This preliminary final report has been prepared in accordance with ASX Listing Rule 4.3A and the disclosure requirements of ASX Appendix 4E. This report is to be read in conjunction with any public announcements made by Paragon Care Limited during the reporting period in accordance with continuous disclosure requirements of the Corporations Act 2001 and the Australian Securities Exchange Listing Rules.

Part 7 - Reverse acquisition

On 3 June 2024 Paragon Care Limited (ParagonCare) completed the 100% acquisition of CH2 Holdings Pty Limited and its controlled entities (collectively, 'CH2 Holdings'). This acquisition was accounted for with reference to the guidance for reverse acquisitions set out in AASB 3 Business Combinations (AASB3) which was supported by the change in the Board composition of ParagonCare with the majority of directors nominated by CH2 Holdings shareholders (who collectively hold 57% shareholding and voting rights in the Group), key management positions (CEO & Managing Director and Chief Operating Officer) held by the previous executives of CH2 Holdings and the relative size of the two businesses.

The application of the reverse acquisition guidance contained in AASB3 resulted in ParagonCare (legal parent) being accounted for as the accounting acquiree and CH2 Holdings (legal subsidiary) being accounted for as the accounting acquirer. Consequently, information presented in this report, including comparative information, represents a continuation of the financial statements of CH2 Holdings, with the exception of the issued capital. The comparative results for the year ended 30 June 2024 comprise the results of CH2 Holdings for the full year and the results of ParagonCare subsequent to the completion of the acquisition.

The impact of the reverse acquisition on each of the primary statements for the year ended 30 June 2025 is as follows:

- *Consolidated statement of profit or loss and other comprehensive income, Consolidated statement of Changes in Equity and Consolidated statement of Cash Flows*

  As the effective date of acquisition was 3 June 2024, the financial results for the year ended 30 June 2025 reflect a full years performance for both CH2 Holdings and ParagonCare from 1 July 2024 to 30 June 2025.

  The consolidated statements for the comparative year ended 30 June 2024 comprise:
  - the results of CH2 Holdings from 1 July 2023 to 30 June 2024;
  - the results of ParagonCare from 3 June 2024 (date of acquisition) to 30 June 2024

- *Consolidated statement of financial position*
  The fair values of assets acquired and liabilities assumed as part of the reverse acquisition were finalised within 12 months and these impacts have been reflected in the 30 June 2024 balance sheet. The acquisition resulted in the recognition of $234,982,000 of goodwill. The consolidated statement of financial position for both the current and comparative period represents the consolidated position of the Group.

The consolidated financial statements for the year ended 30 June 2025 have been prepared and presented in compliance with Australian Accounting Standards. Where appropriate, the comparative information have been retrospectively updated to comply with the disclosure requirements of Australian Accounting Standards in all respects.

Historical cost convention
The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of financial assets and liabilities at fair value through profit or loss, investment properties and derivative financial instruments.

Functional and presentation currency
The financial statements are presented in Australian dollars, which is ParagonCare's functional and presentation currency.

Rounding of amounts
The Company is of a kind referred to in *Corporations Instrument 2016/191*, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

Part 8 - Operating segments

Identification of reportable operating segments
The Group is organised into two operating segments: Australia/New Zealand ('ANZ') and Asia. The operating segments are based on the reports that are reviewed and used by the CEO (who is identified as the Chief Operating Decision Maker ('CODM')) in assessing performance and to make strategic and operating decisions.

Composition of reportable operating segments
During the year ended 30 June 2025, the Group reassessed the composition of its reportable operating segments in accordance with AASB 8 Operating Segments.

For the year ended 30 June 2024, the Group disclosed two reportable segments being PGC and CH2, noting that segment reporting was subject to change during the Group’s integration process. As integration has progressed, during the first half of the current financial year management determined that the CODM allocates resources and assesses performance based on geographical locations.

Accordingly, from 1 July 2024 the Group’s reportable segments comprise Australia & New Zealand (“ANZ”) and Asia.

Consistent with prior periods, the CODM reviews segment performance based on EBITDA (earnings before interest, tax, depreciation and amortisation), which is a non-IFRS financial measure. The CODM, believes it assists in providing additional meaningful information for stakeholders. Assets and liabilities are not reported separately to the CODM by segment and therefore are disclosed on a consolidated basis only.

Comparative information for the year ended 30 June 2024 has been restated to reflect the revised segment structure, as required by AASB 8.

The information reported to the CODM is on a monthly basis.

Types of products and services
The Group continues to operate only in the healthcare sector which includes the supply of durable medical equipment, medical devices, consumable medical products, and maintenance of technical medical equipment to the health and aged care markets throughout Australia, New Zealand and Asia, as well as the distribution of pharmaceuticals, medical consumables, and complementary medicines to the Australian healthcare market.

Intersegment transactions
Intersegment transactions are eliminated on consolidation.

Intersegment receivables, payables and loans
Intersegment loans are initially recognised at the consideration received. Intersegment loans receivable and loans payable that earn or incur non-market interest are not adjusted to fair value based on market interest rates. Intersegment loans are eliminated on consolidation.

Major customers
During the year ended 30 June 2025 there were no major customers generating over 10% of revenue for the Group (30 June 2024: none)

Part 8 - Operating segments (continued)

Operating segment information

Consolidated - 30 June 2025	**ANZ $'000**	**Asia $'000**	**Total $'000**
Revenue			
Sales to external customers	3,512,552	101,335	3,613,887
Total revenue	3,512,552	101,335	3,613,887
EBITDA	65,107	23,359	88,466
Depreciation and amortisation			(29,833)
Finance costs			(33,172)
Profit before income tax expense			25,461
Income tax expense			(4,887)
Profit after income tax expense			20,574

Consolidated - 30 June 2024	**ANZ $'000**	**Asia $'000**	Total $'000
Revenue			
Sales to external customers	2,961,419	8,467	2,969,886
Total revenue	2,961,419	8,467	2,969,886
EBITDA	42,611	1,917	44,528
Depreciation and amortisation			(14,756)
Finance costs			(16,007)
Profit before income tax expense			13,765
Income tax expense			(5,585)
Profit after income tax expense			8,180

The CODM does not perform a review of the statement of financial position for each of the operating segments.

Geographical information

	Sales to external customers		**Geographical non-current assets**	
	30 June 2025 $'000	**30 June 2024 $'000**	**30 June 2025 $'000**	**30 June 2024 $'000**
ANZ	3,512,552	2,961,418	436,474	438,366
Asia	101,335	8,467	35,607	34,510
	3,613,887	2,969,885	472,081	472,876

Part 9 – Profit from Ordinary Activities

The profit from ordinary activities before income tax includes the following items of revenue and expenses.

a - Revenue

Disaggregation of revenue
The disaggregation of revenue from contracts with customers is as follows:

Note 5. Revenue (continued)

Revenue from contracts with customers - Based on timing of revenue recognition	Consolidated 30 June 2025 $'000	Consolidated 30 June 2024 $'000
Goods transferred at a point in time	3,580,132	2,967,201
Services transferred over time	33,755	2,684
	3,613,887	2,969,885

Major product lines	Consolidated 30 June 2025 $'000	Consolidated 30 June 2024 $'000
Healthcare products	3,613,887	2,969,885

b - Cost of sales

	Consolidated 30 June 2025	Consolidated 30 June 2024
Cost of inventories sold	3,710,770	3,216,993
Supplier rebates	(417,224)	(417,549)
Other costs of goods sold	(3,660)	(6,091)
	3,289,886	2,793,353

Cost of sales comprise of purchase and inwards delivery costs, net of rebates and discounts received or receivable. Shipping and handling costs associated to transfer of goods to the customer are included in warehousing and distribution expenses.

c - Finance costs

	Consolidated 30 June 2025 $'000	Consolidated 30 June 2024 $'000
Interest on bank borrowings	22,821	9,661
Merchant and other finance charges	7,214	4,761
Interest on lease liabilities	3,137	1,585
	33,172	16,007

Part 10 - Cash and cash equivalents

	Consolidated 30 June 2025 $'000	Consolidated 30 June 2024 $'000
Current assets		
Bank and petty cash balances	21,898	19,944

Part 11 - Trade and other receivables

	Consolidated	
	30 June 2025 $'000	**30 June 2024 $'000**
Current assets		
Trade receivables	350,514	282,002
Other receivables	40,959	39,395
Less: Allowance for expected credit losses	(1,538)	(783)
	389,935	320,614
Loan receivables - current	12,777	26,672
Less: Allowance for expected credit losses	-	(1,300)
	12,777	25,372
	402,712	345,986
Non-current assets		
Loan receivables - non-current	1,000	1,500
	403,712	347,486

Trade receivables are presented as current assets unless collection is not expected for more than 12 months after the reporting date. Trade receivables generally have terms of 30 days.

Loans receivables represent balances receivable from customers on extended payment terms and carry interest at agreed terms. Other loans receivable is presented as current assets unless collection is not expected for more than 12 months after the reporting date.

Allowance for expected credit losses
In relation to the trade receivables, the Group has recognised a loss of $1,538,000 (30 June 2024: $783,000) in profit or loss in respect of the expected credit losses for the year ended 30 June 2025.

In relation to the other loans receivable, the Group has recognised a loss of Nil (30 June 2024: $1,300,000) in profit or loss in respect of the expected credit losses for the year ended 30 June 2025.

The ageing of the receivables, other receivables, loan receivables and related allowance for expected credit losses provided for above are as follows:

	Expected credit loss rate		Carrying amount		Allowance for expected credit losses	
Consolidated	**30 June 2025 %**	**30 June 2024 %**	**30 June 2025 $'000**	**30 June 2024 $'000**	**30 June 2025 $'000**	**30 June 2024 $'000**
Not overdue	-	-	339,472	304,648	-	-
Past due 1 - 30 days	-	0.10%	17,588	12,478	-	13
Past due 31 -120 days	2.89%	6.42%	44,662	32,240	1,292	2,070
Past due 121 days	6.97%	-	3,528	203	246	-
			405,250	349,569	1,538	2,083

As at 30 June 2025, the Group holds balances due from a Retail Pharmacy Group of $56,962,000. The Retail Pharmacy Group comprises 103 different legal entities and their corporate trading entity. The total outstanding balance comprises trade receivables of $38,909,000 and non-trade loan/receivables of $18,053,000.

Due to historical payment delays and concentration risks, the Group ceased supply to the Retail Pharmacy Group in March 2025. As at the date of this report, whilst the Group continues to engage with the Retail Pharmacy Group in terms of the

Part 11 - Trade and other receivables (continued)

payment profile of these amounts, the Group acknowledges the judgement and estimation uncertainty in relation to these balances and has recognised an expected credit loss provision of $1,281,000.

Movements in the allowance for expected credit losses are as follows:

	Consolidated	
	30 June 2025 $'000	30 June 2024 $'000
Opening balance	2,083	345
Provision for impairment	(366)	2,105
Provision for impairment loss utilised	(179)	(367)
Closing balance	1,538	2,083

Part 12 - Derivative financial instruments

	Consolidated	
	30 June 2025 $'000	30 June 2024 $'000
Current assets		
Interest rate swaps	-	719
Foreign exchange contracts	394	-
Current liabilities		
Foreign exchange contracts	(4,656)	(334)
	(4,262)	385

Derivatives are classified as current or non-current depending on the expected period of realisation.

An expense of $4,573,000 has been recognised in profit and loss relating to changes in the value of derivative financial instruments. $719,000 of this expense related to the settlement of the interest rate swap during the period. $3,854,000 relates to fair value movements of a portfolio of derivatives that did not qualify for hedge accounting. Historically the private Clifford Hallam business employed enhanced portfolio option structures to manage currency risk while allowing participation in favourable currency movements. The use of a portfolio approach does not meet the strict criteria for hedge accounting which resulted in all portfolio fair value changes being recognised immediately in profit or loss rather than being deferred in other comprehensive income.

The Groups ongoing foreign currency risk management strategy is centred around the adoption of only derivatives which are capable of qualification for hedge accounting at their inception such as forward exchange contracts.

Part 13 - Goodwill and other intangible assets

	Consolidated	
	30 June 2025 $'000	**30 June 2024 $'000**
Non-current assets		
Goodwill - at cost	260,909	260,485
Software - at cost	17,586	30,194
Less: Accumulated amortisation	(7,335)	(19,771)
	10,251	10,423
Brands and licenses - at cost	18,328	18,328
Customer contracts - at cost	100,379	107,894
Less: Accumulated amortisation	(7,469)	(8,496)
	92,910	99,398
Development costs WIP- at cost	2,238	576
	384,636	389,210

Reconciliations
Reconciliations of the written down values at the beginning and end of the current financial year are set out below:

Consolidated	**Goodwill $'000**	**Customer contracts $'000**	**Software $'000**	**Brands and licenses $'000**	**Development costs WIP $'000**	**Total $'000**
Balance at 1 July 2024	260,485	99,398	10,423	18,328	576	389,210
Measurement adjustments	(288)					(288)
Balance at 1 July 2024 (restated)	260,197	99,398	10,423	18,328	576	388,922
Additions	-	100	3,410	-	1,662	5,172
Additions through business combinations	712	-	6	-	-	718
Disposals	-	-	(106)	-	-	(106)
Transfer to other assets	-	-	(115)	-	-	(115)
Exchange differences	-	-	(1)	-	-	(1)
Transfers in/(out)	-	236	(236)	-	-	-
Amortisation expense	-	(6,824)	(3,130)	-	-	(9,954)
Balance at 30 June 2025	260,909	92,910	10,251	18,328	2,238	384,636

Accounting policy for intangible assets
On 3 June 2024, Paragon Care Limited ('ParagonCare') completed the 100% acquisition of CH2 Holdings Pty Limited and its controlled entities (collectively, 'CH2 Holdings'). This acquisition was accounted for with reference to the guidance for reverse acquisitions set out in AASB3 Business Combinations.

The identification of $103,327,000 in separately identifiable intangible assets included $84,952,000 in supplier contracts which will be amortised over varying periods up to 19 years. The related non-cash amortisation expense of $5,289,000 was recognised in the statement of profit or loss and other comprehensive income for the year ended 30 June 2025.

Part 13 - Goodwill and other intangible assets (continued)

Brands and licences
Brands and licences were fair valued as part of the reverse acquisition and are recognised as intangible assets. These assets have indefinite useful lives and are therefore not amortised. Instead, they are tested for impairment annually, or more frequently if events or changes in circumstances indicate that they might be impaired.

Part 14 - Borrowings

	Consolidated 30 June 2025 $'000	Consolidated 30 June 2024 $'000
Current liabilities		
Bank loans	33,836	81,106
Capitalised debt transaction costs	(64)	
Trade finance facility	-	12,909
Other loans	1,101	1,061
Hire purchase	487	11,589
	35,360	106,665
Non-current liabilities		
Bank loans	200,000	87,921
Capitalised debt transaction costs	(128)	
Hire purchase	1,487	1,976
	201,359	89,897
	236,719	196,562

Financing Changes
On 12 June 2025, the Group entered into two separate financing arrangements with Scottish Pacific Business Finance Pty Ltd ("ScotPac"), comprising an amended Debtor Finance Facility providing working capital funding secured against eligible trade receivables, and a separate Asset Based Facility secured over inventory, plant and equipment, and selected non-core receivables.

These facilities replaced prior senior debt funding arrangements with National Australia Bank Limited, which were repaid and terminated in full. A summary of the facility terms and limits are set out below.

Facility	Limit $'000	Drawn as at 30 June 2025 $'000	Maturity	Interest Rate	Line Fee	Financial Covenants
Debtor Finance Facility	325,000	158,836	12/06/2028	BBSY + 3.05%	Nil	Nil
Asset Based Facility	75,000	75,000	12/06/2028	BBSY + 3.05%	Nil	Nil

Deferred Finance Facility (DFF)
The drawings made under the committed DFF facility limit are revolving in nature and accordingly, the balances outstanding are settled daily in cash and are available to be redrawn. The funds collected from customers are cleared overnight by Scottish Pacific Business Finance Pty Ltd as a settlement of the outstanding loan balances.

The $325 million revolving facility includes a minimum committed balance of $125 million which the Group is not required to repay within 12 months. The Directors have exercised judgement in relation to the discretion of classifying $125 million as a non-current liability.

Immediately prior to executing the new facility, the DFF facility limit was $200 million, interest was charged at the 30-Day Bank Bill Swap Rate plus 3.9% and the facility matured in December 2026.

Part 14 - Borrowings (continued)

Asset Based Facility (ABF)
The ABF is a $75,000,000 fixed, unamortising bullet line of credit providing funding against eligible inventory, plant and equipment, and certain receivables not funded under the debtor finance facility. It comprises separate components with advance rates up to 65% for inventory and up to 70% for plant and equipment. The facility operates independently of the DFF and is classified as non-current.

Liabilities under both facilities are measured at amortised cost and presented as current and non-current borrowings based on contractual settlement terms. Both facilities are secured by a first-ranking General Security Deed over all present and after-acquired property of Clifford Hallam Healthcare Pty Ltd and a select group of five Australian resident guarantors.

Both DFF and ABF lines mature on 12 June 2028 but can be voluntarily repaid without penalty on or after 12 June 2027.

Undrawn financing limits
As at 30 June 2025, the Group has access to undrawn financing limits of $187,190,000 (30 June 2024: 148,879,000) including $20,000,000 in an undrawn unsecured American Express facility.

Upon execution of the DFF and ABF the Group voluntarily repaid its two major lines of funding with National Australia Bank (NAB). These two facilities had a combined limit of $129,000,000 and were drawn to $128,000,000 at the time of repayment.

The facilities, and their associated securities and guarantees, were fully discharged including the termination of the pre-existing interest rate swap arrangement which had a notional amount of $35,000,000 whereby the Group exchanged the banks variable interest rate for a fixed rate of 3.5%.

The group retained its existing hire-purchase line of $3,000,000 with NAB. As at 30 June 2025 $1,974,000 was utilised and is secured by the individual pieces of equipment under lease.

Financing arrangements
As at 30 June 2025 and 30 June 2024, the Group had access to the following lines of credit:

	Consolidated	
	30 June 2025 $'000	30 June 2024 $'000
Total facilities		
Bank loans	400,000	307,380
Trade finance facility	-	20,000
Other loans	1,101	1,061
Hire purchase	3,000	17,000
American Express Facility	20,000	-
	424,101	345,441
Used at the reporting date		
Bank loans	233,836	169,027
Trade finance facility	-	12,909
Other loans	1,101	1,061
Hire purchase	1,974	13,565
American Express Facility	-	-
	236,911	196,562
Unused at the reporting date		
Bank loans	166,164	138,353
Trade finance facility	-	7,091
Other loans	-	-
Hire purchase	1,026	3,435
American Express Facility	20,000	-
	187,190	148,879

Part 14 - Borrowings (continued)

Bank Guarantees
As part of the arrangements with NAB and Scottish Pacific Business Finance Pty Ltd the Group has access to bank guarantees. As of 30 June 2025, the bank guarantees used were $9,549,673 (30 June 2024: $9,238,373) and related to property leases held by the various landlords as security.

Part 15 - Issued capital

Due to the reverse acquisition described in note 2 to the financial statements, number of shares on issue reflect that of ParagonCare (*legal parent*) and the contributed equity represents that of CH2 Holdings (*accounting acquirer*).

	Consolidated			
	30 June 2025 Shares	30 June 2024 Shares	30 June 2025 $'000	30 June 2024 $'000
Ordinary shares - fully paid	1,655,305,389	1,655,305,389	328,488	328,488

Movements in ordinary share capital

Details	Date	Shares	$'000
Balance	1 July 2023	659,345,929	50,893
Issue of shares under the dividend reinvestment plan	6 October 2023	8,522,250	-
Shares issued in relation to reverse acquisition	3 June 2024	943,524,072	277,595
Issue of shares on vesting of performance rights	3 June 2024	43,913,138	-
Balance	30 June 2024	1,655,305,389	328,488
Balance	30 June 2025	1,655,305,389	328,488

Capital risk management
The Group's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group would look to raise capital when an opportunity to invest in a business or company was seen as value adding relative to the current Company's share price at the time of the investment.

When managing capital, the Directors' objective is to ensure the Company continues as a going concern as well as to maintain optimal returns to shareholders. The Directors also aim to maintain a capital structure that ensures the lowest cost of capital available to the Company. The Directors are constantly monitoring the Company's capital requirements and capital structure to take advantage of favourable opportunities for raising capital. The Directors have no current plans to issue further shares or options on the market unless they conclude a further material business acquisition.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as 'borrowings' as shown in the statement of financial position less 'cash and cash equivalents' as shown in the statement of financial position. Total capital is calculated as 'total equity' as shown in the statement of financial position (including non-controlling interest) plus net debt.

The Group is not subject to any externally imposed capital requirements.

Part 16 - Reserves

	Consolidated	
	30 June 2025 $'000	30 June 2024 $'000
Foreign currency translation reserve	5,588	(282)
Hedging reserve	(53)	(18)
Share-based payments reserve	984	-
Actuarial reserves	(131)	(25)
	6,388	(325)

Foreign currency reserve
The reserve is used to recognise exchange differences arising from the translation of the financial statements of foreign operations to Australian dollars.

Share-based payments reserve
The reserve is used to recognise the value of equity benefits provided to employees and directors as part of their remuneration, and other parties as part of their compensation for services.

On 21 November 2024 following shareholder approval at the AGM, the Company granted Performance Rights to Ms Carmen Riley across three tranches in the financial years ending 30 June 2025 ('FY25'), 30 June 2026 ('FY26') and 30 June 2027 ('FY27') (each, an Award Year) on the terms below.

The number of Performance Rights that vest will be subject to satisfaction of the following service and performance conditions:

- The service condition requires continuous employment for a three-year period commencing on 1 July 2024. The service condition may be waived by the Board.
- The performance condition based on the Company's compound annual growth rate ('CAGR') of its net profit before tax ('NPBT') for the relevant Award Years.

The grant date fair value of the performance rights has been assessed as $0.50. During the current period, share-based payment expense of $984,119 has been recognised.

Movements in reserves
Movements in each class of reserve during the current and previous financial year are set out below:

Consolidated	Foreign currency translation reserve $'000	Share-based payments reserve $'000	Hedge Reserve $'000	Actuarial reserves $'000	Total $'000
Balance at 1 July 2024	(282)	-	(18)	(25)	(325)
Foreign currency translation reserve	5,869	-	-	-	5,869
Hedge Reserve	-	-	(35)	-	(35)
Share-based payments	-	984	-	-	984
Actuarial reserve	-	-	-	(105)	(105)
Balance at 30 June 2025	5,588	984	(53)	(130)	6,388

Part 17 - Dividends

Dividends
Dividends represent the amounts declared and paid to the former shareholders of CH2 Holdings, prior to the completion of reverse acquisition. No dividend has been declared in the current period.

	Consolidated	
	30 June 2025 $'000	30 June 2024 $'000
Final dividend for the year ended 30 June 2023	-	12,613

Franking credits

	Consolidated	
	30 June 2025 $'000	30 June 2024 $'000
Franking credits available for subsequent financial years based on a tax rate of 30%	30,252	21,602

The above amounts represent the balance of the franking account as at the end of the financial year, adjusted for:
- franking credits that will arise from the payment of the amount of the provision for income tax at the reporting date
- franking debits that will arise from the payment of dividends recognised as a liability at the reporting date
- franking credits that will arise from the receipt of dividends recognised as receivables at the reporting date

Part 18 - Business combinations

Acquisition of CH2 Holdings Pty Limited
On 3 June 2024, Paragon Care Limited ('ParagonCare') completed the 100% acquisition of CH2 Holdings Pty Limited and its controlled entities (collectively, 'CH2 Holdings'). This acquisition was accounted for with reference to the guidance for reverse acquisitions set out in AASB3 *Business Combinations*. The application of the reverse acquisition guidance contained in AASB3 resulted in ParagonCare (legal parent) being accounted for as the accounting acquiree and CH2 Holdings (legal subsidiary) being accounted for as the accounting acquirer.

The fair values of the assets acquired, and the liabilities assumed at the acquisition date of 3 June 2024, were provisionally determined at the previous reporting date of 30 June 2024 (refer to Note 36 of the Group's 30 June 2024 financial report). During the year ended 30 June 2025, the Group engaged an external specialist to assist in performing the final purchase price allocation. As a result, adjustments were made to the provisional fair values as disclosed in the June 2024 financial report with corresponding impact on the net deferred tax liabilities.

Finalisation of the purchase price accounting was completed within the 12-month measurement period, resulting in retrospective changes to the provisional fair values presented in the statement of financial position previously reported.

The identification of $103,327,000 in separately identifiable intangible assets included $84,952,000 in customer contracts which will be amortised over varying periods up to 19 years. The related amortisation expense of $5,289,000 was recognised in the statement of profit or loss and other comprehensive income for the year ended 30 June 2025.

The following table summarises the final purchase price allocation as of the acquisition date:

Part 18 - Business combinations (continued)

Identifiable assets and liabilities acquired	**Final fair value $'000**
Cash and cash equivalents	21,522
Trade and other receivables	38,207
Inventories(i)	75,016
Derivative Financial Instruments	333
Investment Property(ii)	1,715
Property, plant and equipment(iii)	15,090
Intangibles(iv)	103,615
Right-of-use assets	19,069
Other assets(vi)	3,750
Trade and other payables(vii)	(51,343)
Contract Liabilities(viii)	(6,113)
Employee benefit provision(x)	(11,723)
Income Tax(ix)	(2,478)
Deferred tax liabilities(v)	(10,816)
Lease liabilities(xi)	(31,434)
Vendor conditional payables(xii)	(4,238)
Borrowings	(117,559)
Net assets acquired(xiii)	42,325
Goodwill on acquisition	234,982
Representing:	
Fair value of the shares issued as consideration	277,595

(i) The acquisition date final fair value of the inventories has been determined to be $75,016,000. During the measurement period adjustment of $459,000 has been recognised due to refinements made to the preliminary valuation (as disclosed in note 36 of the June 2024 annual report).

(ii) The acquisition date final fair value of the investment property has been determined to be $1,715,000. During the measurement period adjustment of $(418,000) has been recognised due to refinements made to the preliminary valuation (as disclosed in note 36 of the June 2024 annual report).

(iii) The acquisition date provisional fair value of the property, plant and equipment has been determined to be $15,090,000. During the measurement period adjustment of $(320,000) has been recognised due to refinements made to the preliminary valuation (as disclosed in note 36 of the June 2024 annual report).

(iv) The acquisition date final fair value of the identifiable intangibles has been determined to be $103,615,000. During the measurement period adjustments of $97,747,000, have been recognised due to refinements made to the preliminary valuation (as disclosed in note 36 of the June 2024 annual report). Below identifiable intangibles have been recognised by the Group:
- Brands and licenses: $18,328,000 (useful life: indefinite)
- Supplier agreements: $85,287,000 (useful life: straight-line over 10 to 19 years)

(v) The acquisition date provisional fair value of the Deferred Tax Liability has been determined to be $10,816, During the measurement period adjustments of $29,002,0000 has been recognised due to refinements made to the preliminary valuation (as disclosed in note 36 of the June 2024 annual report).

(vi) The acquisition date final fair value of the other assets has been determined to be $3,750,000. During the measurement period adjustment of $885,000 has been recognised due to refinements made to the preliminary valuation (as disclosed in note 36 of the June 2024 annual report).

(vii) The acquisition date final fair value of the trade and other payables has been determined to be $51,343,000. During the measurement period adjustment of $355,000 has been recognised due to refinements made to the preliminary valuation (as disclosed in note 36 of the June 2024 annual report).

(viii) The acquisition date final fair value of the contract liabilities has been determined to be $6,113,000. During the measurement period adjustment of $866,000 has been recognised due to refinements made to the preliminary valuation (as disclosed in note 36 of the June 2024 annual report).

(ix) The acquisition date final fair value of the Income Tax has been determined to be $2,478,000. During the measurement period adjustment of $(800,000) has been recognised due to refinements made to the preliminary valuation (as disclosed in note 36 of the June 2024 annual report).

(x) The acquisition date final fair value of the employee benefits has been determined to be $11,723,000. During the measurement period adjustment of $514,000 has been recognised due to refinements made to the preliminary valuation (as disclosed in note 36 of the June 2024 annual report).

(xi) The acquisition date final fair value of the lease liabilities has been determined to be $31,424,000. During the measurement period adjustment of $3,466,000 has been recognised due to refinements made to the preliminary valuation (as disclosed in note 36 of the June 2024 annual report).

(xii) The acquisition date final fair value of the vendor conditional payables has been determined to be $4,238,000. During the measurement period adjustment of $3,039,000 has been recognised due to refinements made to the preliminary valuation (as disclosed in note 36 of the June 2024 annual report). The measurement period adjustment reflects the increase in the vendor conditional payable to reflect the expected amount payable to the vendors as of the acquisition date.

Part 18 - Business combinations (continued)

(xiii) During the measurement period, the Group identified and recorded measurement period adjustments to the ParagonCare's final purchase price allocation, as a result of the additional analysis performed. These adjustments resulted in a total reduction in goodwill of $60,244,000. The goodwill recognised is attributed to:
- the expected synergies and other benefits from combining the assets and activities of ParagonCare with those of the Group.
- the requirement to record the deferred tax balances for the difference between the assigned values and the tax bases of the identifiable assets and liabilities acquired in the business combination.
The goodwill is not deductible for income tax purposes.

Acquisition of Oborne Health Supplies (OHS)

On 28 February 2024, CH2 Holdings acquired the assets and liabilities of Oborne Health Supplies ('OHS' or 'Oborne') for a total cash consideration of $25,063,000. The transaction was assessed to be a business combination under AASB3 wherein CH2 Holdings was the acquirer and OHS was the acquiree. The effective date of acquisition was 1 March 2024.

OHS is a leading distributor of TGA listed medicines, natural, traditional and complementary health products to the complementary and orthodox healthcare sectors. The acquisition of OHS is a natural fit within CH2 Holdings' healthcare distribution business with overlapping customers in the retail pharmacy and primary care.

Finalisation of the purchase price accounting was completed within the 12-month measurement period, resulting in retrospective changes to the provisional fair values presented in the statement of financial position previously reported. There is no impact to the statement of profit or loss and other comprehensive income for the year ended 30 June 2025.

The final fair values of the identifiable assets and liabilities of OHS as at the date of acquisition were:

	Final fair value $'000
Trade and other receivables[(i)]	7,878
Inventories[(ii)]	7,264
Property, plant and equipment[(iii)]	326
Intangibles[(iv)]	5,298
Trade and other payables	(6,671)
Employee benefits provision	(950)
Deferred tax liabilities[(v)]	(1,590)
Net assets acquired	11,555
Goodwill on acquisition[(vi)]	13,508
Cash consideration paid	25,063
Representing:	
Cash paid	25,063

(i) The acquisition date final fair value of the trade and other receivables has been determined to be $7,878,000. During the measurement period adjustment of $316,000 has been recognised due to refinements in reported categories (as disclosed in note 36 of the June 2024 annual report).
(ii) The acquisition date final fair value of the inventories has been determined to be $7,264,000. During the measurement period adjustment of $316,000 has been recognised due to refinements in reported categories (as disclosed in note 36 of the June 2024 annual report)
(iii) The acquisition date final fair value of the property, plant and equipment has been determined to be $326,000. During the measurement period adjustment of $161,000 has been recognised due to refinements made to the preliminary valuation (as disclosed in note 36 of the June 2024 annual report).
(iv) The acquisition date final fair value of the identifiable intangibles has been determined to be $5,298,000, which represents supplier agreements and relationships. These intangible assets are amortised on a straight-line basis over the useful lives of 25 years.
(v) The deferred tax liability on the identifiable intangibles has been determined to be $1,590,000.
(vi) During the measurement period, the Group identified and recorded measurement period adjustments to the OHS provisional purchase price allocation, as a result of the additional analysis performed. These adjustments resulted in a total reduction in goodwill of $2,676,000. The goodwill recognised is attributed to:
- the expected synergies and other benefits from combining the assets and activities of OHS with those of the Group.
- the requirement to record the deferred tax balances for the difference between the assigned values and the tax bases of the identifiable assets and liabilities acquired in the business combination.

Goodwill is allocated entirely to the ANZ segment. The goodwill is not deductible for income tax purposes.

Part 19 - Reconciliation of profit after income tax to net cash from operating activities

	Consolidated	
	30 June 2025 $'000	**30 June 2024 $'000**
Profit after income tax expense for the year	20,574	8,180
Adjustments for:		
Depreciation and amortisation	29,833	14,756
Share based payment	984	
Allowance for expected credit losses	(545)	1,738
Provision for obsolete inventory	201	411
Foreign exchange gain/loss on derivatives	4,573	
Other	1,206	
Finance Income	(3,134)	(1,627)
Finance costs	33,172	16,241
Gain on disposal investments	-	(199)
Decrease/(increase) in trade receivables	(53,555)	(97,858)
Decrease/(increase) in inventories	(10,139)	(6,109)
Decrease/(increase) in deferred tax assets	(2,075)	(1,004)
Increase/(decrease) in trade payables	22,194	121,418
(Decrease)/increase in other assets	(7,198)	(3,828)
(Decrease)/increase in provision for income tax	(7,660)	1,676
Increase/(decrease) in other payables	(6,248)	4,838
Increase/(decrease) in provisions and employee benefits	(3,492)	485
Interest received	3,134	1,575
Interest paid	(33,172)	(16,241)
Net cash from operating activities	(11,348)	44,452

Part 20 - Earnings per share

	Consolidated 30 June 2025 $'000	Consolidated 30 June 2024 $'000
Profit after income tax attributable to the owners of ParagonCare	21,422	8,381
	Number	**Number**
Weighted average number of ordinary shares used in calculating basic earnings per share	1,655,305,389	935,227,444
Weighted average number of ordinary shares used in calculating diluted earnings per share	1,657,519,656	935,227,444
	Cents	**Cents**
Basic earnings per share	1.24	0.87
Diluted earnings per share	1.24	0.87

As noted in note 2 to the financial statements CH2 Holdings completed the reverse acquisition of ParagonCare on 3 June 2024. The weighted average number of ordinary shares outstanding (the denominator of the earnings per share calculation) were calculated as follows:

For the year ended 30 June 2025

- The weighted average number of ordinary shares outstanding during the year ended 30 June 2025 are the actual number of ordinary shares of ParagonCare outstanding during that period.

For the year ended 30 June 2024

- The profit or loss of CH2 Holdings attributable to ordinary shareholders in the year ended 30 June 2024 divided by CH2 Holdings' historical weighted average number of ordinary shares outstanding during that period multiplied by the exchange ratio established in the reverse acquisition.

Part 21 – Events after the reporting period

On 2 July 2025 the Group acquired 100% of the share capital of AHP Dental & Medical Pty Ltd (AHP) for total cash consideration of $7,600,000. AHP supply a wide range of leading global brands across the dental market. Since its inception more than 15 years ago, AHP has become a well-known supplier to healthcare professionals across Australia with quality products at great prices.

AHP are an Australian-owned business that commits to providing a superior, personalised service to dental practices. AHP distributes a range of over 7,000 products from over 50 brands to a broad and diversified dental customer base of more than 2,500. This strategic acquisition will enable the Group to expand its newly formed dental division quickly.

ParagonCare sees this acquisition accelerating its planned dental organic rollout which will now provide us with a comprehensive range covering the dental market. ParagonCare sees this acquisition as a natural fit within our healthcare distribution business with some overlapping customers and suppliers and it complements our strategy of continuing to increase range and scale in distribution. As such this acquisition is a logical step in advancing ParagonCare's commitment to Australian healthcare.

In the short term the business will continue to trade as AHP Dental & Medical until we have detailed our integration plans with the view of expanding AHP through the ParagonCare warehouse network, and onto the ParagonCare IT platform.

No other matter or circumstance has arisen since 30 June 2025 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.