

# Annual Report 2025



**ParagonCare**  
Enabling Healthcare

Foreword

ParagonCare is one of Asia Pacific’s leading diversified healthcare distributors and manufacturers. We’ve been delivering pharmaceuticals, capital equipment, diagnostics, medical consumables, devices and complementary medicines for over 100 years. We started out in Australia in 1918, and our transformational journey culminated in our 2024 merger of Clifford Hallam and ParagonCare. Today, we are an ASX-listed diversified healthcare leader, making healthcare simpler, smarter, and more accessible across Asia Pacific.

Acknowledgement of Country and Traditional Owners

ParagonCare acknowledges the Traditional Owners of the country in which our headquarters are located, in Australia. We recognise the continuing connection to lands, waters and communities and pay our respects to Aboriginal and Torres Strait Islander cultures and their Elders past and present.



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**Peter Lacaze**  
Chairman



**David Collins**  
Managing Director / CEO

## ParagonCare Chairman's & CEO Report

We are pleased to share this comprehensive annual report showcasing a year of solid performance and growth following the successful merger with Clifford Hallam Healthcare Pty Ltd (CH2) in June 2024. We are happy to provide shareholders and investors with a good set of results in what has been an exciting and challenging year.

We've successfully brought together three culturally different businesses across seven countries. Over the past twelve months we have merged systems, teams and processes across ParagonCare, CH2 and Osborne businesses. We've become laser focused on making healthcare simpler, smarter, and more accessible across Asia Pacific.

Our vision is for ParagonCare to be Asia Pacific's most trusted and efficient diversified healthcare distribution and manufacturing partner. We will achieve this through our customer focus, extensive product range, knowledge-based solutions, and best-in-class logistics and technology.

### Financials

We are satisfied with what we have achieved with the business over the past twelve months. These results reflect the strength of our team and the opportunities we have taken to lead in healthcare across the Asia Pacific region.

This annual report sets out our year of trading featuring a positive 8.3% growth in our revenue of \$3.6 billion. We grew our underlying EBITDA by 3% to \$95.2 million and underlying net profit rose by 9.5% to \$31.2 million. This revenue growth was driven by sales in some key channels:

- Wholesale increased 8% to \$3.0 billion
- Medical Technology remained consistent, up 1% to \$298 million
- Clinical Manufacturing grew 9% to \$25m

### Operations

Our business now covers a large geographical footprint with a broad customer base across seven countries: Australia, New Zealand, Thailand, Korea, Japan, Philippines and Vietnam.

Over the past twelve months we've restructured the business into four go-to-market sales channels: Wholesale, Medical Technology, Clinical Manufacturing and Contract Logistics. Each channel is supported by dedicated sales teams and our Shared Services structure.

Whilst busy restructuring the business with our growing team of over 1,200 colleagues, we're happy to report several new agencies were signed including CMR and Classys. We signed our first contract manufacturing agreement to run out our new Mount Waverly facility in Melbourne. We also have a new large contract logistics customer, Owens and Minor who came on board in June 2025, plus we've launched new business units focused on aesthetics, robotics and dental across Australia and New Zealand. Whilst our aesthetics business has continued to grow across the whole of Asia.

We've continued to expand our distribution partners across our whole network. This entailed consolidating seven sites in our network, and our new Brisbane site will come on board in FY26.

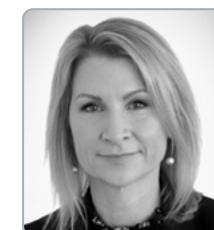
Our ongoing acquisitions activity included a dental business in Australia, AHP Dental, and a small New Zealand capital service business called Image Space, which will enable us to improve our service capability and depth. Our teams have been busy integrating Osborne, Design For Vision, REM Australia, Western BioMedical, Specialist Medical Supplies and parts of Surgical Specialties onto our Enterprise Resource Planning (ERP) platform, JDE.

### Future

Our key focus for FY26 is rounding out the final year in our 3-2-1 strategic initiative: three businesses, two years, one team. To deliver this business initiative our strategy will concentrate on:

- continuing integration of our systems, technology and operations
- organic growth across our existing and new business units
- investing in our people
- expanding our footprint in Asia with active mergers and acquisitions

Our FY25 financial performance provides a solid platform for continual growth in FY26 and beyond. Through our agility, experience, and innovation, we're enabling healthcare providers with solutions to achieve optimal patient care, whilst we become a trusted diversified healthcare distribution and manufacturing partner in Asia Pacific.



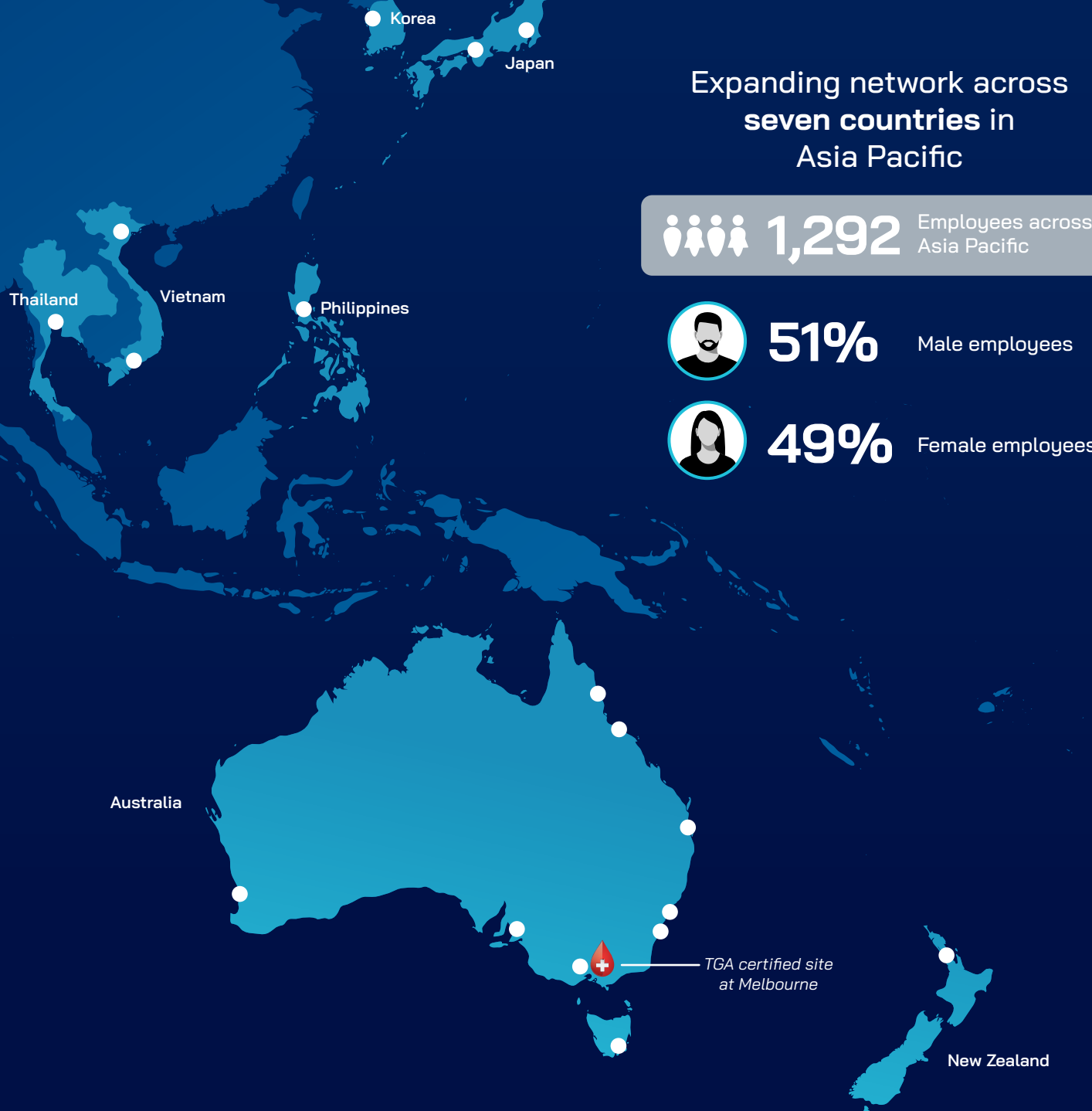
**Introducing our new CEO**  
**Carmen Riley**

Carmen Riley was appointed Chief Executive Officer in July 2025. Previously Carmen was Chief Operating Officer of CH2 after holding several senior positions within CH2 for over fifteen years. Carmen was instrumental in bringing Osborne, ParagonCare, and CH2 together. Before joining CH2 Carmen was CEO of Intouch from July 2008, which was acquired by CH2 Holdings in 2010.

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



# Business Snapshot



Expanding network across  
**seven countries in**  
Asia Pacific

**1,292** Employees across Asia Pacific

**51%** Male employees

**49%** Female employees

TGA certified site  
at Melbourne

New Zealand

Australia



## Who we are:

ParagonCare is a leading diversified healthcare distributor and manufacturer in Asia Pacific.



## Purpose:

To make healthcare simpler, smarter, and more accessible across Asia Pacific.



## Vision:

To be Asia Pacific's most trusted and efficient diversified healthcare distribution and manufacturing partner. We achieve this through a combination of customer focus, extensive product range, knowledge-based solutions, and "best in class" logistics and technology.



## What we do:

Our 1,292 colleagues are committed to delivering clinical manufacturing, and distributing pharmaceuticals, capital equipment, diagnostics, medical consumables, devices, and complementary medicines - ensuring consistent value and reliability for our customers and partners. This approach coupled with superior technology and data, is enabling healthcare providers with solutions that achieve optimal patient care.



## Business strategy:

After the acquisition of Osborne Health Supplies by Clifford Hallam Healthcare (CH2), and the merger of CH2 with Paragon Care Ltd in 2024, we introduced our **3-2-1 strategic initiative** which neatly summarises the strategy for our new company, ParagonCare.... three businesses, two years, one team. Now in its second year, this initiative continues to drive alignment, integration and performance across ParagonCare.

Three Businesses  
**3**

Two Years  
**2**

One Team  
**1**



## Customer Networks

Our customers and vendors are of equal importance to us and feature across four channels, with multiple markets serviced by our dedicated business units, supported by our colleagues who are the key to the success of ParagonCare.



### How we achieve our business strategy to be a leading diversified healthcare distributor and manufacturer in Asia Pacific:

- Being the leading independent wholesaler and distributor in the Asia Pacific healthcare market by providing tailored solutions in leveraging our comprehensive range, with a unique combination of *quality*, *service* and *price* being key value drivers 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, hub and bespoke solutions.



Business Focus

Across Asia Pacific we operate in four channels: Wholesale, Medical Technology, Clinical Manufacturing and Contact Logistics – with multiple markets serviced by our business units and supported by our Shared Services teams.



- Pharmacy**
- Independent retail pharmacies
  - Non-affiliated groups
  - Affiliated groups (second line wholesaler)
  - Public and Private Hospitals
  - Retail Hospitals



- Medical Consumables**
- Community
  - Aged Care
  - Non-acute care
  - Primary Care
  - Allied Health



- Complementary Medicines**
- ParagonCare Prescribe
  - Practitioner
  - Retail
  - Traditional Chinese Medicine
  - Naturopaths
  - Nutrition Care
  - Pharmacies



- Dental**
- Retail Private dental clinics
  - Public and Private Hospitals
  - Direct support
  - Organisation (corporate groups)
  - Group procurement accounts
  - Teaching institutions



- Private Label**
- Hospitals: Public and Private
  - Aged Care facilities
  - Community Care providers
  - Pharmacies: Retail and Hospitals
  - Primary Care
  - Dental
  - Allied health practices
  - Home and self-care



- OEM Devices**
- Hospitals: Public and Private
    - Newborn Care
    - Infusion therapies
    - Critical Care
    - Surgical
    - Urology
    - Oncology
    - Medical consumables
  - Hospital in the home
  - Ambulatory Care



- OEM Capital**
- Hospitals: Public and Private, private practice
    - Ultrasound
    - Radiology
    - Surgical imaging
    - Molecular imaging
    - AI solutions



- Service**
- Hospitals: Public and Private, healthcare facilities
    - Equipment management
    - Equipment repair and maintenance
    - OEM service representation
    - Telecommunications
    - Access control
    - Patient and Nurse monitoring



- Surgical Implants / Orthopaedics**
- Hospitals: Public and Private
  - Day surgeries
  - Specialist Orthopaedic surgeons



- Aesthetics**
- Clinics
  - Cosmetic surgeons
  - Dermatologists
  - Primary Care



- Vision**
- Hospitals: Public and Private
  - Optometrists: Retail practices
  - Optometrists: Clinical settings
  - Universities: Teaching institutions
  - Ophthalmologists
  - Day surgeries: Public and Private



- Robotics**
- Hospitals: Public and Private
    - Minimally invasive robotic assisted surgery
    - Navigation robotics for surgery



- Clinical Manufacturing**
- Pathology laboratories
  - IVF clinics
  - Microbiology laboratories
  - Universities
  - Blood banks
  - Hospitals: Public and Private sectors



- Contract Logistics**
- Pharmacy
  - Consumables
  - Devices






## Financial performance overview

FY25 was a year of solid performance and growth following the successful merger with Clifford Hallam Healthcare Pty Ltd (CH2) in June 2024.

### FY25 Underlying\*

	<b>\$3.6+ billion</b>	Revenue
	<b>\$95.2 million</b>	EBITDA
	<b>\$31.2 million</b>	Net Profit After Tax

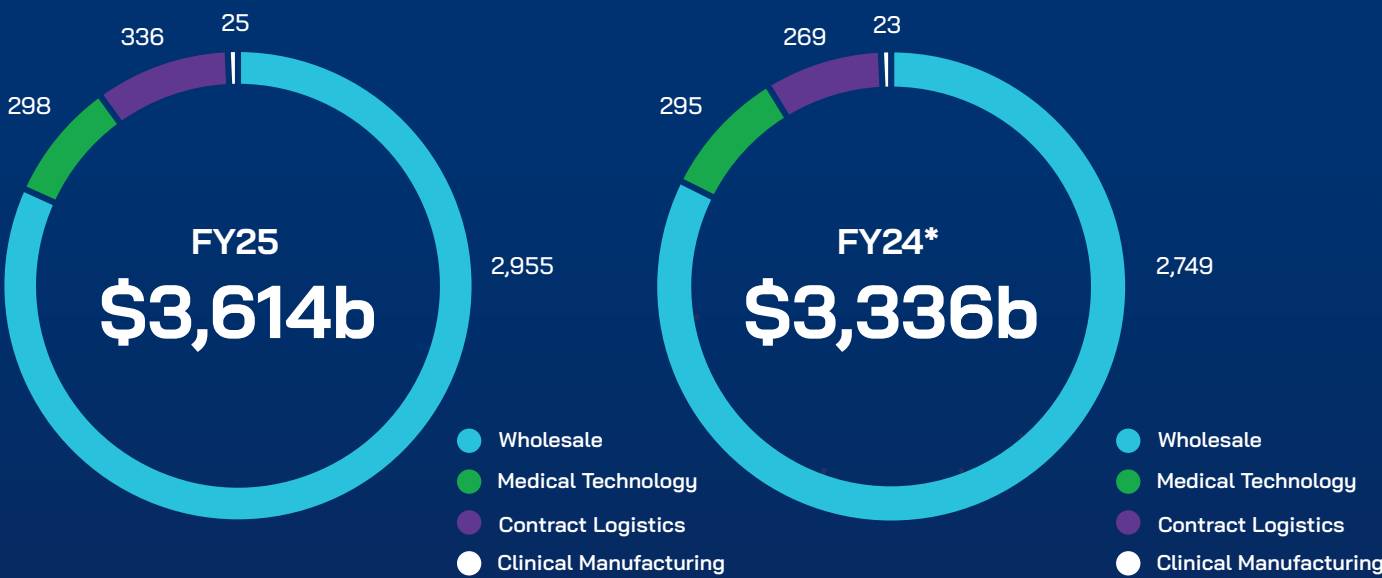
### FY25 Statutory

	<b>\$3.6+ billion</b>	Revenue
	<b>\$88.5 million</b>	EBITDA
	<b>\$20.6 million</b>	Net Profit After Tax

\* FY25 Underlying EBITDA results reflect a full year of the consolidated contributions from CH2 Holdings Pty Ltd, ParagonCare and Osborne and excludes non-recurring one-offs of \$6.7m. Also, NPAT excludes the impacts of non-cash PPA adjustments of \$5.6m associated with the reverse acquisition of ParagonCare by CH2 Holdings Pty Ltd on 3 June 2024.

## Strong sales performance across all sales channels

### Sales Performance (\$m)



### ANZ / Asia Revenue Growth



\* To enhance comparability, FY24 revenue is proforma in nature and 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.



# Wholesale highlights



## Together, our Wholesale business units strengthen healthcare access in Australia and throughout the Asia Pacific region.

In FY25, our Wholesale division delivered solid performance across all **business units**: Pharmacy, Medical Consumables, Complementary Medicine and Dental. Together, they supported aged care providers, hospitals, community health centres and pharmacies - strengthening healthcare access.

**Pharmacy** performed strongly this year. We remained Australia's only independent CSO wholesaler. Our Vantage program provides independent pharmacies with a low-cost wholesale and centralised technology platform to help them compete with larger players. During FY25, this program grew to service more than 500 pharmacies. In the hospital sector, we achieved market share growth nationwide, securing key agreements including a first-line wholesaler partnership.

**Medical Consumables** adapted well in a competitive market. We saw increased demand for private-label products and long-term contracts that will underpin future performance.

Operationally, the successful integration of the ParagonCare Specialist Medical Supplies (SMS) portfolio into the unified ERP system was a major milestone. This consolidation has significantly enhanced supply chain visibility, streamlined promotional capabilities, and improved digital procurement access via the CH2 Direct e-commerce platform. These enhancements have strengthened our position in the Primary Care segment, enabling increased sales to existing customers, and new account growth in an expanding healthcare sector.

In New Zealand, we've significantly strengthened our footprint in the private healthcare sector by establishing strategic supplier partnerships with the largest private hospital group. In the public sector, we secured all product category listings across the ParagonCare range offered on the New Zealand Pharmaceutical Management Agency (Pharmac) schedule. We also transitioned all public hospitals to EDI (Electronic Data Interchange), substantially improving delivery efficiency and positioning ParagonCare for success in the upcoming rollout of the National Product Catalogue, that has been delayed until 2026.

**Complementary Medicine** made significant strides in streamlining systems and launching new platforms. Integration begun soon after the merger in late 2024 allowing us to reconfigure supply networks and consolidate inventory into core hubs. Our Australian footprint expanded into Adelaide and Newcastle. We relaunched ParagonCare Prescribe - a platform enabling practitioners to prescribe and deliver therapeutic goods direct to patients. This supports care continuity and strengthens our practitioner channel. We've also progressed with migrating Osborne into our ERP, JDE, improving operational efficiency. Several new partnerships helped us extend our product range. In Korea and New Zealand, we are exploring practitioner-led models to drive new engagement and market entry. We recorded year-on-year growth despite transition pressures.

FY25 was a milestone year with the launch in May of our **Dental** business unit at the Australian Dental Congress in Perth. Since then, we've expanded rapidly with four Business Development Managers appointed in Australia. In July, we acquired AHP Dental and Medical, expanding our portfolio and accelerating our national reach.

ParagonCare now delivers a broader and more integrated wholesale offering to the healthcare market, combining pharmaceuticals, medical consumables, complementary medicine, and now dental supplies.



# Medical Technology highlights

Across our Medical Technology division, FY25 was a year of momentum. We expanded portfolios, built new market access, and delivered improvements in service coverage, product rollout, and operational efficiency.

Our Medical Technology division comprises of OEM Capital, OEM Devices plus Vision, Aesthetics, and Surgical Implants / Orthopaedics. Each unit helped our Medical Technology division continue to grow across Australia, New Zealand, Korea, Philippines, Japan, Vietnam and Thailand. ParagonCare will enter the surgical robotics sector in FY26 in Australia and New Zealand through our new partner CMR Surgical. Together, we aim to broaden access to robotic-assisted surgery and improve patient outcomes.

**OEM Capital** saw strong performance this year. We expanded our imaging portfolio by securing several new agreements. In New Zealand, we increased our clinical support for Samsung ultrasound and expanded our technical service capability through acquisition, which increased support for brands like Carestream and CMR Surgical. In the Philippines and Japan, we introduced new imaging systems and formed new product partnerships, opening new access to diagnostic markets. In Japan, we also added distribution for retrofit digital solutions. Growth continued in the Philippines with Picture Archiving and Communication System (PACS), a medical imaging technology.

We strengthened our **OEM Devices** offering across infusion, oncology, neonatal, and surgical products. The successful launch of the Avoset Infusion System marked a major step in expanding our infusion portfolio, with strong uptake across Hospital in the Home (HITH) and Regional Anaesthesia segments. In parallel, the national transition to Sapphire MT infusion pumps for home parenteral nutrition saw over 250 devices deployed, reinforcing our reputation for seamless technology transitions and robust clinical support. We also strengthened our vascular access offering. In Oncology, our partnerships continue to deliver results. Plus, our market share growth in NSW has reinforced our position as a leader in CSTD solutions nationally.

A highlight of our expanding growth in neonatal care was the introduction of AngelEye NICU video camera monitoring into several leading hospitals. In addition, we strengthened our support for phototherapy solutions to improve clinical outcomes for neonates requiring jaundice treatment and maintained our market leadership in newborn hearing and screening products. Our Surgical and Critical Care teams enjoyed another year of clinical engagement and market expansion.

In Japan, we made progress toward distributing infusion pumps and closed-system drug transfer devices. In the Philippines, our Carestream service business maintained contract strength and stability. In Vietnam, we expanded into catheter fixation, supporting wider consumables distribution from FY26. We also supported Vietnamese physicians with educational programs and clinical engagement. In Thailand, we raised our registered capital to support growth and prepare for certification under the Good Distribution Practice for Medical Devices Standard. In Korea, we introduced an innovative surgical table to hospitals, positioning it as a key driver for domestic and future export growth. We also expanded into endoscopy-related consumables, diversifying our portfolio and strengthening our presence in new medical sectors.



In FY25, we integrated our Surgical and Diagnostics **Vision** businesses under a single leadership structure. This change creates stronger alignment across the portfolio, allowing us to leverage synergies across teams while maintaining a specialist focus on each stream.

FY25 saw the launch of an **Aesthetics** business unit in both Australia and New Zealand, leveraging the success of our established Asia operations. The launch introduced premium brands, including Classys aesthetic devices and Neauvia injectables, positioning us as a leading provider in the region. In the Philippines and Japan, we took early steps into cosmetic products, including skin boosters and fillers. In Vietnam, we gained more than 40% market share in High Intensity Focused Ultrasound (HIFU) systems and expanded our portfolio to include monopolar RF, microneedle RF and fillers. In Thailand, we broadened our offerings to include cosmeceuticals and dermatology-grade skincare, regenerative and anti-aging solutions, wellness and beauty technology integration, through partnerships with global manufacturers. Collectively these efforts support long-term revenue growth and deeper clinical engagement.

We secured important wins in our **Orthopaedic Surgical Implants** portfolio. The advancement of technology in orthopaedics, particularly robotics, remains a key focus. In New Zealand, ParagonCare partnered with Corin to successfully launch their second-generation robotic platform for total knee replacement, along with intraoperative planning for new hip implant systems. We further invested in dedicated clinical specialists to support the growing orthopaedics business in New Zealand. In Australia, we continued our advance with **robotics** including renewing exclusive agreements, launching a new robotic platform for total knee replacement. We experienced growth in Orthobiologics for the second year. This area also relocated operations to Eastern Creek and integrated inventory into our JDE ERP system, improving efficiency.

Across the division, FY25 was a year of momentum. We expanded portfolios, built new market access, and delivered improvements in service coverage, product rollout, and operational efficiency. We continue to lead through customer focus, product breadth and expert solutions, along with logistics and technology that deliver results.



# Manufacturing highlights

Our core capabilities include the production of reagent red cell diagnostics, contract manufacturing services, and the distribution of market-leading diagnostic instruments and consumables.

Our Clinical Manufacturing division supports healthcare providers across Australia and New Zealand, and our export markets. We produce in-vitro diagnostics (IVDs), including reagent red cell diagnostics, and distribute diagnostic instruments and consumables. We also offer contract manufacturing services. Our customers include pathology labs, blood banks, and hospitals in both public and private sectors.

In FY25, we relocated to a new manufacturing facility in Mount Waverley, Melbourne. The site is now fully operational and certified by the Therapeutic Goods Administration (TGA). This TGA certification confirms our compliance with safety and quality standards. The new facility gives us room to grow and improve efficiency.

We signed our first contract manufacturing agreement, creating a new revenue stream. We also renewed a key supply agreement for red cell diagnostics, supporting Australia's self-sufficiency in blood screening reagents.

We expanded our capabilities by introducing new technologies and services. These changes help us meet customer needs and support future growth. We also strengthened our distribution portfolio with new partnerships in specialised diagnostics.

Across Asia Pacific, we made progress in several key markets. These initiatives support our regional growth strategy and reinforce our manufacturing and distribution capabilities.

We showcased our products at major industry events, building awareness and strengthening relationships. We also improved internal operations by streamlining processes and enhancing quality systems.

Our priorities remain clear: red cell reagent excellence, new product development, product optimisation, operational efficiency and diversification. These focus areas support sustainable growth and help us deliver value to customers and shareholders.



# Contract Logistics highlights

## In FY25 our Contract Logistics team focused on service quality, operational efficiency and long-term partnerships.

Our purpose is to make healthcare simpler, smarter and more accessible across Asia Pacific. In FY25, our Contract Logistics division helped deliver on that promise. We supported healthcare providers with reliable, timely access to critical products. Throughout the year, the focus remained squarely on maintaining high service standards, strengthening partnerships, and supporting the timely delivery of critical products to healthcare providers.

We continued to grow across Australia and the region signing new agreements and extended existing ones. We signed major Fourth-Party Logistics (4PL) agreements with new partners including Owens and Minor.

We also expanded our network and improved delivery performance. Our team doubled in size to meet rising demand. This helped us better support key customers, including public health distribution centres and pharmaceutical wholesalers. We maintained over 98% on-time delivery across the network for key pharmaceutical drugs.

In FY26, we'll focus on renewing current partnerships, strengthening customer relationships, whilst pursuing new business opportunities and expanding our network of partners.



## Our People

At ParagonCare, our values guide every decision we make. We are united by **five core values**: Accountable, Discipline, Empowerment, Initiating, and Communication. These values are not just words; they are principles that all our employees live by every day.

Our people drive our success, throughout FY25, their dedication, skill and hard work helped us to successfully merge our systems and processes to bring together three different businesses across seven countries. We set ourselves a 2-year timetable to fully complete and execute our merger. Our **One Team** strategy delivered our 3-2-1 strategic initiative: three businesses, two years, one team. All 1,292 of our colleagues rallied together to help us deliver our 3-2-1 initiative as One Team.

In FY25, we took a strategic step to align our workforce with business priorities. We streamlined structures and integrated core HR functions. This created a more agile and responsive way to support our people.

We introduced a leader-led people model. This gives our leaders more ownership of team development, performance and day-to-day people management. It enables faster decisions, builds accountability and strengthens our high-performance culture.

This shift is part of a long-term plan to build strong, sustainable people capability. We are early in the transition but confident it will deliver lasting value and safety for our people and our business.

At ParagonCare, we will provide meaningful career opportunities, development and succession planning, while being part of a collaborative and dynamic organisation.

### Milestones

This year, we proudly recognise the significant milestones and contributions of the following team members:

10

#### 10 Years Service

- Peter Carlin
- Scott Faull
- Ramon Ippolito
- Meghan Jones
- Umaporn Methmaolee
- Joanna Pataray
- Pornnipa Phusri
- Lynn Povee
- Alanah Rose
- Karla Tate
- Somsiri Thammachoto

15

#### 15 Years Service

- Patrick Cheer
- Pichamon Supacharee
- Sadhana Trichy
- Wendy Mao

20

#### 20 Years Service

- Brenda Forder
- Rhonda Hopkins
- Wiparat Lertsiripongpan
- Gabrielle Wark

25

#### 25 Years Service

- Julie Dunn
- Sonia Lozanovski
- Graham Reading
- Dianne White

30

#### 30 Years Service

- Lee-Anne Alessi

40

#### 40 Years Service

- Paul Fratus

### Recognitions

At our awards ceremony in October 2024, we celebrated some of our key achievers across the business who went above and beyond to help drive our growth and deliver consistent results for our customers and partners. These team members embody our core values.

Finance, IT, People and Culture award:	Raymond Lam
Supply Chain, Procurement, Regulatory, Merchandising and Logistics:	Luke Grundy
Support, Customer Service, and Marketing:	Bronwyn Kieser
Immulab Diagnostics:	Nicole Patten
Capital Equipment and Marketing:	Kane (Seok) Sangyup and Team Thailand
Vision:	Marco Cavaliere
Medical Consumables:	Gemma Young
Herman Lafaele Warehouse of the Year:	Marianne White and Team Queensland
Surgical Specialties:	Cathy-Lyn Burnard
Pharmacy:	Nikki Stock
Complementary Medicines:	Katalin Sasdi
Darren Castle Award:	Patrick Cheer

### Diversity, inclusion and accessibility

Diversity strengthens our business. It leads to better decisions and stronger results. We value different backgrounds and skills, and we're committed to inclusion at every level. This year, we advanced gender equity, cultural diversity and broader representation through targeted hiring, leadership programs and inclusive policies.

Accessibility is essential. We're working to remove barriers across our physical spaces, digital platforms and workplace practices. Recent improvements include enhanced recruitment processes, updated technologies and stronger support for inclusion.

During March 2025 we conducted a Diversity, Equity, Inclusion, and Belonging (DEIB) survey. The results showed strong support for cultural inclusion from employees across Australia, New Zealand, and Asia. Most respondents identified as Caucasian, with a growing representation from Asian, Aboriginal/Torres Strait Islander, and Pacific Islander backgrounds.

Employees expressed interest in celebrating events like NAIDOC Week, Diwali and Lunar New Year through food, dress and education. The feedback shows strong support for diversity initiatives, while also emphasising the importance of accessibility and inclusion.

### Commitment to Equal Employment Opportunity.

Diversity and inclusion are an integral part of our values. Our Workplace Gender WGEA 2025 report confirms 35.4% of our leadership positions are held by women, with 61.9% in senior leadership roles. This reflects our steadfast commitment to Equal Employment Opportunity and our belief in fostering a diverse and inclusive workplace.

## Our Core Values

These values are not just words; they are principles that all our employees live by every day. Their commitment to all five values sets the standard for our entire organisation and drives us to achieve our goals.

### Accountable

Our teams take personal responsibility

### Discipline

We do it right the first time

### Initiating

We drive continuous improvements

### Empowerment

We enable all our staff to achieve

### Communication

We pride ourselves on open and honest communication



# Environmental Social Governance

ParagonCare remains dedicated to leading the way in sustainability and corporate responsibility. Our commitment to ESG principles, combined with our strategic vision and operational excellence, enables the creation of lasting value for our shareholders, customers and suppliers, ensuring a prosperous and sustainable future for all.

In FY25 we continued to execute our 3-2-1 business strategy which supported incremental and enduring improvements in our unwavering commitment to Environmental, Social and Governance (ESG) principles within our fourteen offices across seven countries.

Our dedication to ESG principles, combined with our strategic vision and operational excellence, positions us for continued success. We are confident in our ability to create lasting value for our shareholders, customers, and communities, ensuring a prosperous and sustainable future for all.

## Environment

As part of our journey to becoming **Net Zero by 2050**, we have initiated the development of a **solar power** project for all our warehouses. Our **Environmental policy** outlines our quantitative objectives on energy consumption and Greenhouse gases (GHGs). We have an **Infrastructure program** to guide our collection and recycling of used products. It acts as an intermediary in our collection of used products from customers for recycling, specialised treatment or disposal.

Our direct collaboration with manufacturers and recycling facilities is convenient, accessible, and clearly communicated to customers to encourage participation with designated collection points, pickup services, and systems used to collect used products. Our proper labelling of hazardous substances is aligned with the **Globally Harmonized System** (GHS) of Classification and other regional schemes such as TSCA and IESCS.

Our approach to **Sustainable procuring** continues to be directed by our Corporate Social Responsibility (CSR) Policy which ensures we meet our legislative and regulatory obligations to Supply Chain Management, Waste Management and diversion, Energy and Water consumption, Climate Change, and Carbon Emissions. Our CSR Policy was adopted in 2022 and continues to ensure we behave ethically and with integrity and employ socially acceptable and cost-effective strategies to mitigate threats to the environment, our people, customers, suppliers, partners, government, investors and the general public.

## Social







Our commitment to **social responsibility** remained as robust as our environmental efforts. We actively supported indigenous communities and charitable organisations, reinforcing our role as a values-driven and socially responsible organisation. One example is our collaboration with the Torres Strait Kaziw Meta, a non-for-profit co-educational boarding home organisation for high school aged students. A key aspect of our corporate partnerships activity is our partnering with the National Breast Cancer Foundation, where we fundraise to support vital research and awareness initiatives.

We updated the ParagonCare **Modern Slavery** statement under the Australian Modern Slavery Act 2018 which is published on our website. The Modern Slavery questionnaire is now built within our contracts with suppliers and vendors. Furthermore, our employee handbook contains Modern Slavery, and employees are required to complete this training.

## Governance

Our dedicated **Quality Department** constantly provide the best quality control measures, through its process, standards and people. The dedicated Quality Department ensures these standards are embedded at ParagonCare.

### As part of the quality practices ParagonCare ensures

 <p>Each site has a current Drugs and Poisons License.</p>	 <p>All facilities follow Australian Good Wholesaling Principles (GWP:2011) &amp; are ISO 9001:2015 accredited sites.</p>	 <p>Each site is audited by government agencies including CSO (Community Service Obligation). The sites are also audited by our global Contract Logistics partners.</p>	 <p>Ambient sites are temperature controlled and have large and secure cool rooms as well as secure storage for high-risk drugs with restricted access.</p>	 <p>All sites are alarmed and monitored after hours by contracted security providers.</p>	 <p>Staff are trained for the activities that they perform, and records are maintained.</p>
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ParagonCare has developed a Quality Management System (QMS) that meets the specific requirements of **AS/NZS ISO 9001** and 14001 (Clifford Hallam Healthcare Pty Limited certificate #0193339) and the **Australian Code of Good Wholesaling Practice for Medicines** (schedules 2, 3, 4, and 8). Our QMS incorporates all key business management functions and provides consistency throughout the business.

Our **Information Security Policy** guides how we manage sensitive information and outlines our commitment on the protection and responsible management of third-party data. The security of third-party data encompasses the protection of customer personal identification information (PII) and the protection of third-party intellectual property rights.

Our **Code of Conduct** policies are signed by our employees and act as guides to manage fraud and conflict of interest. These policies contain metrics which highlight and flag issues with structured mechanisms to deal with policy violations and any disciplinary actions.

Our **Labor and Human Rights Policy** guides on preventing discrimination and harassment, plus on employee health and safety. We conduct regular inspections and audits of equipment used at work to ensure our employees remain safe every day. We have collective agreements with our employees in accordance with national regulations regarding all labor issues spanning health, safety, working conditions, career management, training, discrimination, and harassment. We have measures to promote work-life balance, and providing flexible hours for employees to work.





# Directors' Report

For the year ended 30 June 2025



DIRECTORS’ REPORT

For the year ended 30 June 2025

The Directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the ‘Consolidated Group’, ‘Group’) consisting of Paragon Care Limited (referred to hereafter as the ‘Company’, ‘parent entity’ or ‘ParagonCare’) and the entities it controlled at the end of, or during, the year ended 30 June 2025 (‘30 June 2025’, ‘2025’ or ‘FY25’). Comparatives disclosed are for the year ended 30 June 2024 (‘30 June 2024’, ‘2024’ or ‘FY24’).

Significant changes in the state of affairs

There were no significant changes in the state of affairs of the Group during the financial year.

Prior Year 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 2024 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 Note 2.

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 \$235,270,000 of goodwill.

Directors

The following persons were directors of ParagonCare during the whole of the financial year and up to the date of this report, unless otherwise stated:

Current Directors

Peter Lacaze	Chairman
David Collins	Managing Director
Carmen Riley	Executive Director and Chief Executive Officer
John Walstab	Non-Executive Director (transitioned from Executive Director to Non-Executive Director on 1 April 2025)
Peter Egglestone	Non-Executive Director (appointed on 20 March 2025)

Former Directors

Alan McCarthy	Non-Executive Director (retired on 31 March 2025)
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Carmen Riley was appointed Chief Executive Officer/Executive Director of ParagonCare effective 1 July 2025. David Collins remains Managing Director.

DIRECTORS’ REPORT CONTINUED

For the year ended 30 June 2025

Principal activities

The principal continuing activities of the Group during the year were the supply of durable medical equipment, medical devices, consumable medical products, and maintenance of technical medical equipment to the health, aged care and veterinary markets throughout Australia, New Zealand and Asia, as well as the distribution of pharmaceuticals, medical consumables, and complementary medicines to the Australian healthcare market.

Review of operations

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

Details	30 June 2025 \$’000	30 June 2024 <sup>(i)</sup> \$’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') <sup>(ii)</sup>	88,466	44,528	43,938	99%
EBITDA	88,466	44,528	43,938	99%
Acquisition costs <sup>(iii)</sup>	2,803	5,460	(2,657)	(49%)
Other write-offs <sup>(iv)</sup>	3,934	3,046	888	29%
Normalised earnings before interest, tax, depreciation and amortisation ('Underlying EBITDA') <sup>(ii)</sup>	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).

(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 due to the reverse acquisition.

(iii) Acquisition costs include directly attributable costs in relation to the reverse acquisition, OHS acquisition and CHS acquisition, incurred in both years.

(iv) Other one-offs represent other adjustments recognised in the prior and current year.

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 Osborne Health Services (OHS).

Material risks

The Group’s activities expose it to a number of economic and business risks that are specific to the Group and its business activities. Principles of the Group’s risk management framework is to identify, manage and control risks without material adverse impacts to its business activities. The Group’s risk management framework is supported by:

- Oversight by the Board
- Execution by experienced management team
- Regular reviews, identification and reporting risks
- Established levels of authority, approval processes, and
- Where appropriate external risk mitigation arrangements such as insurance covers, borrowings.

# DIRECTORS' REPORT CONTINUED

For the year ended 30 June 2025

## Regulatory and licensing risks

The Group operations are subject to policies and legislation including in respect of the pharmaceutical industry, community pharmacy sector, healthcare sector, taxation, competition, prescribed by government authorities in Australia and overseas. The Group is a member of the Community Service Obligation (CSO) and National Diabetes Services Scheme (NDSS) funding pool. The CSO and NDSS arrangements are highly regulated and any non-compliance or failure to meet service standards may result in financial sanctions or the Commonwealth Government terminating the arrangement and the loss of funding.

The Group mitigates the legislative and regulatory risks through:

- (a) The Group compliance framework, which enables the Company-wide policies, procedures and periodic review of compliances matters and reporting.
- (b) Monitoring the developments in the regulatory space and where appropriate engages proactively with key stakeholders to manage this risk.

## Financial risk

The Group is exposed to various financial risks including debt covenants, interest rates, liquidity management, foreign currency movements, customer defaults, inventory obsolescence and loss.

The Group mitigates the financial risks through:

- (a) Periodic review of the appropriateness of the Group's debt facilities and interest arrangement.
- (b) Corporate planning and review of debt and funding needs through cash flow forecasts, financial covenants and working capital assessments.
- (c) Foreign exchange contracts.
- (d) Established credit policy and credit framework overseen by CFO.

## Supply chain

The Group sources most of its products for supply from third parties. Loss or interruption to these supply chains, including the failure to supply products in the agreed timeframes, may impact the business operations and reputation. This may in turn adversely impact sales and margins, reduce overall profitability, and have an adverse effect on the Group's financial performance as well the Group's CSO arrangements.

The Group mitigates the risks associated with supply chain through:

- (a) Maintaining a diversified supplier base and long-term agreements with key suppliers.
- (b) Engage in joint business planning processes to support and align internal and supplier objectives.
- (c) Periodical risk assessment and proactive engagement with key suppliers.
- (d) Review inventories to identify and manage slow-moving and obsolete inventory.

## Reliance on key personnel

The Group's business relies on its ability to attract and retain experienced employees with relevant healthcare expertise. The loss of key employees or the inability to recruit or retain suitable skilled employees may adversely impact the performance of the Group.

The Group mitigates the risks through:

- (a) Offering competitive remuneration and benefits.
- (b) Short-Term Incentives (STI) and Long-Term Incentives (LTI) in place for key roles.
- (c) Where possible offering flexible working arrangement.
- (d) Planning and reviewing talent succession planning arrangement.

# DIRECTORS' REPORT CONTINUED

For the year ended 30 June 2025

## Technology and cyber risks

The Group will be reliant on the performance, reliability and availability of its technology platforms, systems and services. This is especially important for business units which assists in the servicing and maintenance of medical equipment and systems. The Group's ability to deliver these services will be adversely affected by system outages, faulty equipment, computer viruses, security breaches, hacking incidents or misuse by staff or contractors.

The Group mitigates the technology and cyber risks through:

- Information user policy, supporting framework and specialized resources.
- Business continuity and disaster recovery plans.
- Independent external IT security assessment performed to assess maturity level.
- Employee training and regular reminders to alert about potential cyber risks.
- Regular cyber incidents review and reporting.
- In house or outsourced IT experts bringing best practice processes.

## Occupational health and safety risks

As a wholesaler and distributor the Group has a labour-intensive workforce in warehouses and distribution centres. The nature of work poses inherent risks to the safety and well-being of employees and contractors. This may lead to challenges in managing occupational health and safety effectively.

Key mitigation strategies include:

- (a) Periodic review of safety protocols, identify potential health, safety, and wellbeing hazards at the Groups workplaces.
- (b) Established contingency plans for possible health, safety, and wellbeing emergencies.
- (c) Periodic review of all relevant health and safety incidents and reporting.
- (d) Periodic review of relevant regulations, best practices, and areas of improvement.

## Climate change, social and environmental sustainability risks

Climate change and environmental risks have the potential to impact and disrupt the Group's operations and performance. This could be in the form of events such as extreme weather events and changes to laws and regulations. In addition, there could be reputational damage due to changing consumer perceptions and expectations around social and environmental sustainability responsibilities.

Key mitigation strategies include:

- (a) Identifying, managing and mitigating environmental risks from Group operations, particularly our distribution centre network.
- (b) Review best practices and areas of improvements around the operating elements which contribute to the environmental footprint such as packaging, waste management and energy consumption.
- (c) Periodically review supply chain, procurement process and contracts in response to changes to regulations such as Modern Slavery legislation.

## Matters subsequent to the end of the financial year

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.



DIRECTORS' REPORT CONTINUED

For the year ended 30 June 2025

Likely developments and expected results of operations

The Directors expect performance to continue to improve as a result of building new revenue and expanding services in key geographies and markets. Maintaining control of costs will ensure revenue is delivered at improved margins and increase profit and return on capital.

Paragon Care continues to actively pursue strategic acquisition opportunities across the Asia-Pacific (APAC) region, in line with our growth and diversification strategy. We are currently undertaking due diligence on four potential acquisitions. While there is no certainty that any or all of these transactions will be completed, we believe they represent a compelling opportunity to enhance our regional footprint and product offering.

The four target companies operate across multiple APAC markets, including Australia, Hong Kong, Singapore, Malaysia, Thailand, the Philippines, South Korea, and Indonesia. Collectively, they offer a broad portfolio of products and services spanning dental capital equipment and servicing, aesthetics, medical equipment, pharmaceuticals, and consumables. Their clinical focus areas include anaesthetics, cardiology, critical care, ENT, endocrinology, gastroenterology, interventional medicine, neonatology, oral and maxillofacial surgery, paediatrics, palliative care, pulmonology, radiology, surgery, and vascular surgery.

The Directors are cognisant of the requirement to continuously disclose material matters to the market. At this time, other than the matters addressed in this financial report there are no matters sufficiently advanced or at a level of certainty that would require disclosure.

Environmental regulation

The Group's operations are not subject to any significant environmental regulations under either Australian Commonwealth or State laws. However, the Board believes that the Group has adequate systems and controls in place for the management of its environmental obligations and is not aware of any breaches at the reporting date.

Dividends

Dividends paid by CH2 Holdings during the current and previous financial year were as follows:

	Consolidated	
	30 June 2025 \$'000	30 June 2024 <sup>(i)</sup> \$'000
Final dividend for the year ended 30 June 2023	-	12,613

(i) Amounts represent the dividend declared and paid to the former shareholders of CH2 Holdings prior to the completion of reverse acquisition on 4 June 2024.

DIRECTORS' REPORT CONTINUED

For the year ended 30 June 2025

Information on Directors



Name:	Peter Lacaze
Title	Chairman
Qualifications	BCom, MBA, MAICD, FCPA
Experience and expertise:	<p>Peter Lacaze is the Chairman and 28.5% owner of ParagonCare. Peter was a 50% shareholder of CH2 Holdings prior to the completion of reverse acquisition.</p> <p>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 Collins and Peter acquired 100% of CH2 Holdings. 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.</p>
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	Chairman of the Nomination and Remuneration Committee Member of the Audit and Risk Committee
Interests in shares:	471,762,036
Interests in rights:	None



Name:	David Collins
Title	Managing Director
Qualifications	BBus
Experience and expertise:	<p>David is the Managing Director and 28.5% owner of ParagonCare. David was a 50% shareholder of CH2 Holdings prior to the completion of reverse acquisition.</p> <p>David was appointed as CEO and Managing Director in December 2015 of CH2 Holdings when David and Peter Lacaze acquired 100% of CH2 Holdings. 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 14 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.</p> <p>Prior to CH2 Holdings David held senior finance and management roles in both Australia and New Zealand, predominantly in the pharmaceutical wholesaling industries.</p>
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	None
Interests in shares:	471,762,036
Interests in rights:	None

DIRECTORS' REPORT CONTINUED

For the year ended 30 June 2025



Name:	Carmen Riley
Title	Chief Executive Officer and Executive Director
Qualifications	BCom, CPA, GAICD
Experience and expertise:	<p>Carmen was appointed Chief Executive Officer on 1 July 2025 after transitioning from Chief Operating Officer. Before joining CH2 Holdings Carmen was CEO of PQ Lifestyles (Intouch) from July 2008, which was successfully acquired by CH2 Holdings in 2010.</p> <p>Prior to joining the Healthcare industry Carmen had an extensive career within FMCG, including 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.</p> <p>Carmen was appointed to the CH2 Holdings board of directors in July 2019.</p>
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	None
Interests in shares:	438,888
Interests in rights:	4,462,144



Name:	John Walstab
Title	Non-Executive Director (transitioned to Non-Executive Director from Executive Director on 1 April 2025)
Experience and expertise:	<p>John Walstab has over 40 years of experience in medical equipment distribution in Asia, with a strong focus on leading-edge healthcare technologies and business innovation.</p> <p>John founded in 1999 and served as Managing Director and CEO of Quantum Health Group (ASX:QTM) before merging it with ParagonCare Limited in 2022. In 2023, John was appointed Managing Director of ParagonCare, leading the company until its merger with CH2 in June 2024, continues as a Non-Executive Director. John's prior roles include Managing Director of Advanced Technology Laboratories (Philips Medical Systems ANZ) and Business Manager for Medtel Australia. He is also 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.</p>
Other current directorships:	None
Former directorships (last 3 years):	Quantum Health Group Limited (ASX:QTM) prior to merger with Paragon Care Limited
Special responsibilities:	None
Interests in shares:	144,591,185
Interests in rights:	None

DIRECTORS' REPORT CONTINUED

For the year ended 30 June 2025



Name:	Peter Egglestone
Title	Non-Executive Director (appointed on 20 March 2025)
Experience and expertise:	Peter is a senior executive and has more than 25 years leadership, financial and commercial experience. Peter's most recent role was CEO of one of Australia's leading payment facilitators. In addition, Peter has held a number of C-Suite positions including for private equity business Journey Beyond, where he successfully led all revenue functions, including sales, marketing, revenue management and customer relations. Peter has a finance and economics background having spent many of his formative years in Corporate and Statutory Accounting.
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	Chair of the Audit and Risk Committee
Interests in shares:	100,000
Interests in rights:	None



Name:	Alan McCarthy
Title	Non-Executive Director (retired on 31 March 2025)
Qualifications	B Bus (Accounting), MCom in Marketing and Organisational Behaviour, CPA
Experience and expertise:	Alan's experience spans public health and private health services across Asia Pacific for more than 32 years, including CEO at Alpenglowl 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 he 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.
Other current directorships:	None
Former directorships (last 3 years):	Quantum Health Group Limited prior to merger with ParagonCare
Special responsibilities:	Member of the Nomination and Remuneration Committee Member of the Audit and Risk Committee
Interests in shares:	None
Interests in rights:	None

'Other current directorships' quoted above are current directorships for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

'Former directorships (last 3 years)' quoted above are directorships held in the last 3 years for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.



DIRECTORS’ REPORTCONTINUED

For the year ended 30 June 2025

Company secretaries

Name:	Michael Sapountzis
Title	Company Secretary (appointed on 22 November 2024)
Qualifications	BCom, LLB(Hons), GDLP, AGIA
Experience and expertise:	Mr Sapountzis is employed at Vistra Australia, a professional advisory and corporate services firm. Mr Sapountzis is an experienced company secretary and has over 12 years’ professional experience providing company secretarial, governance and compliance support to a variety of boards across a range of industries and sectors including ASX-listed and unlisted companies and not-for-profit organisations. Mr Sapountzis specialises in ASX compliance, corporate governance and board and secretarial support. Mr Sapountzis is currently the company secretary of several ASX listed companies.

Name:	Melanie Leydin
Title	Joint Company Secretary (resigned on 22 November 2024)
Qualifications	B Bus (Acc. Corp Law), CA, FGIA
Experience and expertise:	<p>Melanie holds a Bachelor of Business majoring in Accounting and Corporate Law. Melanie is a member of the Institute of Chartered Accountants, Australia and New Zealand. Fellow of the Governance Institute of Australia and is a Registered Company Auditor. Melanie graduated from Swinburne University in 1997, became a Chartered Accountant in 1999, and from February 2000 to October 2021 was the principal of Leydin Freyer which was acquired by Vistra in November 2021. Melanie is now Vistra Australia’s Managing Director and Regional Managing Director. Vistra is a prominent provider of governance and compliance solutions and finance and accounting solutions in the Fund, Corporate, Capital Markets, and Private Wealth sectors.</p> <p>Melanie has over 30 years’ experience in the accounting profession and over 20 years’ experience holding Board positions including Company Secretary and CFO of ASX listed entities. Melanie has extensive experience in relation to public company responsibilities, including ASX and ASIC compliance, control and implementation of corporate governance, statutory financial reporting, reorganisation of Companies, initial public offerings, secondary raisings and shareholder relations.</p>

Name:	Claire Newstead-Sinclair
Title	Joint Company Secretary (resigned on 30 September 2024)
Qualifications	B Bus (Accounting), CA, GIA
Experience and expertise:	Claire was employed at Vistra Australia, a professional advisory and corporate services firm. Claire is a Chartered Accountant with extensive ASX experience across several industry sectors and is appointed Company Secretary on a number of ASX listed Companies. Claire specialises in ASX statutory reporting, ASX compliance, Corporate Governance and board and secretarial support.

DIRECTORS’ REPORTCONTINUED

For the year ended 30 June 2025

Meetings of directors

The number of meetings of the Company’s Board of Directors (‘the Board’) and of each Board committee held during the year ended 30 June 2025, and director attendance at those meetings, is set out below.

	Board		Nomination and Remuneration Committee		Audit and Risk Committee	
	Attended	Held <sup>(i)</sup>	Attended	Held <sup>(i)</sup>	Attended	Held <sup>(i)</sup>
Peter Lacaze	7	7	2	2	4	4
David Collins	7	7	-	-	-	-
Carmen Riley	7	7	-	-	4	4
John Walstab	7	7	-	-	-	-
Peter Egglestone <sup>(iii)</sup>	2	2	1	1	1	1
Alan McCarthy <sup>(iii)</sup>	5	5	1	1	3	3

(i) Held: represents the number of meetings held during the time the director held office or was a member of the relevant committee or invited as an attendee.  
(ii) Peter Egglestone was appointed as Non-Executive Director and Chair of the Audit and Risk Committee on 20 March 2025.  
(iii) Alan McCarthy retired as Non-Executive Director on 31 March 2025.

Shares under performance rights

Unissued ordinary shares of Paragon Care Limited under performance rights at the date of this report are as follows:

Date performance rights granted	Exercise Price	Number under rights
21 November 2024	\$0.00	2,214,267
1 July 2025	\$0.00	2,247,877
		4,462,144

No person entitled to exercise the performance rights had or has any right by virtue of the performance right to participate in any share issue of the Company or of any other body corporate.

Shares issued on the exercise of performance rights

There were no ordinary shares of Paragon Care Limited issued on the exercise of performance rights during the year ended 30 June 2025 and up to the date of this report.

# DIRECTORS' REPORT CONTINUED

For the year ended 30 June 2025

## Indemnity and insurance of officers

The Group maintains directors' and officers' liability insurance for the benefit of persons defined in the policy which include current and former directors and officers, including executives of the Company, directors, senior executives and secretaries of its controlled entities to the extent permitted by the *Corporations Act 2001* (Cth). The terms of the insurance contract are highly commercially sensitive and prohibit disclosure of the premiums payable and other terms of the policy.

The Group has indemnified the directors and executives of the Group for costs incurred in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

The Group has entered into a deed of indemnity, insurance, and access with each of its directors and executives, pursuant to which:

- each Director and executive have rights of access to Group information;
- to the maximum extent permitted by law, the Group agrees to indemnify each Director and executive from and against all liability incurred by the Director or executive in the performance of their role as a Director or executive of the Company (and any subsidiary of the Company) on the terms set out in the deed; and
- to the extent permitted by law requires the Group to use its reasonable endeavours to ensure that the Director or executive is insured under a directors and officers insurance policy throughout the duration of the Director or executive's appointment, and after the Director or executive ceases to hold office for the later of a period of seven years, or until after the date that any claim against the Director or executive that commenced during the seven-year period is finally resolved.

## Indemnity and insurance of auditor

To the extent permitted by law the Company has agreed to indemnify its auditors, Ernst & Young, as part of the terms of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Ernst & Young during or since the end of the financial year.

During the financial year the Company has not paid a premium in respect of a contract to insure the auditor of the Company or any related entity.

## Proceedings on behalf of the Company

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

## Non-audit services

Details of the amounts paid or payable to Ernst & Young for non-audit services provided during the financial year are outlined in note 30 to the financial statements.

The directors are satisfied that the provision of non-audit services during the financial year, by Ernst & Young (or by another person or firm on the auditor's behalf), is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*.

The directors are of the opinion that the services as disclosed in note 30 to the financial statements do not compromise the external auditor's independence requirements of the *Corporations Act 2001* for the following reasons:

- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Company, acting as advocate for the Company or jointly sharing economic risks and rewards.

## 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.

# DIRECTORS' REPORT CONTINUED

For the year ended 30 June 2025

## Auditor

Ernst & Young continues in office in accordance with section 327 of the *Corporations Act 2001*.

## Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out immediately after this directors' report.

## Acknowledgement of Audit Qualification

The Directors acknowledge the qualification expressed by the auditor regarding the expected credit loss (ECL) allowance for trade and other receivables associated with retail pharmacy group Infinity Group ('Infinity Group') of \$57,130,000 as at 30 June 2025. The recovery of these balances depends on certain transactions beyond the Group's control, creating an uncertainty that may impact the recoverability of the carrying amount. Notwithstanding this qualification, the Directors have prepared the financial report on a going concern basis and consider that it presents a true and fair view of the Group's financial position and performance as at 30 June 2025. At the time of releasing this annual report the total trade and other receivables associated with the Infinity Group has reduced to \$46,916,000.

## Remuneration report

The Remuneration Report is set out in the next section.

This report is signed in accordance with a resolution of the directors, pursuant to section 298(2)(a) of the *Corporations Act 2001*.



Peter Lacaze  
Chairman

30 September 2025





# Remuneration Report

For the year ended 30 June 2025

# REMUNERATION REPORT (AUDITED)

For the year ended 30 June 2025

## Introduction

The remuneration report details the key management personnel (KMP) remuneration arrangements for the Group, in accordance with the requirements of the *Corporations Act 2001* and its Regulations.

This remuneration report for the year ended 30 June 2025 forms part of the Directors Report and has been audited in accordance with section 300A of the *Corporations Act* (except as otherwise stated).

KMP are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including all parent entity directors.

As noted in note 2 to the consolidated financial statements, the Group completed a reverse acquisition on 3 June 2024 and consequently the consolidated financial report has been prepared as a continuation of the business and operations of CH2 Holdings. In reconciling the application for the KMP remuneration disclosures required under the *Corporations Act* and *Corporations Regulations*, the Group adopted the following approach for optimal disclosure of remuneration report for the comparatives for the year ended 30 June 2024.

- (i) For the period from 4 June 2024 to 30 June 2024 (*post-reverse acquisition period*) KMP include all directors and other executives of the Consolidated Group (including both ParagonCare and CH2 Holdings). This includes those directors and other KMP who have resigned as KMP after the reverse acquisition.
- (ii) For the period from 1 July 2023 to 3 June 2024 (*pre-reverse acquisition period*) key management personnel include all directors and other KMP of CH2 Holdings.

In addition for optimal disclosure purposes, information on key management personnel of ParagonCare (*pre-reverse acquisition period*) are included. This includes those directors and other key management personnel of ParagonCare that had resigned or were no longer designated as KMP after the reverse acquisition.

Based on the approach above, KMP identified for the disclosures in the remuneration report of the Consolidated Group, are set out in the table below.

### Directors of the Group

<b>Peter Lacaze</b>	Chairman
<b>David Collins</b>	Chief Executive Officer and Managing Director
<b>Carmen Riley</b>	Executive Director and Chief Operating Officer
<b>John Walstab</b>	Non-Executive Director (Transitioned from Executive Director to Non-Executive Director on 1 April 2025)
<b>Peter Egglestone</b>	Non-Executive Director (Appointed on 20 March 2025)
<b>Alan McCarthy</b>	Non-Executive Director (Retired on 31 March 2025)

### Other KMP of the Group

<b>Marcus Crowe</b>	Chief Financial Officer (Commenced 1 March 2025)
<b>Michael Peters</b>	Chief Financial Officer (Resigned 6 September 2024)

The remuneration report is set out under the following main headings:

- Principles used to determine the nature and amount of remuneration.
- Details of remuneration.
- Service agreements.
- Share-based compensation.
- Additional disclosures relating to key management personnel.

# REMUNERATION REPORT (AUDITED) CONTINUED

For the year ended 30 June 2025

## Principles used to determine the nature and amount of remuneration

The objective of the Group's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with the achievement of strategic objectives and the creation of value for shareholders, and it is considered to conform to the market best practice for the delivery of reward. The Board of Directors ('the Board') ensures that executive reward satisfies the following key criteria for good reward governance practices:

- competitiveness and reasonableness
- acceptability to shareholders
- performance linkage / alignment of executive compensation
- transparency

The Nomination and Remuneration Committee is responsible for determining and reviewing remuneration arrangements for its directors and executives. The performance of the Group depends on the quality of its directors and executives. The remuneration philosophy is to attract, motivate and retain high performance and high-quality personnel.

The reward framework is designed to align executive reward to shareholders' interests. The Board have considered that it should seek to enhance shareholders' interests by:

- having economic profit as a core component of plan design
- focusing on sustained growth in shareholder wealth, consisting of dividends and growth in share price, and delivering constant or increasing return on assets as well as focusing the executive on key non-financial drivers of value
- attracting and retaining high calibre executives

Additionally, the reward framework should seek to enhance executives' interests by:

- rewarding capability and experience
- reflecting competitive reward for contribution to growth in shareholder wealth
- providing a clear structure for earning rewards

In accordance with best practice corporate governance the structure of non-executive director and executive director remuneration is separate.

### Non-executive directors remuneration

Fees and payments to non-executive directors reflect the demands and responsibilities of their role. Non-executive directors' fees and payments are reviewed annually by the Nomination and Remuneration Committee. The Nomination and Remuneration Committee may, from time to time, receive advice from independent remuneration consultants to ensure non-executive directors' fees and payments are appropriate and in line with the market.

The chairman's fees are determined independently to the fees of other non-executive directors based on comparative roles in the external market. The chairman is not present at any discussions relating to the determination of his own remuneration. Non-executive directors do not receive share options or other incentives.

ASX listing rules require the aggregate non-executive directors' remuneration be determined periodically by a general meeting. The most recent determination was at an Annual General Meeting of ParagonCare and came into effect on 23 November 2022 (*prior to the reverse acquisition*). Shareholders approved a maximum annual aggregate non-executive remuneration of \$600,000. This amount, or part thereof, is divided among non-executive directors as determined by the Board and reflecting time and responsibility related to the Board and committees.

### Executive remuneration

The Group aims to reward executives based on their position and responsibility, with a level and mix of remuneration which has both fixed and variable components.

The executive remuneration and reward framework has three components:

- base pay, non-monetary benefits and other statutory entitlements
- short-term performance incentives
- long-term incentives through participation in ParagonCare Equity Incentive Plan (EIP)

The combination of these comprises the executive's total remuneration.



REMUNERATION REPORT (AUDITED) CONTINUED

For the year ended 30 June 2025

Base pay and benefits

Fixed remuneration, consisting of base salary, superannuation and non-monetary benefits, are reviewed annually by the Nomination and Remuneration Committee based on individual and business unit performance, the overall performance of the Group and comparable market remunerations.

Executives may receive their fixed remuneration in the form of cash or other fringe benefits where it does not create any additional costs to the Group and provides additional value to the executive.

Short-term incentives

Under the short-term incentive (STI) plan, executives have the opportunity to earn an annual incentive award which is delivered in cash. The STI recognises and rewards annual performance. Executive Directors have a target STI opportunity of 50% of fixed remuneration and other Executives 40%. A stretch 15% is available over and above based on financial performance.

The STI performance measures were chosen as they reflect the core drivers of short-term performance and also provide a framework for delivering sustainable value to the Group, its shareholders and customers. STI payments are granted to executives based on specific annual targets and key performance indicators ('KPI's) being achieved. For FY25, these KPIs include Group Net Profit Before Tax (NPBT) (50%), execution of key business initiatives (40%) achievement of safety targets (10%). The primary performance condition under the STI plan is NPBT, which operates as a gateway target. No STI awards are payable unless this gateway is achieved, meaning that failure to meet the NPBT target results in no STI metrics being assessed or awarded for the performance period. In FY25, the NPBT gateway target was not achieved. Therefore, no STI has been awarded.

The STI award is determined after the end of the financial year following a review of performance over the year against the STI performance measures by the Managing Director and for all other executives (and in the case of the Managing Director and CEO, by the Board). The Board approves the final STI award based on this assessment of performance.

If an executive resigns or is terminated for cause before the end of the financial year, no STI is awarded for that year.

For FY25, the specified annual targets for all eligible KMP's were not met and resultantly no STI was declared. In FY24, prior to the completion of the reverse acquisition CH2 Holdings had an STI program in place under which STI payments were granted to executives base on specific annual targets and KPI's being achieved. Among others, KPI's included profit contribution and leadership contribution. Specifically, in relation to the reverse acquisition certain executives received discretionary bonus payments for the successful completion of the transaction.

Long-term incentives

The long-term incentives ('LTI') include share-based payments offered in the form of performance rights, that are awarded to certain KMP's. Performance rights are granted over a period of three years with conditions over continuous employment and minimum profit before tax hurdles being achieved during term of the performance rights.

On 3 June 2024, prior to the completion of reverse acquisition, ParagonCare shareholders formally approved to waive the vesting conditions related to all outstanding performance rights on issue under the LTI. Consequently 43,913,138 performance rights that remained on foot on 3 June 2024 vested immediately and converted to ordinary shares of ParagonCare. There were no LTIs issued post reverse acquisition period and up to 30 June 2024.

Prior to the completion of the reverse acquisition, CH2 Holdings did not have a LTI program in place and no LTIs were granted to the employees.

Use of remuneration consultants

During the financial year, the Board engaged Egan Associates to provide remuneration recommendations regarding the remuneration of KMP's. Egan Associates were paid \$13,000 for these recommendations.

The Nomination and Remuneration Committee has established protocols when using remuneration consultants to ensure that the remuneration recommendations are free from undue influence from key management personnel. These protocols include requiring that the consultant not communicate with affected key management personnel without a member of the Nomination and Remuneration Committee being present, and that the consultant not provide any information relating to the outcome of the engagement with the affected key management personnel. The Board is also required to make inquiries of the consultant's processes at the conclusion of the engagement to ensure that they are satisfied that any recommendations made have been free from undue influence.

The Board is satisfied that the remuneration recommendations received from Egan Associates were made free from undue influence by any KMP. This conclusion is based on the protocols described above and the independent manner in which the consultant conducted their review.

Voting and comments made at the Company's 21 November 2024 Annual General Meeting ('AGM')

At the 21 November 2024 AGM 95.60% of the votes received supported the adoption of the remuneration report of ParagonCare for the year ended 30 June 2024. The Company did not receive any specific feedback at the AGM regarding its remuneration practices.

REMUNERATION REPORT (AUDITED) CONTINUED

For the year ended 30 June 2025

Details of remuneration  
Amounts of remuneration 2025

FY25	Short-term benefits				Post employment benefits	Long-term benefits		
Name	Salary and fees \$	Bonus <sup>(i)</sup> \$	Non monetary benefit <sup>(ii)</sup> \$	Termination <sup>(vii)</sup> \$	Superannuation \$	Long service leave <sup>(iii)</sup> \$	Share based payments \$	Total \$
<b>Non-Executive Directors:</b>								
Peter Lacaze	134,529	-	-	-	15,471	-	-	150,000
Peter Egglestone	18,886	-	-	-	2,172	-	-	21,058
Alan McCarthy	56,250	-	-	-	-	-	-	56,250
John Walstab	16,816	-	-	-	1,934	-	-	18,750
<b>Executive Directors:</b>								
David Collins	780,364	408,250	82,501	-	30,000	12,861	-	1,313,976
John Walstab	397,840	220,267	50,000	220,017	29,932	6,563	-	924,619
Carmen Riley	559,546	-	-	-	30,000	16,630	1,108,119	1,714,295
<b>Other Key Management Personnel:</b>								
Marcus Crowe <sup>(iv)</sup>	159,127	-	-	-	11,509	2,334	-	172,969
Michael Peters <sup>(v)</sup>	86,789	-	-	-	7,483	-	-	94,272
	2,210,147	628,517	132,501	220,017	128,501	38,388	1,108,119	4,466,189

(i) Short-term bonus payments made during the year were one-off, ex-gratia discretionary amounts approved by the Remuneration Committee. These payments were awarded in recognition of the achievement of key performance indicators (KPIs) associated with the successful completion of the reverse acquisition. The Committee exercised discretion on the basis that the Group's FY24 NPBT target—being the primary performance condition under the Company's FY24 STI plan—would have been achieved when adjusted for one-off acquisition-related costs.

(ii) Includes accommodation, motor vehicle costs and applicable fringe benefits tax payable on benefits.

(iii) Long service leave entitlements are measured on an accrual basis.

(iv) Mr. Marcus Crowe commenced employment on 1 March 2025.

(v) Mr. Michael Peters ceased employment on 6 September 2024.

(vi) Annual leave entitlements are measured on an accrual basis and included within the Salary and Fees column above.

(vii) John Walstab transitioned from Executive Director to Non-Executive Director effective 1 April 2025. The termination payment was made in accordance with the agreed notice period under his executive service agreement.

The proportion of remuneration linked to performance and the fixed proportion are as follows:

30 June 2025			
Date performance rights granted	Fixed Remuneration	At risk - STI	At risk - LTI
<b>Executive Directors:</b>			
David Collins	69%	31%	-
John Walstab	76%	24%	-
Carmen Riley	35%	-	65%
<b>Other KMP:</b>			
Marcus Crowe	100.00%	-	-
Michael Peters	100.00%	-	-

REMUNERATION REPORT (AUDITED) CONTINUED

For the year ended 30 June 2025

Amounts of remuneration 2024

KMP remuneration of the Group for the year ended 30 June 2024 represent the following:

- (a) KMP remuneration for the period from 1 July 2023 to 30 June 2024 covering all directors and other KMP of the CH2 Holdings as disclosed in the introduction to the remuneration report.
- (b) KMP remuneration for the period from 4 June 2024 to 30 June 2024 covering all directors and other KMP of the Group (post-reverse acquisition).

FY24		Short-term benefits			Post employment benefits	Long-term benefits		
		Salary and fees <sup>(i)</sup>	Bonus <sup>(ii)</sup>	Non monetary benefits <sup>(iii)</sup>	Termination <sup>(iv)</sup>	Superannuation	Long Service leave <sup>(v)</sup>	Share based payments
		\$	\$	\$	\$	\$	\$	\$
Name								Total
								\$
<b>Non-Executive Directors:</b>								
Peter Lacaze	114,561	-	-	-	12,602	-	-	127,163
Graeme Stubbs	86,083	-	-	7,826	10,330	-	-	104,239
Alan McCarthy	6,250	-	-	-	-	-	-	6,250
<b>Executive Directors:</b>								
David Collins	603,472	-	152,389	-	27,500	12,861	-	796,222
Carmen Riley <sup>(vi)</sup>	501,625	3,121,682	-	-	27,500	7,933	-	3,658,740
John Walstab	43,967	12,833	-	-	-	729	-	57,529
<b>Other Key Management Personnel:</b>								
Michael Peters	35,217	-	-	-	3,874	583	-	39,674
		1,391,175	3,134,515	152,389	7,826	81,806	22,106	- 4,789,817

- (i) Annual leave entitlements are measured on an accrual basis and included within the 'Salary and fees' column above.
- (ii) Bonus payments represent the estimated amounts accrued at the end of the financial year including the applicable fringe benefits tax. Actual amounts paid may vary and are subject to the KPI achievements and Board approvals.
- (iii) Includes accommodation, motor vehicle costs and applicable fringe benefits tax payable on benefits.
- (iv) Termination benefits represent 3-months salaries and fees or amounts mutually agreed between the key management personnel and the Consolidated Group.
- (v) Long service leave entitlements are measured on an accrual basis.
- (vi) Short-term bonus payments for Ms. Carmen Riley during the year were one-off payments, approved and paid for achievement of KPIs with payments being made prior to the completion of the reverse acquisition.

30 June 2024			
Name	Fixed Remuneration	At risk - STI	At risk - LTI
<b>Executive Directors:</b>			
David Collins	100%	-	-
Carmen Riley	15%	85%	-
John Walstab	78%	22%	-
<b>Other Key Management Personnel:</b>			
Michael Peters	100%	-	-

REMUNERATION REPORT (AUDITED) CONTINUED

For the year ended 30 June 2025

Additional KMP remuneration disclosures

KMP remuneration of ParagonCare 2024

The following table includes remuneration of key management personnel of ParagonCare for the period from 1 July 2023 to 3 June 2024 (pre-reverse acquisition period). Graeme Stubbs was a director of CH2 in FY24 until 3 June 2024.

30 June FY24		Short-term benefits			Post employment benefits	Long-term benefits		
		Salary and fees <sup>(i)</sup>	Bonus <sup>(ii)</sup>	Non monetary benefit	Termination <sup>(iii)</sup>	Superannuation	Long service leave <sup>(iv)</sup>	Share based payments
		\$	\$	\$	\$	\$	\$	\$
Name								Total
								\$
<b>Non-Executive Directors:</b>								
Shane Tanner	137,500	-	-	37,500	-	-	-	175,000
Geoffrey Sam OAM	61,939	-	-	16,892	8,671	-	-	87,502
Brent Stewart	68,750	-	-	18,750	-	-	-	87,500
Alan McCarthy	68,750	-	-	-	-	-	-	68,750
<b>Executive Directors:</b>								
John Walstab	467,791	187,550	-	-	27,399	8,022	10,957,094	11,647,856
Mark Hooper	294,381	-	-	455,271	13,699	-	1,611,189	2,374,540
<b>Other Key Management Personnel:</b>								
Phillip Nicholl	472,978	-	-	216,640	34,882	8,600	1,190,570	1,923,670
Josie De Martino	305,027	-	-	202,789	26,867	-	498,362	1,033,045
Michael Peters <sup>(vi)</sup>	228,520	-	-	-	-	-	-	228,520
		2,105,636	187,550	-	947,842	111,518	16,622	14,257,215 17,626,383

- (i) Annual leave entitlements are measured on an accrual basis and included within the 'Salary and fees' column above.
- (ii) Bonus payments represent the estimated amounts accrued at the end of the financial year. Actual amounts paid may vary and are subject to the KPI achievements and Board approvals.
- (iii) Termination benefits represent salaries and fees or amounts mutually agreed between the key management personnel and the Consolidated Group. Refer section titled 'Service agreements' below for details regarding the notice periods applicable for the current and former KMPs.
- (iv) Long service leave entitlements are measured on an accrual basis.
- (v) Share based payments represent the fair values of performance rights granted to the key management personnel as per long-term incentive plan. At the EGM held on 3 June 2024, ParagonCare shareholders formally approved to waive continuous employment as well as share price vesting conditions attaching to all performance rights on issue at that date. Consequently, all the performance rights issued to key management personnel vested immediately and converted to ordinary shares on 3 June 2024. The amounts in the remuneration table includes the remaining fair values and incremental fair values of the performance rights recognised under AASB2 Share Based Payments on 3 June 2024 when the terms were modified.
- (vi) Mr. Michael Peters was appointed as interim CFO on 21 May 2024 and permanent CFO on 3 June 2024. The above amounts include consulting fees of \$228,520 paid to MPeters Pty Ltd, an entity associated with Michael.

The proportion of remuneration linked to performance and the fixed proportion are as follows:

30 June 2024			
Name	Fixed Remuneration	At risk - STI	At risk - LTI
<b>Executive Directors:</b>			
John Walstab	4%	2%	94%
Mark Hooper	32%	-	68%
<b>Other Key Management Personnel:</b>			
Michael Peters	100%	-	-
Phillip Nicholl	38%	-	62%
Josie De Martino	52%	-	48%



REMUNERATION REPORT (AUDITED) CONTINUED

For the year ended 30 June 2025

Service agreements

Remuneration and other terms of employment for key management personnel are formalised in service agreements. Details of these agreements are as follows:

Current key management personnel

Name:	Peter Lacaze
Title:	Chairman
Term of agreement:	3 years from the appointment date
Details:	Director fees including superannuation \$155,000
Name:	David Collins
Title:	Managing Director
Term of agreement:	No fixed term, notice period of 12 months for both the employee and the Company
Details:	Salary including superannuation \$800,000  STI 50% of total fixed remuneration per annum on achievement of KPIs  LTI (shares and performance rights) entitlements are granted in accordance with EIP approved by the Board
Name:	Carmen Riley
Title:	Chief Executive Officer
Term of agreement:	No fixed term, notice period of 6 months for both the employee and the Company
Details:	Salary including superannuation \$700,000  STI 50% of total fixed remuneration per annum on achievement of KPIs  LTI (shares and performance rights) entitlements are granted in accordance with EIP approved by the Board
Name:	John Walstab (Transitioned from Executive Director to Non-Executive Director on 1 April 2025)
Title:	Non-Executive Director
Term of agreement:	No fixed term
Details:	Director fees including superannuation \$80,000
Previous details:	John Walstab transitioned from Executive Director to Non-Executive Director on 1 April 2025. Prior to this transition, John's salary including superannuation was \$555,000. STI 40% of total fixed remuneration per annum on achievement of KPIs LTI eligibility in accordance with LTI plan determined by the Company
Name:	Peter Egglestone (Appointed on 20 March 2025)
Title:	Non-Executive Director, Chair of the Audit and Risk Committee
Term of agreement:	No fixed term
Details:	Director fees including superannuation \$100,000

REMUNERATION REPORT (AUDITED) CONTINUED

For the year ended 30 June 2025

Name:	Marcus Crowe (Appointed 1 March 2025)
Title:	Chief Financial Officer
Term of agreement:	No fixed term, notice period of 3 months for both the employee and the Company
Details:	Salary including superannuation and allowances \$475,000  STI 40% of total fixed remuneration per annum on achievement of KPIs  LTI eligibility in accordance with LTI plan determined by the Company

Former key management personnel

Name:	Alan McCarthy (Retired on 31 March 2025)
Title:	Non-Executive Director
Term of agreement:	No fixed term
Details:	Director fees including superannuation \$75,000
Name:	Michael Peters
Title:	Chief Financial Officer (resigned 6 September 2024)
Term of agreement:	No fixed term, notice period 3 months for employee and 3 months for the Company
Details:	Salary including superannuation \$450,000  STI 40% of remuneration per annum on achievement of KPIs  LTI (shares and performance rights) entitlements are granted in accordance with EIP approved by the Board

Key management personnel have no entitlement to termination payments in the event of removal for misconduct.

Share-based compensation

Issue of shares

There were no shares issued as compensation during the period and none outstanding as at 30 June 2025.

Performance rights

The terms and conditions of each grant of performance rights over ordinary shares affecting remuneration of directors and other key management personnel in this financial year or future reporting years are as follows:

Name	Number of rights granted in respect of FY25 performance	Allocation date	Vesting and exercisable date	Expiry date	Fair value per right at grant date
Carmen Riley	2,214,267	21/11/2024	30/06/2027	-	\$0.5000

At the 2024 Annual General Meeting held on 21 November 2024, shareholders approved the issue of Performance Rights to Ms Carmen Riley under the Company's Employee Incentive Plan (EIP). These awards represent the long-term incentive (LTI) component of Ms Riley's remuneration for the financial years ending 30 June 2025, 2026 and 2027.

The Performance Rights are granted at no cost, with no cash consideration payable on grant, vesting or exercise. Each right, once vested, converts into one fully paid ordinary share in the Company. The number of rights allocated each year is determined by dividing the relevant grant value by the volume weighted average price ('VWAP') of the Company's shares over the 30 trading days prior to 30 June of the preceding year. The maximum opportunity in any year is capped at 150% of Ms Riley's fixed remuneration of \$582,500 for FY25, the maximum annual LTI award equates to \$873,750, and the aggregate maximum face value of the awards over the three-year period is \$2,621,250.

## REMUNERATION REPORT (AUDITED) CONTINUED

For the year ended 30 June 2025

Vesting of the Performance Rights is subject to both service and performance conditions:

- The service condition requires continuous employment from 1 July 2024 until 30 June 2027. The service condition may be waived by the Board or treated as satisfied at the end of the three-year period, if employment ends in "special circumstances", including because of death, permanent disablement or redundancy, retirement with prior Board consent or other company initiated termination for other than cause. The Board may also reduce the number of Performance Rights proportionately in such circumstances.
- The performance condition is based on the Company's compound annual growth rate (CAGR) of net profit before tax (NPBT) for each award year compared to the prior financial year. Vesting outcomes range from 100% of fixed remuneration where CAGR achieves 5 per cent, up to 150% of fixed remuneration where CAGR is 18.125 per cent or above, with pro-rata vesting between these thresholds. Rights that do not vest will lapse.

The Performance Rights are not transferable and will not be quoted on the ASX.

On 27 November 2024, 2,214,267 Performance Rights were issued to Carmen Riley in respect of the FY25 performance period based on the VWAP of the Company's shares over the 30 trading days prior to 30 June 2024. For the FY25 performance period, the CAGR achieved was above 18.125% and therefore 100% of the performance rights will stay on foot subject to continued service until 30 June 2027.

The number of performance rights over ordinary shares granted to and vested by directors and other key management personnel of the Group as part of compensation are set out below:

	Number of rights granted during the year Units 30 June 2025	Value of rights allocated during the year \$ 30 June 2025	Number of rights vested during the year Units 30 June 2024	Value of rights vested during the year \$ 30 June 2024
Name				
Carmen Riley	2,214,267	1,107,134	-	-

Performance rights granted carry no dividend or voting rights.

### Additional disclosures relating to key management personnel

#### Shareholding

The number of shares in the Company held during the financial year by each director and other members of key management personnel of the Group, including their personally related parties, is set out below:

	Balance at the start of the year	Additions / (Disposals)	Conversion of performance rights	Other	Balance at the end of the year
<i>Ordinary shares</i>					
<b>Current directors</b>					
Peter Lacaze	471,762,036	-	-	-	471,762,036
David Collins	471,762,036	-	-	-	471,762,036
Carmen Riley	200,000	238,888	-	-	438,888
Peter Egglestone <sup>(i)</sup>	-	-	-	100,000	100,000
John Walstab	158,590,731	(14,000,000)	-	-	144,590,731
<b>Current executives</b>					
Marcus Crowe <sup>(i)</sup>	-	-	-	20,618	20,618
	<b>1,102,314,803</b>	<b>(13,761,112)</b>	<b>-</b>	<b>120,618</b>	<b>1,088,674,309</b>

(i) Represent interest in shares at date of appointment as a KMP.

## REMUNERATION REPORT (AUDITED) CONTINUED

For the year ended 30 June 2025

#### Performance rights holding

The number of performance rights over ordinary shares in the Company held during the financial year by each director and other members of key management personnel of the Group, including their personally related parties, is set out below:

	Balance at the start of the year	Granted <sup>(i)</sup>	Vested converted	Expired/ forfeited/ other	Balance at the end of the year
<i>Performance rights over ordinary shares</i>					
<b>Current directors</b>					
Carmen Riley	-	2,214,267	-	-	2,214,267
	<b>-</b>	<b>2,214,267</b>	<b>-</b>	<b>-</b>	<b>2,214,267</b>

(i) Represent performance rights issued in respect of the FY25 performance period.

### Other transactions with key management personnel and their related parties

	30 June 2025 \$	30 June 2024 \$
<b>Consolidated</b>		
The following transaction with close members of the family of Mr John Walstab: Salaries paid and payable	349,466	402,960

- (i) Salaries and wages were paid in the ordinary course of employment. For the period from 1 July 2023 to 30 June 2024, this amount includes a component from 1 July 2023 to 3 June 2024 of \$375,806 incurred by ParagonCare prior to the reverse acquisition.
- (ii) Terms and conditions of the transactions with close members of the family of the KMP were based on terms approved by the Board.

In May 2024, CH2 Holdings sold an investment in Aero Travel Solutions Pty Ltd for \$3,198,000 (to David Collins for \$1,599,400 and Peter Lacaze for \$1,599,400 (key management personnel and former shareholders)), and the Consolidated Group recognised a gain of \$198,800 on divestment.

### Loans to directors and executives

There were no loans to the Executives and Non-Executive Directors during the financial year ended 30 June 2025.

This Report has been audited under section 308(3C) of the *Corporations Act 2001*.

On behalf of the directors



**Peter Lacaze**  
Chairman, Nomination and Remuneration Committee

30 September 2025



# AUDITOR’S INDEPENDENCE DECLARATION

For the year ended 30 June 2025



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## Auditor’s independence declaration to the directors of Paragon Care Limited

As lead auditor for the audit of the financial report of Paragon Care Limited for the financial year ended 30 June 2025, I declare to the best of my knowledge and belief, there have been:

- a. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit;
- b. No contraventions of any applicable code of professional conduct in relation to the audit; and
- c. No non-audit services provided that contravene any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Paragon Care Limited and the entities it controlled during the financial year.



Ernst & Young



Paul Gower  
Partner  
30 September 2025

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Liability limited by a scheme approved under Professional Standards Legislation



# Financial Statements

For the year ended 30 June 2025



## STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2025

Consolidated			
	Note	FY25 \$'000	FY24 \$'000
<b>Revenue</b>			
Revenue	5	3,613,887	2,969,885
Cost of goods sold	5	(3,289,886)	(2,793,353)
<b>Gross profit</b>		<b>324,001</b>	<b>176,532</b>
Other income		281	227
Interest income		3,134	1,627
<b>Expenses</b>			
Warehousing and distribution expenses		(54,356)	(41,069)
Employee benefits expenses	6	(141,894)	(71,186)
Administration expenses	6	(38,224)	(21,369)
Depreciation and amortisation expenses	6	(29,833)	(14,756)
Finance costs	7	(33,172)	(16,007)
Other expenses		(4,476)	(234)
<b>Profit before income tax expense</b>		<b>25,461</b>	<b>13,765</b>
Income tax expense	8	(4,887)	(5,585)
<b>Profit after income tax expense for the year attributable to the owners of ParagonCare Limited</b>		<b>20,574</b>	<b>8,180</b>
<b>Other comprehensive income</b>			
<i>Items that will not be reclassified subsequently to profit or loss</i>			
Actuarial gain on defined benefit plans, net of tax		(106)	(25)
<i>Items that may be reclassified subsequently to profit or loss</i>			
Hedges reserves, net of tax		(35)	-
Foreign currency translation		16,708	(300)
Other comprehensive income for the year, net of tax		16,567	(325)
<b>Total comprehensive income for the year attributable to the owners of ParagonCare</b>		<b>37,141</b>	<b>7,855</b>

		Cents	Cents
Basic earnings per share	40	1.24	0.87
Diluted earnings per share	40	1.24	0.87

The above statement of changes in equity should be read in conjunction with the accompanying notes.

## STATEMENT OF FINANCIAL POSITION

For the year ended 30 June 2025

Consolidated			
	Note	FY25 \$'000	FY24 \$'000
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	9	20,329	19,944
Trade and other receivables	10	401,538	345,986
Inventories	11	282,544	270,384
Derivative financial instruments	12	394	719
Income tax refund due	8	3,057	-
Other assets	13	49,551	40,713
<b>Total current assets</b>		<b>757,413</b>	<b>677,746</b>
<b>Non-current assets</b>			
Trade and other receivables	10	1,000	1,500
Other assets	13	10,147	8,796
Investment properties	14	1,678	1,711
Property, plant and equipment	16	31,189	27,825
Right-of-use assets	15	44,633	43,834
Goodwill and other intangible assets	17	395,474	389,210
Deferred tax asset	8	2,177	-
<b>Total non-current assets</b>		<b>486,298</b>	<b>472,876</b>
<b>Total assets</b>		<b>1,243,711</b>	<b>1,150,622</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	18	575,768	553,543
Contract liabilities	19	4,868	10,339
Borrowings	20	160,360	106,665
Lease liabilities	21	12,094	9,435
Make good provision		47	654
Derivative financial instruments	12	4,656	334
Income tax payable	8	-	4,299
Employee benefits	22	13,405	16,845
Vendor conditional payables	23	264	321
<b>Total current liabilities</b>		<b>771,462</b>	<b>702,435</b>
<b>Non-current liabilities</b>			
Contract liabilities	19	272	144
Borrowings	20	76,359	89,897
Lease liabilities	21	43,473	45,054
Make Good provision		4,187	3,588
Deferred tax liability	8	12,415	12,360
Employee benefits	22	1,849	1,510
Vendor conditional payables	23	3,852	3,917
<b>Total non-current liabilities</b>		<b>142,407</b>	<b>156,470</b>
<b>Total liabilities</b>		<b>913,869</b>	<b>858,905</b>
<b>Net assets</b>		<b>329,842</b>	<b>291,717</b>

The above statement of changes in equity should be read in conjunction with the accompanying notes.

## STATEMENT OF FINANCIAL POSITION CONTINUED

For the year ended 30 June 2025

Consolidated			
	Note	FY25 \$'000	FY24 \$'000
<b>Equity</b>			
Issued capital	24	328,488	328,488
Reserves	25	17,226	(325)
Accumulated losses		(15,872)	(36,446)
<b>Total equity</b>		<b>329,842</b>	<b>291,717</b>

## STATEMENT OF CHANGE 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
<i>Transactions with owners in their capacity as owners:</i>				
Issue of equity (note 24)	277,595	-	-	277,595
Dividends paid (note 26)	-	-	(12,613)	(12,613)
<b>Balance at 30 June 2024</b>	<b>328,488</b>	<b>(325)</b>	<b>(36,446)</b>	<b>291,717</b>

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	-	16,567	-	16,567
Total comprehensive income for the year	-	16,567	20,574	37,141
<i>Transactions with owners in their capacity as owners:</i>				
Share-based payments	-	984	-	984
<b>Balance at 30 June 2025</b>	<b>328,488</b>	<b>17,226</b>	<b>(15,872)</b>	<b>329,842</b>

The above statement of changes in equity should be read in conjunction with the accompanying notes.

## STATEMENT OF CASH FLOWS

For the year ended 30 June 2025

Consolidated			
	Note	FY25 \$'000	FY24 \$'000
<b>Cash flows from operating activities</b>			
Receipts from customers (inclusive of GST)		3,919,189	3,175,060
Payments to suppliers and employees (inclusive of GST)		(3,886,917)	(3,111,029)
		32,272	64,031
Interest received		2,469	1,575
Interest and other finance costs paid		(30,035)	(14,656)
Interest paid on lease liabilities		(3,137)	(1,585)
Income taxes paid		(14,992)	(4,913)
<b>Net cash from/(used in) operating activities</b>	<b>38</b>	<b>(13,423)</b>	<b>44,452</b>
<b>Cash flows from investing activities</b>			
Cash acquired as part of the reverse acquisition	34	-	21,522
Cash consideration for the acquisition of business, net of cash acquired	34	(463)	(25,063)
Payments for property, plant and equipment		(11,691)	(6,779)
Payments for intangibles	17	(5,172)	(12,538)
Proceeds from disposal of investments		-	3,199
Proceeds from disposal of property, plant and equipment		685	134
<b>Net cash used in investing activities</b>		<b>(16,641)</b>	<b>(19,525)</b>
<b>Cash flows from financing activities</b>			
Proceeds from borrowings	39	3,920,783	3,189,449
Dividends paid	26	-	(12,613)
Repayment of borrowings	39	(3,880,626)	(3,174,808)
Repayment of lease liabilities	39	(11,002)	(7,981)
<b>Net cash from/(used in) financing activities</b>		<b>29,154</b>	<b>(5,953)</b>
Net increase in cash and cash equivalents		(910)	18,974
Cash and cash equivalents at the beginning of the financial year		19,944	970
Net foreign exchange difference		1,295	-
<b>Cash and cash equivalents at the end of the financial year</b>	<b>9</b>	<b>20,329</b>	<b>19,944</b>

The above statement of changes in equity should be read in conjunction with the accompanying notes.



# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2025

## Note 1. General information

The financial statements cover Paragon Care Limited as a Group consisting of Paragon Care Limited ('Company', 'parent entity' or 'ParagonCare') and the entities it controlled at the end of, or during, the year. Paragon Care Limited and its subsidiaries together are referred to in these financial statements as the 'Group'. The financial statements are presented in Australian dollars, which is ParagonCare's functional and presentation currency.

ParagonCare is a listed public company limited by shares, incorporated and domiciled in Australia whose shares are publicly traded on the Australian Securities Exchange (ASX).

Registered office and principal place of business:

77-97 Ricketts Road  
Mount Waverley  
VIC 3149

The principal continuing activities of the Group during the year were the supply of durable medical equipment, medical devices, consumable medical products, and maintenance of technical medical equipment to the health, aged care and aesthetics markets throughout Australia, New Zealand and Asia, as well as the distribution of pharmaceuticals, medical consumables, and complementary medicines to the Australian healthcare market.

The financial statements were authorised for issue in accordance with a resolution of directors on 30 September 2025. The directors have the power to amend and reissue the financial statements.

## Note 2. Material accounting policy information

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

### Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the *Corporations Act 2001*, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

### 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

# NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 30 June 2025

- 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 \$235,270,000 of goodwill. The consolidated statement of financial position for both the current and comparative period represents the consolidated position of the Group.

Refer note 34 for further details of the reverse acquisition.

### 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.

### Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are material to the financial statements, are disclosed in note 3.

### 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.

### Going concern

The consolidated financial statements have been prepared on a going concern basis, which contemplates continuity of normal business activities and realisation of assets and settlement of liabilities in the ordinary course of business. There is a current asset deficiency due to the classification of a bank loan as a current liability (refer note 20). Having reviewed the current performance, forecasts, debt servicing requirements, availability of undrawn committed financial facilities and other financial risks, at the time of approving the consolidated financial statements, the directors are satisfied that the Group is able to meet its commitments as and when they fall due and continue as a going concern. Thus, they continue to adopt the going concern basis of accounting in preparing the consolidated financial statements.

### Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the Group's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the Group's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; the entity has the right at the end of the reporting period to defer settlement of the liability for at least 12 months after that date. All other liabilities are classified as non-current. Further information relating to the classification of borrowings is outlined in this note 2 under the heading Borrowings.

Deferred tax assets and liabilities are always classified as non-current.

### Parent entity information

In accordance with the *Corporations Act 2001*, these financial statements present the results of the Group only. Supplementary information about the parent entity (ParagonCare) is disclosed in note 36.

# NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 30 June 2025

## Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of ParagonCare as at 30 June 2025 and the results of all subsidiaries for the year then ended.

Subsidiaries are all those entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the Group are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Non-controlling interest in the results and equity of subsidiaries are shown separately in the statement of profit or loss and other comprehensive income, statement of financial position and statement of changes in equity of the Group. Losses incurred by the Group are attributed to the non-controlling interest in full, even if that results in a deficit balance.

Where the Group loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The Group recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

## Operating segments

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Maker ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

## Foreign currency translation

Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

### Foreign operations

The assets and liabilities of foreign operations are translated into Australian dollars using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into Australian dollars using the average exchange rates, which approximate the rates at the dates of the transactions, for the period. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency reserve in equity.

The foreign currency reserve is recognised in profit or loss when the foreign operation or net investment is disposed.

## Income tax

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits.
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

# NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 30 June 2025

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

ParagonCare (the 'head entity') and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under the tax consolidation regime. The head entity and each subsidiary in the tax consolidated group continue to account for their own current and deferred tax amounts. The tax consolidated group has applied the 'separate taxpayer within group' approach which involves the calculation of current and deferred taxes for each entity in the tax-consolidated group on the basis that the entity is subject to tax as part of the tax consolidated group.

In addition to its own current and deferred tax amounts, the head entity also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from each subsidiary in the tax consolidated group.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the tax consolidated group. The tax funding arrangement ensures that the intercompany charge equals the current tax liability or benefit of each tax consolidated group member, resulting in neither a contribution by the head entity to the subsidiaries nor a distribution by the subsidiaries to the head entity.

## Goods and Services Tax ('GST') and other similar taxes

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

## Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

## Trade and other receivables

Trade receivables are recognised at the transaction price determined under AASB 15 when the right to consideration becomes unconditional. Subsequent to initial recognition, trade receivables are measured at amortised cost using the effective interest method and are subject to impairment under the expected credit loss model. Trade receivables are generally due for settlement within 30 days.

Loans and other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses.

The Group recognises an allowance for expected credit losses (ECLs) for all financial assets not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

For the loans and other receivable, ECLs are recognised in two stages. For credit exposures where there has been a significant increase in credit risk since the initial recognition of the financial asset, the ECL is recognised on the basis of the lifetime expected credit losses, irrespective of the timing of the default (a lifetime ECL). When there has not been an increase in credit risk since initial recognition, the allowance for credit losses is recognised on the basis of 12-month expected credit losses (a 12-month ECL). 12-month ECL is the portion of lifetime expected credit losses that represent the expected credit losses that result from default events on a financial instrument that are possible within the 12 months after the reporting date. The Group considers a range of information when assessing whether the credit risk



# NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 30 June 2025

has increased significantly since initial recognition. This includes such factors as the identification of significant changes in external market indicators of credit risk, significant adverse changes in the financial performance or financial position of the counterparty, significant changes in the value of collateral, and past due information.

For trade receivables, the Group has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. The Group determines expected credit losses for groups of trade receivables with shared credit risk characteristics. Groupings are based on customer type and days overdue over the trading term. An ECL rate is determined based on the historic credit loss rates for the Group, adjusted for other current observable data that may materially impact the Group's future credit risk. This other observable data includes specific factors in relation to each debtor or general economic conditions of the industry in which the debtors operate. Irrespective of this analysis, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has a reasonable basis to determine that a lagging default criterion is more appropriate based on the facts and circumstances of the individual amounts owing.

A financial asset is written off when the counterparty is in severe financial difficulty and the Group has no realistic expectation of recovery of the financial asset.

## Customer acquisition costs

Customer acquisition costs represent amounts paid by the Group to customers to entice the customers to purchase or continue purchasing its goods or services. Customer acquisition costs are amortised on a straight-line basis over the term of the contract.

The amortisation of customer acquisition costs are presented in the statement of profit or loss and other comprehensive income as a reduction of the transaction price and, therefore, of revenue unless the payment to the customer is in exchange for a distinct good or service that the customer transfers to the entity. If the consideration payable to a customer includes a variable amount, the Group estimates the transaction price (including assessing whether the estimate of variable consideration is constrained).

Incremental costs of obtaining a contract where the contract term is less than one year is immediately expensed to profit or loss.

## Inventories

Inventories are stated at the lower of cost and net realisable value basis. Cost includes the cost of bringing the inventory to its condition and location for sale and includes freight, supplier rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Stock on hand is stated at the lower of cost and net realisable value. Cost comprises of purchase and delivery costs, net of rebates and discounts received or receivable.

## Financial assets at fair value through profit or loss

The Group holds certain derivative financial instruments, including forward foreign exchange contracts, to hedge its exposure to foreign currency risk arising from forecast transactions. These instruments are initially recognised at fair value on the date the contract is entered into and are subsequently remeasured at fair value at each reporting date.

The Group has elected to apply hedge accounting in accordance with AASB 9 Financial Instruments for qualifying relationships, designating certain derivatives as cash flow hedges. At inception of each hedge relationship, the Group documents the risk management objective and strategy for undertaking the hedge, the nature of the risk being hedged, the hedged item and the hedging instrument, and the method for assessing hedge effectiveness.

For derivatives designated as cash flow hedges, the effective portion of changes in fair value is recognised in Other Comprehensive Income (OCI) and accumulated in the hedging reserve within equity. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss. Amounts in the hedging reserve are reclassified to profit or loss in the same period(s) during which the hedged forecast cash flows affect profit or loss (for example, when a forecast sale occurs).

If the hedging instrument no longer meets the criteria for hedge accounting, the hedge relationship is discontinued. Any cumulative gain or loss in the hedging reserve remains in equity until the forecast transaction occurs, after which it is transferred to profit or loss. If the forecast transaction is no longer expected to occur, the cumulative gain or loss in the hedging reserve is immediately reclassified to profit or loss.

The Group assesses hedge effectiveness on an ongoing basis, using both prospective and retrospective methods, to ensure that the hedge relationships remain highly effective in offsetting changes in cash flows attributable to the hedged risk.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, its carrying value is written off.

# NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 30 June 2025

## Investment properties

Investment properties principally comprise of freehold land and buildings held for long-term rental and capital appreciation that are not occupied by the Group. Investment properties are initially recognised at cost, including transaction costs, and are subsequently remeasured periodically at fair value. Movements in fair value are recognised directly to profit or loss.

Investment properties are derecognised when disposed of or when there is no future economic benefit expected.

Transfers to and from investment properties to property, plant and equipment are determined by a change in use of owner-occupation. The fair value on the date of change of use from investment properties to property, plant and equipment are used as deemed cost for the subsequent accounting. The existing carrying amount of property, plant and equipment is used for the subsequent accounting cost of investment properties on the date of change of use.

Investment properties also include properties under construction for future use as investment properties. These are carried at fair value, or at cost where fair value cannot be reliably determined and the construction is incomplete.

## Property, plant and equipment

Land and buildings is stated at historical cost less accumulated depreciation and impairment for buildings. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

Leasehold improvements	3-15 years or lease term (whichever is lower)
Motor vehicles	5 years
Plant and equipment	3-10 years
Computer equipment	3-5 years
Furniture and fittings	3-10 years
Office equipment	1-8 years

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Leasehold improvements are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the Group. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss. Any revaluation surplus reserve relating to the item disposed of is transferred directly to retained profits.

## Capital work-in-progress (WIP)

Costs arising directly from capital WIP are recognised as an asset and are not depreciated. The costs are transferred to the relevant class of property, plant and equipment from the time the asset is held ready for use on a commercial basis.

## Right-of-use assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the Group expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

Right-of-use assets that meet the definition of investment property are measured at fair value where the Group has adopted a fair value measurement basis for investment property assets.

The Group has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

# NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 30 June 2025

## Intangible assets

Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

### Goodwill

Goodwill arises on the acquisition of a business. Goodwill is not amortised. Instead, goodwill is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired and is carried at cost less accumulated impairment losses. Impairment losses on goodwill are taken to profit or loss and are not subsequently reversed.

### Website

Material costs associated with the development of the revenue generating aspects of the website, including the capacity of placing orders, are deferred and amortised on a straight-line basis over the period of their expected benefit, being their finite life of 10 years.

### Supplier contracts

Supplier contracts acquired in a business combination are amortised on a straight-line basis over the period of their expected benefit, being their finite life of up to 25 years.

### Software development

Software development costs are capitalised when it is probable that the project will be a success considering its commercial and technical feasibility; the Group is able to use or sell the asset; the Group has sufficient resources and intent to complete the development; and its costs can be measured reliably. Capitalised software development costs are amortised on a systematic basis matched to the future economic benefit over the useful life of the software.

## Impairment of non-financial assets

Goodwill and other intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

## Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

## Contract liabilities

Contract liabilities represent the Group's obligation to transfer goods or services to a customer and are recognised when a customer pays consideration, or when the Group recognises a receivable to reflect its unconditional right to consideration (whichever is earlier) before the Group has transferred the goods or services to the customer.

## Borrowings

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method. This is a method of calculating the amortised cost of a financial asset or liability and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset or liability to the net carrying amount of the financial asset or liability.

# NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 30 June 2025

## Finance costs

Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred. Finance costs comprise interest payable on borrowings net of ancillary debt issue costs incurred with the arrangement of borrowings, calculated using effective interest rate method.

## Lease liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

## Make good provisions

The Group recognises a provision for makegood obligations associated with leased premises where it has a present obligation to restore the leased asset to its original condition at the end of the lease term. The provision is measured at the present value of the expected future expenditure required to settle the obligation, discounted using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation.

The corresponding cost is capitalised as part of the right-of-use asset and is depreciated over the shorter of the useful life of the asset and the lease term. Adjustments to the provision resulting from changes in the estimated outflow of resources, timing of settlement, or discount rate are added to or deducted from the carrying amount of the related right-of-use asset.

## Provisions

Provisions are recognised when the Group has a present (legal or constructive) obligation as a result of a past event, it is probable the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

## Employee benefits

### Short-term incentives

In each full year of employment, short term incentives, in the form of cash bonuses, are paid to selected positions based on agreed targets established at the commencement of the financial year. Achievement of pre-determined key performance indicators are assessed at the end of the period, with payments based on Company discretion and demonstrated performance and STI rules.

### Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

### Other long-term employee benefits

The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on high-quality corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.



# NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 30 June 2025

### Termination benefits

Termination benefits are recognised when a detailed plan of termination has been communicated to affected employees. They are measured as short-term employee benefits when expected to be settled wholly within 12 months of the reporting date or as long-term benefits when not expected to be settled within 12 months of the reporting date.

### Incentive plans

A provision is recognised for the amount expected to be paid under short-term or long-term incentive plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

### Superannuation

Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

### Share-based payments

Equity-settled and cash-settled share-based compensation benefits are provided to employees.

Equity-settled transactions are awards of shares, options over shares or performance rights, that are provided to employees in exchange for the rendering of services. Cash-settled transactions are awards of cash for the exchange of services, where the amount of cash is determined by reference to the share price.

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using either the Binomial or Black-Scholes option pricing model that takes into account the exercise price, the term of the instrument, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the Group receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

The cost of cash-settled transactions is initially, and at each reporting date until vested, determined by applying either the Binomial or Black-Scholes option pricing model, taking into consideration the terms and conditions on which the award was granted. The cumulative charge to profit or loss until settlement of the liability is calculated as follows:

- During the vesting period, the liability at each reporting date is the fair value of the award at that date multiplied by the expired portion of the vesting period.
- From the end of the vesting period until settlement of the award, the liability is the full fair value of the liability at the reporting date.

All changes in the liability are recognised in profit or loss. The ultimate cost of cash-settled transactions is the cash paid to settle the liability.

Market conditions are taken into consideration in determining fair value. Therefore any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the Group or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the Group or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

### Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

# NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 30 June 2025

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is material to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be material. External valuers are selected based on market knowledge and reputation. Where there is a material change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

### Issued capital

Ordinary shares are classified as equity.

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the Company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

### Dividends

Dividends are recognised when declared during the financial year and no longer at the discretion of the Company.

### Business combinations

The acquisition method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired.

The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued or liabilities incurred by the acquirer to former owners of the acquiree and the amount of any non-controlling interest in the acquiree. For each business combination, the non-controlling interest in the acquiree is measured at either fair value or at the proportionate share of the acquiree's identifiable net assets. All acquisition costs are expensed as incurred to profit or loss.

On the acquisition of a business, the Group assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the Group's operating or accounting policies and other pertinent conditions in existence at the acquisition-date.

Where the business combination is achieved in stages, the Group remeasures its previously held equity interest in the acquiree at the acquisition-date fair value and the difference between the fair value and the previous carrying amount is recognised in profit or loss.

Contingent consideration to be transferred by the acquirer is recognised at the acquisition-date fair value. Subsequent changes in the fair value of the contingent consideration classified as an asset or liability is recognised in profit or loss. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

The difference between the acquisition-date fair value of assets acquired, liabilities assumed and any non-controlling interest in the acquiree and the fair value of the consideration transferred and the fair value of any pre-existing investment in the acquiree is recognised as goodwill. If the consideration transferred and the pre-existing fair value is less than the fair value of the identifiable net assets acquired, being a bargain purchase to the acquirer, the difference is recognised as a gain directly in profit or loss by the acquirer on the acquisition-date, but only after a reassessment of the identification and measurement of the net assets acquired, the non-controlling interest in the acquiree, if any, the consideration transferred and the acquirer's previously held equity interest in the acquirer.

Business combinations are initially accounted for on a provisional basis. The acquirer retrospectively adjusts the provisional amounts recognised and also recognises additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition-date. The measurement period ends on either the earlier of (i) 12 months from the date of the acquisition or (ii) when the acquirer receives all the information possible to determine fair value.

# NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 30 June 2025

## Earnings per share

### Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to the owners of ParagonCare, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

### Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

## Revenue recognition

The Group recognises revenue to depict the transfer of promised goods or services to customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

### Revenue from contracts with customers

Revenue is recognised at an amount that reflects the consideration to which the Group is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the Group:

- identifies the contract with a customer;
- identifies the performance obligations in the contract;
- determines the transaction price which takes into account estimates of variable consideration and the time value of money;
- allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and
- recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

The transaction price allocated to the performance obligation is based on stand-alone selling pricing, taking into returns, trade discounts, allowances, rebates and impairment.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a material reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are recognised as a refund liability.

### Sale of goods

Revenue from the sale of goods is recognised at the point in time when the customer obtains control of the goods. The Group considers that the point of satisfaction of the performance obligation is the point of delivering goods or acceptance of equipment. Revenue recognised is net of settlement credits (including customer rebates and discounts) and a provision for returns. Under the Group's standard terms with customers, product returns and refunds are in accordance with local requirements. Accumulated experience has been used to determine that such returns are not significant.

### Service maintenance revenue

Revenue from service maintenance agreements is recognised over time as the services are rendered over the period of service maintenance agreements.

Consideration recognised is net of transaction price including customer rebates and discounts (and a provision for returns).

### Extended warranty revenue

Equipment in limited circumstances sold with an extended warranty, which is considered to be a separate performance obligation for the purposes of recognising revenue. In this case, the Group determines the relative stand-alone selling price (price at which an entity would sell the service separately) of the services underlying the performance obligation. Revenue from expected warranty is recognised over the time-period of the extended warranty.

### Community service obligation (CSO) income

Income earned from the Government to fulfil minimum delivery requirements for specified medicines to pharmacies in accordance with the Community Pharmacy Agreement. CSO and NDSS income is recognised at the point of delivering goods.

### Interest

Interest income is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

# NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 30 June 2025

## Comparative financial information

Certain prior year amounts have been reclassified or restated for consistency with the current year presentation. These reclassifications or restatements had no effect on the reported results of operations.

## New or amended Accounting Standards and Interpretations adopted

The Group has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. The adoption of these Accounting Standards and Interpretations did not have any material impact on the financial performance or position of the Group.

The following Accounting Standards and Interpretations are most relevant to the Group:

- (a) AASB 101, to clarifies the criteria for classifying liabilities as current or non-current in AASB 101 and Introduces disclosures about covenants related to non-current liabilities;
- (b) AASB 107, to requires disclosures about supplier finance arrangements to enhance transparency of such financing.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

## New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Group for the annual reporting period ended 30 June 2025. The Group has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

### AASB 18 Presentation and Disclosure in Financial Statements

This standard is applicable to annual reporting periods beginning on or after 1 January 2027. The standard replaces *AASB 101 Presentation of Financial Statements*, with many of the original disclosure requirements retained and there will be no impact on the recognition and measurement of items in the financial statements. But the standard will affect presentation and disclosure in the financial statements, including introducing five categories in the statement of profit or loss and other comprehensive income: operating, investing, financing, income taxes and discontinued operations. The standard introduces two mandatory sub-totals in the statement: 'Operating profit' and 'Profit before financing and income taxes'. There are also new disclosure requirements for 'management-defined performance measures', such as earnings before interest, taxes, depreciation and amortisation ('EBITDA') or 'adjusted profit'. The standard provides enhanced guidance on grouping of information (aggregation and disaggregation), including whether to present this information in the primary financial statements or in the notes. The Group will adopt this standard from 1 July 2027. As at reporting date, the Group has not completed an assessment on the impact of the standard.

### AASB 2024-2 Amendments to Australian Accounting Standards - Classification and measurement of financial instruments

Amends *AASB 9 Financial instruments* to introduce an option to derecognise financial liabilities settled through electronic transfer before the settlement date, clarifies how contractual cash flows should be assessed for financial assets with environmental, social and governance (ESG) and similar features, includes additional guidance in respect of non-recourse features and contractually linked instruments and amends specific disclosure requirements. The Group is currently evaluating the expected impact of these amendments on the consolidated financial statements. The amendments are applicable to annual reporting periods beginning on or after 1 January 2026. As at reporting date, the Group has not completed an assessment on the impact of the standard.

## Note 3. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

### Allowance for expected credit losses

The allowance for expected credit losses (ECL) assessment requires a degree of estimation and judgement. For trade receivables, the allowance for ECL is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent sales experience and historical collection rates.



# NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 30 June 2025

Estimation and judgement is also required and is utilised in measuring provisions for expected credit losses and determining whether the risk of default has increased significantly since initial recognition of the other loans receivable. The Group considers both quantitative and qualitative information in determining the expected credit losses.

The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

Significant judgement is required in assessing the recovery of balances due from the Infinity Group, as both the extent and method of recovery are subject to events outside the Group's direct control. These events include the successful completion of a recapitalisation transaction by the Infinity Group, and/or the continued sell down of individual pharmacies. However, the uncertainty surrounding these outcomes presents considerable challenges in reliably determining the recoverable amount.

### Provision for impairment of inventories

The provision for impairment of inventories assessment requires a degree of estimation and judgement. The level of the provision is assessed by taking into account the recent sales experience, the ageing of inventories and other factors that affect inventory obsolescence.

### Estimation of useful lives of assets

The Group determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

### Impairment testing of goodwill and other indefinite life intangible assets

The Group tests annually, or more frequently if events or changes in circumstances indicate impairment, whether goodwill and other indefinite life intangible assets have suffered any impairment, in accordance with the accounting policy stated in note 2. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of assumptions, including estimated discount rates based on the current cost of capital and growth rates of the estimated future cash flows.

### Impairment of non-financial assets other than goodwill and other indefinite life intangible assets

The Group assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the Group and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

### Income tax

The Group is subject to income taxes in the jurisdictions in which it operates. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Group recognises liabilities for anticipated tax audit issues based on the Group's current understanding of the tax law. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

### Recovery of deferred tax assets

Deferred tax assets are recognised for deductible temporary differences only if the Group considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

### Lease term

The lease term is a significant component in the measurement of both the right-of-use asset and lease liability. Judgement is exercised in determining whether there is reasonable certainty that an option to extend the lease or purchase the underlying asset will be exercised, or an option to terminate the lease will not be exercised, when ascertaining the periods to be included in the lease term. In determining the lease term, all facts and circumstances that create an economical incentive to exercise an extension option, or not to exercise a termination option, are considered at the lease commencement date. Factors considered may include the importance of the asset to the Group's operations; comparison of terms and conditions to prevailing market rates; incurrence of significant penalties; existence of significant leasehold improvements; and the costs and disruption to replace the asset. The Group reassesses whether it is reasonably certain to exercise an extension option, or not exercise a termination option, if there is a significant event or significant change in circumstances.

### Business combinations

As discussed in note 2, business combinations are initially accounted for on a provisional basis. Judgements involved in determining the acquirer, acquiree and consideration transferred in reverse acquisition.

The fair value of assets acquired, liabilities and contingent liabilities assumed are initially estimated by the Group taking into consideration all available information at the reporting date. Fair value adjustments on the finalisation of the business combination accounting is retrospective, where applicable, to the period the combination occurred and may have an impact on the assets and liabilities, depreciation and amortisation reported.

# NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 30 June 2025

### Identification of acquirer in a reverse acquisition

In relation to reverse acquisition, judgment is required to assess the accounting acquirer. In performing this analysis, consideration is given to the relative voting rights in the combined entity after the business combination, the existence of a large minority voting interest in the combined entity if no other owner or organised group of owners has a significant voting interest, the composition of the governing body of the combined entity, the composition of the senior management of the combined entity and the terms of the exchange of equity interests.

### Share-based payments

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option/performance rights, volatility and dividend yield and making assumptions about them.

## Note 4. Operating segments

### Identification of reportable operating segments

The Group is organised into the operating segments: Australia, New Zealand 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.

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).

# NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 30 June 2025

## Operating segment information

Consolidated - FY25	ANZ \$'000	Asia \$'000	Total \$'000
<b>Revenue</b>			
Sales to external customers	3,512,552	101,335	3,613,887
<b>Total revenue</b>	<b>3,512,552</b>	<b>101,335</b>	<b>3,613,887</b>
Income/(expenses)			
Cost of goods sold	(3,235,520)	(54,365)	(3,289,886)
Warehousing and distribution expenses	(53,714)	(642)	(54,356)
Employee benefits expenses	(129,871)	(12,023)	(141,894)
Administration expenses	(27,409)	(10,815)	(38,224)
Other expenses	(4,344)	(133)	(4,476)
Other income	3,414	1	3,415
<b>EBITDA</b>	<b>65,107</b>	<b>23,359</b>	<b>88,466</b>
Depreciation and amortisation			(29,833)
Finance costs			(33,172)
<b>Net profit before income tax expense</b>			<b>25,461</b>
Income tax expense			(4,887)
<b>Net profit after income tax expense</b>			<b>20,574</b>

Consolidated - FY24	ANZ \$'000	Asia \$'000	Total \$'000
<b>Revenue</b>			
Sales to external customers	2,961,419	8,467	2,969,886
<b>Total revenue</b>	<b>2,961,419</b>	<b>8,467</b>	<b>2,969,886</b>
Income/(expenses)			
Cost of goods sold	(2,788,936)	(4,417)	(2,793,353)
Warehousing and distribution expenses	(41,016)	(53)	(41,069)
Employee benefits expenses	(70,358)	(828)	(71,186)
Administration expenses	(20,360)	(1,009)	(21,369)
Other expenses	8	(242)	(234)
Other income	1,854	-	1,854
<b>EBITDA</b>	<b>42,611</b>	<b>1,917</b>	<b>44,528</b>
Depreciation and amortisation			(14,756)
Finance costs			(16,007)
<b>Net profit before income tax expense</b>			<b>13,765</b>
Income tax expense			(5,585)
<b>Net profit after income tax expense</b>			<b>8,180</b>

Following the internal reorganisation of the business, the CODM does not perform a review of the statement of financial position for each of the operating segments. Prior to this reorganisation, the financial statements for the year ended 30 June 2024 included balance sheet disclosures for two segments, CH2 Holdings and ParagonCare. Included below is the statement of financial position as disclosed in the segments note under the old segments structure. The segment assets and liabilities information disclosed below has been updated to reflect the finalisation of the fair value adjustments arising from the purchase price allocation (refer note 34 for details).

# NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 30 June 2025

Consolidated - FY24	ParagonCare \$'000	CH2 \$'000	Total \$'000
<b>Assets</b>			
Segment assets	156,225	585,243	741,468
<i>Unallocated assets:</i>			
Cash and cash equivalents			19,944
Goodwill and other intangible assets			389,210
<b>Total assets</b>			<b>1,150,622</b>
<b>Liabilities</b>			
Segment liabilities	104,412	541,272	645,684
<i>Unallocated liabilities:</i>			
Provision for income tax			4,299
Bank Loans			196,562
Deferred tax liability			12,360
<b>Total liabilities</b>			<b>858,905</b>

## Geographical information

	Sales to external customers		Geographical non-current assets	
	30 Jun 25 \$'000	30 Jun 24 \$'000	30 Jun 25 \$'000	30 Jun 24 \$'000
<b>Consolidated - FY25</b>				
Australia	3,452,586	2,956,605	415,943	410,309
New Zealand	59,966	4,813	32,571	28,057
Asia	101,335	8,467	35,607	34,510
	<b>3,613,887</b>	<b>2,969,885</b>	<b>484,121</b>	<b>472,876</b>

The geographical non-current assets above are exclusive of, where applicable, financial instruments, deferred tax assets and post-employment benefits assets.



# NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 30 June 2025

## Note 5. Revenue

### 5a - Revenue

#### Disaggregation of revenue

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

	Consolidated	
	FY25 \$'000	FY24 \$'000
<i>Revenue from contracts with customers - Based on timing of revenue recognition</i>		
Goods transferred at a point in time	3,580,132	2,967,201
Services transferred over time	33,755	2,684
	<b>3,613,887</b>	<b>2,969,885</b>

	Consolidated	
	FY25 \$'000	FY24 \$'000
<i>Major product lines</i>		
Healthcare products	3,613,887	2,969,885

Geographical regions are disclosed in note 4.

### 5b - Cost of sales

	Consolidated	
	FY25 \$'000	FY24 \$'000
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)
	<b>3,289,886</b>	<b>2,793,353</b>

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.

# NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 30 June 2025

## Note 6. Administration expenses

### 6a - Employee benefits expenses

	Consolidated	
	FY25 \$'000	FY24 \$'000
Salaries and wages	111,021	51,183
Superannuation	10,254	5,007
Other employee expenses	8,662	4,958
Contract staffing	11,750	9,415
Long service leave expenses	207	623
	<b>141,894</b>	<b>71,186</b>

### 6b - Administration expenses

	Consolidated	
	FY25 \$'000	FY24 \$'000
Management consulting fees	2,054	1,010
Professional fees	2,207	943
Information technology	7,320	4,002
Travel costs	4,077	1,188
Bad debts and allowance for expected credit losses	(400)	2,105
Advertising and promotional	10,720	1,256
Other corporate costs	7,304	8,506
Insurance	4,942	2,359
	<b>38,224</b>	<b>21,369</b>

### 6c - Depreciation and amortisation expenses

	Consolidated	
	FY25 \$'000	FY24 \$'000
Depreciation - Leasehold improvements	1,969	892
Depreciation - Plant and equipment	5,227	2,162
Depreciation - Fixtures and fittings	232	63
Depreciation - Motor vehicles	122	54
Depreciation - Computer equipment	457	190
Depreciation - Building	36	3
Depreciation - Right-of-use assets	11,836	8,145
Amortisation - Software development costs	3,130	1,967
Amortisation - Contracts	6,824	1,280
	<b>29,833</b>	<b>14,756</b>

# NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 30 June 2025

## Note 7. Finance costs

	Consolidated	
	FY25 \$'000	FY24 \$'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
	<b>33,172</b>	<b>16,007</b>

## Note 8. Income tax

	Consolidated	
	FY25 \$'000	FY24 \$'000
Current income tax charge	6,468	6,458
Deferred income tax relating to temporary differences	(1,361)	(873)
Adjustment in respect of income and deferred tax of prior year		
- Current tax	900	(423)
- Deferred tax	(1,120)	423
<b>Income tax (benefit) / expense</b>	<b>4,887</b>	<b>5,585</b>
<b>Reconciliation of income tax expense to accounting profit:</b>		
Accounting profit before income tax	25,461	13,765
Income tax at the Australian tax rate of 30% (2024: 30%)	7,638	4,130
<i>Increase/(decrease) in income tax expense due to:</i>		
Non-deductible expenses	1,308	472
Reset in tax base on entry into tax consolidated group	-	1,190
Recognition / Derecognition of Deferred Tax Assets / (Liabilities)	(980)	-
Non-assessable income	(441)	(60)
Adjustment recognised for prior periods	(220)	-
Difference in tax rates	(2,204)	(210)
Others	(214)	63
<b>Income tax (benefit) / expense</b>	<b>4,887</b>	<b>5,585</b>

# NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 30 June 2025

## Deferred tax asset/liability

	Consolidated	
	FY25 \$'000	FY24 \$'000
<b>Deferred tax asset/(liability) comprises temporary differences attributable to:</b>		
Deferred tax asset		
Property, plant and equipment	7,845	8,301
Employee benefits	4,547	4,767
Accrued expenses	334	1,392
Lease liability	16,530	17,299
Inventories	458	1,535
Trade and other receivables	799	837
Trade payable	1	-
Foreign exchange gains/(losses)	1	-
Borrowing costs	173	216
Other assets	1,103	632
Transaction costs	800	330
Carry forward Thin Cap Interest Denial	-	120
Revenue losses	989	-
Derivative financial instruments	1,325	448
	<b>34,905</b>	<b>35,877</b>
Set-off of deferred tax assets and liabilities pursuant to set-off provisions	(32,728)	-
Deferred tax asset, net	2,177	35,877
Deferred tax liabilities		
Right of use asset	(12,980)	(12,782)
Intangibles	(32,018)	(34,551)
Trade payable	-	(3)
Foreign exchange gains/(losses)	-	(215)
Prepayments	-	(72)
Derivative financial instruments	(145)	(614)
	<b>(45,143)</b>	<b>(48,237)</b>
Set-off of deferred tax assets and liabilities pursuant to set-off provisions	32,728	-
Deferred tax asset, net	(12,415)	(48,237)
<b>Deferred tax liability</b>	<b>(10,238)</b>	<b>(12,360)</b>
Movements:		
Opening balance	(12,360)	(957)
Credited to profit or loss	2,481	450
Others	(388)	553
Additions through business combinations (note 34)	29	(12,406)
<b>Closing balance</b>	<b>(10,238)</b>	<b>(12,360)</b>

	Consolidated	
	FY25 \$'000	FY24 \$'000
<i>Income tax refund due</i>		
<b>Income tax refund due</b>	<b>3,057</b>	<b>-</b>

	Consolidated	
	FY25 \$'000	FY24 \$'000
<b>Current tax/liabilities</b>		
Income tax payable	-	4,299



# NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 30 June 2025

### BEPS Pillar Two rules

The Group falls within the scope of the OECD Pillar Two rules, as it meets the definition of an applicable multinational enterprise group with annual consolidated revenue exceeding EUR 750 million.

Pillar Two legislation has been substantively enacted in Australia, the jurisdiction of the Company’s incorporation, with an effective date of 1 January 2024. Under the legislation, the Group would be required to pay an additional top-up tax payment for any difference between its GloBE effective tax rate in each jurisdiction and the minimum rate of 15 per cent. To provide transitional relief for Pillar Two tax compliance and the administrative burden, the OECD has also introduced a framework for transitional safe harbours applicable to financial years 2024/25 to 2026/27.

The Group has assessed that the GloBE effective tax rate in each jurisdiction and determined that substantially all jurisdictions meet or exceed the minimum rate of 15 per cent. As a result, no material top-up tax liabilities have been identified for the year ending 30 June 2025, and no additional income tax expense has been recognised in these financial statements.

### Note 9. Cash and cash equivalents

Consolidated		
	FY25 \$'000	FY24 \$'000
Current assets		
Bank and petty cash balances	20,329	19,944

### Note 10. Trade and other receivables

Consolidated		
	FY25 \$'000	FY24 \$'000
Current assets		
Trade receivables	342,969	282,002
Other receivables	47,085	39,395
Less: Allowance for expected credit losses	(1,538)	(783)
	388,516	320,614
Loan receivables - current	13,022	26,672
Less: Allowance for expected credit losses	-	(1,300)
	13,022	25,372
	401,538	345,986
Non-current assets		
Loan receivables - non-current	1,000	1,500
	402,538	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.

# NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 30 June 2025

### Allowance for expected credit losses

In relation to the trade receivables, the Group has recognised a reversal of \$400,000 (30 June 2024: \$805,000 charge) in profit or loss in respect of the expected credit losses for the year ended 30 June 2025.

In relation to the loans and other 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	FY25 %	FY24 %	FY25 \$'000	FY24 \$'000	FY25 \$'000	FY24 \$'000
Not overdue	-	-	336,337	304,648	-	-
Past due 1 - 30 days	-	0.10%	18,028	12,478	-	13
Past due 31 -120 days	2.95%	6.42%	43,849	32,240	1,292	2,070
Past due 121 days	4.20%	-	5,862	203	246	-
			404,076	349,569	1,538	2,083

As at 30 June 2025, the Group holds balances due from the Infinity Group of \$57,130,000. The Infinity Group receivables are owing from 101 individual pharmacies owned by 87 different legal entities including their corporate trading entity. The total outstanding balance comprises trade receivables of \$38,469,000 and non-trade loan/receivables of \$18,661,000.

Due to historical payment delays and concentration risks, the Group ceased supply to the Infinity Group in March 2025. As at the date of this report, the total receivable has reduced to \$46,916,000 in accordance with an agreed payment plan.

The Group continues to engage with the Infinity Group, its advisors and supporting partners in terms of the payment profile of these amounts. Subsequent to year end, the Group commenced recovery action in relation to outstanding debts owed by certain members of the Infinity Group. This includes the issuing of statutory demands seeking recovery of amounts due. The Group acknowledges the judgement and estimation uncertainty in relation to these balances and has recognised an expected credit loss provision of \$1,165,000.

Significant judgement is required in assessing the recoverability of balances due from the Infinity Group, as both the extent and method of recovery are subject to events outside the Group’s direct control. These events include the successful completion of a recapitalisation transaction by the Infinity Group, or the continued sell-down of individual pharmacies. However, the uncertainty surrounding these outcomes presents considerable challenges in reliably determining the recoverable amount.

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

Consolidated		
	FY25 \$'000	FY24 \$'000
Opening balance	2,083	345
Provision for impairment	(400)	2,105
Provision for impairment loss utilised	(145)	(367)
Closing balance	1,538	2,083

# NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 30 June 2025

## Note 11. Inventories

Consolidated		
	FY25 \$'000	FY24 \$'000
<i>Current assets</i>		
Finished goods - at the lower of cost and net realisable value	264,462	263,057
Stock in transit - at cost	18,082	7,327
	<b>282,544</b>	<b>270,384</b>

Consolidated		
Movement in Inventory Obsolescence Provision	FY25 \$'000	FY24 \$'000
Balance at the start of the financial year	497	735
Movements during the year	273	(238)
<b>Balance at the end of the financial year</b>	<b>770</b>	<b>497</b>

## Note 12. Derivative financial instruments

Consolidated		
	FY25 \$'000	FY24 \$'000
<i>Current assets</i>		
Interest rate swaps	-	719
Foreign exchange contracts	394	-
<i>Current liabilities</i>		
Forward foreign exchange contracts	(4,656)	(334)
	<b>(4,262)</b>	<b>385</b>

Derivatives are classified as current or non-current depending on the expected period of realisation. Refer to note 28 for further information on fair value measurement.

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.

# NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 30 June 2025

## Note 13. Other assets

Consolidated		
	FY24 \$'000	FY23 \$'000
<i>Current assets</i>		
Prepayments	8,415	1,560
Accrued rebates	39,994	37,495
Security deposits	810	208
Other current assets	332	1,450
	<b>49,551</b>	<b>40,713</b>
<i>Non-current assets</i>		
Security deposits	2,240	1,903
Customer acquisition costs	3,233	5,273
Other non-current assets	4,674	1,620
	<b>10,147</b>	<b>8,796</b>
	<b>59,698</b>	<b>49,509</b>

At 30 June 2025, the Group held term deposits of \$1,851,000 (2024: \$300,000) that are pledged as security against bank guarantees provided to landlords and other counterparties. These deposits are not available for use in the Group's day-to-day operations and are therefore classified as other financial assets rather than cash and cash equivalents.

## Note 14. Investment properties

Consolidated		
	FY25 \$'000	FY24 \$'000
<i>Non-current assets</i>		
Investment property- Freehold office building, Korea - at fair value	1,717	1,714
Less: Accumulated depreciation	(39)	(3)
	<b>1,678</b>	<b>1,711</b>
<i>Reconciliation</i>		
Reconciliation of the fair values at the beginning and end of the current and previous financial year are set out below:		
Opening fair value	1,711	-
Additions through business combinations (note 34)	-	1,714
Exchange differences	3	-
Depreciation expense	(36)	(3)
<b>Closing fair value</b>	<b>1,678</b>	<b>1,711</b>

### Lessor commitments

Consolidated		
	FY25 \$'000	FY24 \$'000
Minimum future lease commitments receivable but not recognised in the financial statements:		
1 year or less	45	65
Between 1 and 2 years	-	43
	<b>45</b>	<b>108</b>



## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 30 June 2025

### Note 15. Right-of-use assets

	Consolidated	
	FY25 \$'000	FY24 \$'000
<i>Non-current assets</i>		
Right-of-use	73,926	75,155
Less: Accumulated depreciation	(29,293)	(31,321)
	<b>44,633</b>	<b>43,834</b>

#### Reconciliations

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

Consolidated	Buildings \$'000	Motor Vehicles \$'000	Office Equipment \$'000	Materials Handling \$'000	Total \$'000
<b>Balance at 30 June 2023</b>	<b>20,527</b>	<b>5</b>	<b>46</b>	<b>5,860</b>	<b>26,438</b>
Additions	6,100	6	88	278	6,472
Additions through business combinations	18,641	319	7	-	18,967
Depreciation expense	(7,043)	(20)	(51)	(1,031)	(8,145)
Balance at 1 July 2024	38,225	310	90	5,107	43,732
PPA finalisation adjustments	183	(3)	1	(78)	102
Balance at 30 June 2024 (restated)	38,408	307	91	5,029	48,834
Additions	12,201	89	-	302	12,592
Disposals	(21)	-	-	(2)	(23)
Foreign exchange	69	(3)	-	-	66
Depreciation expense	(10,625)	(138)	(37)	(1,036)	(11,836)
<b>Balance at 30 June 2025</b>	<b>40,032</b>	<b>255</b>	<b>54</b>	<b>4,292</b>	<b>44,633</b>

### Note 16. Property, plant and equipment

	Consolidated	
	FY25 \$'000	FY24 \$'000
<i>Non-current assets</i>		
Leasehold improvements - at cost	17,797	17,213
Less: Accumulated depreciation	(4,998)	(5,760)
	<b>12,799</b>	<b>11,453</b>
Plant and equipment - at cost	22,595	27,786
Less: Accumulated depreciation	(7,631)	(18,044)
	<b>14,964</b>	<b>9,742</b>
Fixtures and fittings - at cost	920	2,187
Less: Accumulated depreciation	(226)	(1,381)
	<b>694</b>	<b>806</b>
Motor vehicles - at cost	697	586
Less: Accumulated depreciation	(243)	(111)
	<b>454</b>	<b>475</b>
Computer equipment - at cost	1,614	6,173
Less: Accumulated depreciation	(660)	(5,561)
	<b>954</b>	<b>612</b>
Capital WIP - at cost	1,324	4,737
	<b>31,189</b>	<b>27,825</b>

## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 30 June 2025

#### Reconciliations

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

Consolidated	Leasehold Improvements \$'000	Plant and equipment \$'000	Fixtures and fittings \$'000	Motor vehicles \$'000	Computer equipment \$'000	Capital WIP \$'000	Total \$'000
<b>Balance at 1 July 2023</b>	3,399	5,420	74	251	283	-	9,427
Additions	6,032	126	75	-	329	217	6,779
Additions through business combinations (note 34)	2,928	6,904	724	339	185	4,817	15,897
Disposals	(14)	(35)	(4)	(61)	-	-	(114)
Exchange differences	-	(29)	-	-	5	-	(24)
Depreciation expense	(892)	(2,162)	(63)	(54)	(190)	-	(3,361)
Incentives received	-	-	-	-	-	(297)	(297)
<b>Balance at 30 June 2024</b>	<b>11,453</b>	<b>10,224</b>	<b>806</b>	<b>475</b>	<b>612</b>	<b>4,737</b>	<b>28,307</b>
PPA finalisation adjustments	-	(482)	-	-	-	-	(482)
<b>Balance at 30 June 2024 (Restated)</b>	<b>11,453</b>	<b>9,742</b>	<b>806</b>	<b>475</b>	<b>612</b>	<b>4,737</b>	<b>27,825</b>
Additions	802	8,527	115	95	797	1,355	11,691
Additions through business combinations	8	68	1	19	2	-	98
Disposals	(350)	(297)	-	(38)	-	-	(685)
Exchange differences	32	206	4	25	-	-	267
Depreciation expense	(1,969)	(5,227)	(232)	(122)	(457)	-	(8,007)
Transfers in/(out)	2,823	1,945	-	-	-	(4,768)	-
<b>Balance at 30 June 2025</b>	<b>12,799</b>	<b>14,964</b>	<b>694</b>	<b>454</b>	<b>954</b>	<b>1,324</b>	<b>31,189</b>

### Note 17. Goodwill and other intangible assets

	Consolidated	
	FY25 \$'000	FY24 \$'000
<i>Non-current assets</i>		
Goodwill - at cost	264,854	260,485
Software - at cost	17,586	30,194
Less: Accumulated amortisation	(7,335)	(19,771)
	<b>10,251</b>	<b>10,423</b>
Brands and Licenses - at cost	18,619	18,328
<b>Supplier</b> contracts - at cost	106,981	107,894
Less: Accumulated amortisation	(7,469)	(8,496)
	<b>99,512</b>	<b>99,398</b>
Development costs WIP- at cost	2,238	576
	<b>395,474</b>	<b>389,210</b>

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 30 June 2025

Reconciliations

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

Consolidated	Goodwill \$'000	Supplier contracts \$'000	Software \$'000	Brands and licenses \$'000	Development costs WIP \$'000	Total \$'000
Balance at 1 July 2023	11,856	2,570	10,604	-	81	25,111
Additions	-	10,403	1,559	-	576	12,538
Additions through business combinations (note 34)	311,410	5,314	654	-	-	317,378
Transfer to other assets	-	(2,446)	-	-	-	(2,446)
Others	(150)	-	-	-	-	(150)
Transfers in/(out)	-	-	81	-	(81)	-
Amortisation expense	-	(992)	(1,967)	-	-	(2,959)
Balance at 30 June 2024	323,116	14,849	10,931	-	576	349,472
PPA finalisation adjustments	(62,631)	84,837	(508)	18,328	-	40,026
Additional amortisation expense	-	(288)	-	-	-	(288)
Balance at 1 July 2024 (restated)	260,485	99,398	10,423	18,328	576	389,210
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	3,657	6,602	(1)	291	-	10,549
Transfers in/(out)	-	236	(236)	-	-	-
Amortisation expense	-	(6,824)	(3,130)	-	-	(9,954)
Balance at 30 June 2025	264,854	99,512	10,251	18,619	2,238	395,474

Impairment testing

Goodwill acquired in a business combination is measured at cost less any accumulated impairment losses. Goodwill is not amortised but is subject to impairment testing on an annual basis or whenever there is an indication of impairment.

The Group performs its annual impairment test in June and when circumstances indicate that the carrying value may be impaired. The Group's impairment test for goodwill and intangible assets with indefinite lives is based on value-in-use calculations.

For the purpose of impairment testing, cash generating units ('CGU's) have been identified primarily at the individual country level, reflecting the fact that each country operates as a distinct cash-generating unit with largely independent cash inflows. Goodwill is allocated to groups of CGUs based on the lowest level at which goodwill is monitored internally by management, reflecting the expected synergies from the business combination, and is initially allocated based on a relative value approach.

The recoverable amount of the CGUs with goodwill attributed to them has been determined by a value-in-use calculation using a discounted cash flow model, based on a 3-year projection period approved by management and extrapolated for a further 2 years, together with a terminal value. Based on the discounted cash flow projections, the recoverable amount of the CGU exceeds the carrying amount as at 30 June 2025.

Goodwill acquired through business combinations has been allocated to two groups of cash-generating units (CGUs) identified according to the business segments and geographic areas of operation. These CGUs represent the lowest level within the entity at which the goodwill is monitored for internal management purposes. At the completion of purchase price accounting, total Goodwill attributed to the ANZ CGU and tested for impairment was \$231,771,000 and Asia \$29,138,000.

Key assumptions used for the discounted cash flow projections for the CGUs:

EBITDA growth rate (average)	5.0%
Pre-tax discount rate	10.4% - 11.3%
Terminal growth rate	3.0%

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 30 June 2025

Sensitivity

As disclosed in note 3, the Directors have made judgements and estimates in respect of impairment testing of goodwill. The calculations for discounted cashflow valuation of CGUs on a value-in-use basis were subject to sensitivity testing. Based on the results of the impairment assessment at 30 June 2025, the directors believe that any reasonable possible change in the key assumptions on which the estimates are based would not cause the carrying amount to exceed the recoverable amount of any CGU.

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.

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.

Note 18. Trade and other payables

Consolidated		
	FY25 \$'000	FY24 \$'000
Current liabilities		
Trade payables	531,583	515,705
Goods and services tax payable	17,529	17,177
Other payables	26,656	20,661
	575,768	553,543

Refer to note 27 for further information on financial risk management.

Note 19. Contract liabilities

Consolidated		
	FY25 \$'000	FY24 \$'000
Current liabilities		
Contract liabilities	4,868	10,339
Non-current liabilities		
Contract liabilities	272	144
	5,140	10,483

Unsatisfied performance obligations

The aggregate amount of the transaction price allocated to the performance obligations that are unsatisfied at the end of the reporting period was \$5,140,000 as at 30 June 2025 (\$10,483,000 as at 30 June 2024) and is expected to be recognised as revenue in future periods as follows:

Consolidated		
	FY25 \$'000	FY24 \$'000
Within 12 months	4,868	10,339
Beyond 12 months	272	144
	5,140	10,483

A total of \$10,339,000 was recognised as revenue during the year (2024: nil).



NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 30 June 2025

Note 20. Borrowings

Consolidated		
	FY25 \$'000	FY24 \$'000
<i>Current liabilities</i>		
Bank loans	158,836	81,106
Capitalised Debt transaction costs	(64)	-
Trade finance facility	-	12,909
Other loans	1,101	1,061
Hire purchase	487	11,589
	<b>160,360</b>	<b>106,665</b>
<i>Non-current liabilities</i>		
Bank loans	75,000	87,921
Capitalised Debt transaction costs	(128)	-
Hire purchase	1,487	1,976
	<b>76,359</b>	<b>89,897</b>
	<b>236,719</b>	<b>196,562</b>

Refer to note 27 for further information on financial risk management.

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 \$325 million Debtor Finance Facility providing working capital funding secured against eligible trade receivables with a minimum \$125 million drawdown requirement, and a separate \$75 million 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 FY25 \$'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

Debtor Finance Facility (DFF)

The drawings made under the committed DFF are revolving in nature and accordingly, the outstanding balances are settled daily in cash and are available to be redrawn (subject to the availability of eligible trade receivables). The funds collected from customers are cleared overnight by ScotPac as a settlement of the outstanding balances under the DFF. Out of the total facility limit of \$325 million, a minimum committed drawdown of \$125 million must be maintained by the Group throughout the facility term.

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.

The DFF is secured by the trade receivables of the Group.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 30 June 2025

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 40% for inventory and up to 50% 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 maximum undrawn financing limits of \$187,188,000 (30 June 2024: \$148,879,000) including \$20,000,000 in an undrawn unsecured American Express corporate purchasing facility, fees are charged at a discounted trade service fee of 1.45% and payment is due 35 days post statement. The total facility limit of the DFF at any point in time is subject to the total pool of eligible receivables. As at 30 June 2025 a further \$119,106,000 was available and undrawn within the DFF.

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.

As at 30 June 2024 the Group held an undrawn USD\$25 million facility with HSBC. This facility was terminated on 16th October 2024.

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.

Other Facilities

ParagonCare has retained its bank guarantee and corporate credit card facilities with NAB without any covenants.

Financing arrangements

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

Consolidated		
	FY25 \$'000	FY24 \$'000
Total facilities		
Bank loans	352,942	307,380
Trade finance facility	-	20,000
Other loans	1,101	1,061
Hire purchase	3,000	17,000
American Express facility	20,000	-
	<b>377,043</b>	<b>345,441</b>
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	-	-
	<b>236,911</b>	<b>196,562</b>
Unused at the reporting date		
Bank loans	119,106	138,353
Trade finance facility	-	7,091
Other loans	-	-
Hire purchase	1,026	3,435
American Express facility	20,000	-
	<b>140,132</b>	<b>148,879</b>

# NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 30 June 2025

### 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.

### Note 21. Lease liabilities

The Group has leases relating to commercial office premises and warehouses. The Group's leases are typically for fixed periods between 3 to 15 years and may include extension options. Lease terms are negotiated on an individual lease basis and contain a wide range of different terms and conditions. Lease liabilities payment obligations relate to various leased offices and motor vehicles under non-cancellable agreements. None of the Group's lease agreements impose any covenants.

Consolidated		
	FY25 \$'000	FY24 \$'000
<i>Current liabilities</i>		
Lease liability	12,094	9,435
<i>Non-current liabilities</i>		
Lease liability	43,473	45,054
<b>Lease liabilities included in the statement of financial position at 30 June</b>	<b>55,567</b>	<b>54,489</b>

Refer to note 27 for further information on financial risk management.

The maturity analysis for lease liabilities is as follows:

Consolidated		
	FY25 \$'000	FY24 \$'000
<b>Maturity analysis - contractual undiscounted cash flows</b>		
Less than one year	14,514	11,007
One to five years	32,786	32,526
More than five years	21,887	26,062
<b>Total undiscounted lease liabilities at 30 June (net of lease incentive)</b>	<b>69,187</b>	<b>69,595</b>

Liabilities for the provision of future makegood costs are recognised separately in accordance with the accounting policies outlined in Note 2.

# NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 30 June 2025

### Note 22. Employee benefits

Consolidated		
	FY25 \$'000	FY24 \$'000
<i>Current liabilities</i>		
Annual leave	7,332	8,586
Long service leave	3,803	5,157
Superannuation	923	793
Other employee benefits	1,347	2,309
	<b>13,405</b>	<b>16,845</b>
<i>Non-current liabilities</i>		
Long service leave	1,849	1,510
	<b>15,254</b>	<b>18,355</b>

#### Amounts not expected to be settled within the next 12 months

The current provision for employee benefits includes all unconditional entitlements where employees have completed the required period of service and also those where employees are entitled to pro-rata payments in certain circumstances. The entire amount is presented as current, since the Group does not have an unconditional right to defer settlement. However, based on past experience, the Group does not expect all employees to take the full amount of accrued leave or require payment within the next 12 months.

### Note 23. Vendor conditional payables

Consolidated		
	FY25 \$'000	FY24 \$'000
<i>Current liabilities</i>		
Vendor conditional payables	264	321
<i>Non-current liabilities</i>		
Vendor conditional payables	3,852	3,917
	<b>4,116</b>	<b>4,238</b>

Consolidated		
Movement in Vendor conditional payables	FY25 \$'000	FY24 \$'000
Balance as the start of the financial year	4,238	-
Payments during the year	(585)	-
Additions through business combinations	463	4,238
	<b>4,116</b>	<b>4,238</b>

The vendor conditional payable represents contingent consideration payable to the vendor of shares in Quantum Hunex Korea Co Ltd. Vendor conditional payables were acquired via the reverse acquisition of ParagonCare. During the current year payments of \$585,000 were made (2024: nil). Additional vendor conditional payables of \$463,000 were recognised in during the year from business combinations.

Refer to note 27 for financial risk management.



# NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 30 June 2025

## Note 24. 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			
	FY25 Shares	FY24 Shares	FY25 \$'000
Ordinary shares - fully paid	1,655,305,389	1,655,305,389	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 (note 34)	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.

## Note 25. Reserves

Consolidated		
	FY25 \$'000	FY24 \$'000
Foreign currency translation reserve	16,426	(282)
Hedging reserve	(53)	(18)
Share-based payments reserve	984	-
Actuarial reserves	(131)	(25)
	17,226	(325)

# NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 30 June 2025

### 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 2,214,267 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 fair value of the performance rights was estimated using the Black-Scholes option pricing model. At the grant date the rights were valued based on a share price of \$0.50, with a nil exercise price. An expected volatility of 40% was adopted, informed by historical share price movements and comparable companies. The risk-free interest rate applied was 4.03%, based on Australian Government bond yields with a term aligned to the life of the rights, and a dividend yield of 0% was assumed. The rights vest and expire on 30 June 2027, consistent with the terms of the LTIP. The NPBT performance hurdle is a non-market condition under AASB 2. Accordingly, it has not been factored into the fair value at grant date but will be reflected in the number of rights expected to vest. 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:

	Foreign currency translation reserve \$'000	Hedge reserve \$'000	Actuarial reserves \$'000	Share-based payments reserve \$'000	Total \$'000
Consolidated					
Balance at 1 July 2024	(282)	(18)	(25)	-	(325)
Foreign currency translation reserve	16,708	-	-	-	16,708
Hedge reserve	-	(35)	-	-	(35)
Share-based payments	-	-	-	984	984
Actuarial reserve	-	-	(106)	-	(106)
Balance at 30 June 2025	16,426	(53)	(131)	984	17,226

## Note 26. 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		
	FY25 \$'000	FY24 \$'000
Final dividend for the year ended 30 June 2023	-	12,613

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 30 June 2025

Franking credits

	Consolidated	
	FY25 \$'000	FY24 \$'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.

Note 27. Financial risk management

The Group's activities expose it to a variety of financial risks: market risk (including foreign currency risk, price risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group uses derivative financial instruments such as forward foreign exchange contracts and interest rate swaps to hedge certain risk exposures. The Group uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange, ageing analysis for credit risk and cash flow forecasting for liquidity risk.

Risk management is carried out by senior finance executives ('finance') under policies approved by the Board of Directors ('the Board'). These policies include identification and analysis of the risk exposure of the Group and appropriate procedures, controls and risk limits. Finance identifies, evaluates and hedges financial risks within the Group's operating units. Finance reports to the Board on a monthly basis.

Market risk

Foreign currency risk

The Group undertakes certain transactions denominated in foreign currency and is exposed to foreign currency risk through foreign exchange rate fluctuations.

Foreign exchange risk arises from future commercial transactions and recognised financial assets and financial liabilities denominated in a currency that is not the entity's functional currency. The risk is measured using sensitivity analysis and cash flow forecasting. The risk is managed through the use of derivative financial instruments.

Financial assets denominated in foreign currencies are mainly deposits with banks.

The Group is exposed to purchase arrangements with suppliers in foreign currencies, predominantly in United States dollars, Euros, British Pound and New Zealand dollars. We are exposed to fluctuations in the value of these inventory purchase commitments which are priced in foreign currency.

Historically the Group has used a combination of foreign currency options and foreign currency forwards to manage its exposure to foreign currency risk. Under the Group's policy, foreign currency forwards are designated as hedges of highly probable forecast transactions. The Group also historically entered into foreign currency options and target accrual redemption forward ("TARF") contracts in relation to projected purchases. These instruments did not satisfy the requirements for hedge accounting, being economic hedges. They are accounted for as held for trading, with gains and losses recognised in profit and loss.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 30 June 2025

The Group manages its exposures to foreign currencies via these derivative financial instruments on a net portfolio basis.

The Group's total exposure to foreign currency risk at the end of the reporting period as a result of foreign currency forwards and options, expressed in Australian dollars, was as follows:

The Group's exposure to foreign currency risk at the end of the reporting period, expressed in Australian dollars, was as follows:

	Consolidated	
	FY25 \$'000	FY24 \$'000
<b>Forward exchange contracts</b>		
<i>Net Buy foreign currency:</i>		
AUD to USD	-	14,967
AUD to Euro	-	6,848
NZD to USD	7,912	8,610
NZD to Euro	580	705
<i>Net sell foreign currency:</i>		
EUR to AUD	(2,003)	-
USD to AUD	(869)	-
<b>Foreign currency options</b>		
<i>Net buy foreign currency:</i>		
AUD to USD	11,231	-
	<b>16,851</b>	<b>31,130</b>

The above table presents total FX exposures for arrangements included in and outside hedge designations.

The TARF structures include a termination feature as well as a leverage component. Each TARF structure has a strike rate and a trigger rate over a series of fixing dates such that the contract is spread over a period of time.

For a TARF buy foreign currency contract, the trigger rate is higher than the strike rate. Exchange rates are quoted as 1 unit of foreign currency per Australian dollar. On each fixing date, if the exchange rate is lower than or equal to the strike rate, the Group will purchase a contracted foreign currency denominated fixing amount at the strike rate. If the exchange rate is higher than the trigger rate, the Group will purchase double the contracted foreign currency denominated fixing amount in the previous scenario, also at the strike rate. If the exchange rate is higher than the strike rate and less than or equal to the trigger rate, no settlement occurs. Contracts are all with a single counterparty and are settled on a net basis, where applicable. The TARF structures are taken out under a facility provided in Australia by Cambridge Mercantile (Australia) Pty Ltd. The facility has a hedging volume limit for forward and options (by amount) of \$200,000,000. The maximum tenor of an instrument under the facility is 13 months and margin threshold of \$16,000,000 applies.

The Group manages its exposures to foreign currencies via the TARF instruments on a net portfolio basis. As such, it holds TARF contracts to both buy and sell foreign currencies. The remaining cash flows as at 30 June 2025, from the TARF structures are as follows:

- Buying net USD \$8.5 million through contracts with expiry dates ranging from September 2025 to March 2026. For buy USD TARF contracts, the strike rates range from 0.63 to 0.65 and trigger rates range from 0.646 to 0.667. For sell USD TARF contracts, the strike rates range from 0.647 to 0.68 and trigger rates range from 0.619 to 0.654 (rates are in USD/AUD). Fixings occur every fortnight and the fortnightly fixing amount is USD 100,000.
- Selling EUR 3.8 million through contracts with expiry dates ranging from October 2025 to February 2026. The strike rates range from 0.599 to 0.605 and the trigger rates range from 0.584 to 0.5895 (rates are in EUR/AUD). Fixings occur every fortnight and the fortnightly fixing amount is EUR 100,000.
- Selling GBP 1.1 million through a contract with expiry date in November 2025. The strike rate is 0.498 and the trigger rate is 0.486 (rates are in GBP/AUD). Fixings occur every fortnight and the fortnightly fixing amount is GBP 100,000.
- The contracted amounts above will double, on each fixing date, if the exchange rate is higher than or equal to the trigger rate.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 30 June 2025

The carrying amount of the Group's other foreign currency denominated financial assets and financial liabilities at the reporting date were as follows:

Consolidated	Assets			Liabilities	
	FY25 \$'000	FY24 \$'000	FY25 \$'000	FY24 \$'000	
United States dollar	524	299	13,727	19,806	
European Euro	2	2	304	1,641	
New Zealand dollar	2,736	3,640	815	578	
Chinese Renminbi	20	44	-	7	
South Korea Won	1,998	2,515	2,190	2,575	
Thai Baht	6,982	6,336	256	97	
Philippines Peso	760	438	18	39	
Swiss Francs	-	-	-	2	
Pounds Sterling	-	-	37	245	
Japanese Yen	1,695	722	169	634	
Vietnamese Dong	219	22	1,831	752	
	14,936	14,018	19,347	26,376	

The Group had net liabilities denominated in foreign currencies of \$4,411,000 (assets of \$14,936,000 less liabilities \$19,347,000) (30 June 2024: net liabilities of \$12,358,000 (assets of \$14,018,000 less liabilities of \$26,376,000)) as at 30 June 2025. Based on this exposure, had the Australian dollars weakened by 10%/strengthened by 10% against these foreign currencies with all other variables held constant, the Group's profit before tax for the year would have been as follows:

Consolidated - FY25	Average price increase			Average price decrease		
	% change	Effect on profit before tax	Effect on equity	% change	Effect on profit before tax	Effect on equity
United States Dollar	10%	1,320	1,320	10%	(1,320)	(1,320)
European Euro	10%	30	30	10%	(30)	(30)
New Zealand Dollar	10%	(192)	(192)	10%	192	192
Chinese Renminbi	10%	-	-	10%	-	-
South Korea Won	10%	19	19	10%	(19)	(19)
Thailand Baht	10%	(673)	(673)	10%	673	673
Philippines Peso	10%	(74)	(74)	10%	74	74
Pound Sterling	10%	4	4	10%	(4)	(4)
Japanese Yen	10%	(153)	(153)	10%	(153)	(153)
Vietnamese Dong	10%	161	161	10%	(161)	(161)
		442	442		(442)	(442)

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 30 June 2025

Consolidated - FY24	Average price decrease		Average price increase		Average price decrease	
	% change	Effect on profit before tax	Effect on equity	% change	Effect on profit before tax	Effect on equity
United States Dollar	10%	1,951	1,951	10%	(1,951)	(1,951)
European Euro	10%	164	164	10%	(164)	(164)
New Zealand Dollar	10%	(306)	(306)	10%	306	306
Chinese Renminbi	10%	(4)	(4)	10%	4	4
South Korea Won	10%	6	6	10%	(6)	(6)
Thailand Baht	10%	(624)	(624)	10%	624	624
Philippines Peso	10%	(40)	(40)	10%	40	40
Pound Sterling	10%	24	24	10%	(24)	(24)
Japanese Yen	10%	(9)	(9)	10%	9	9
Vietnamese Dong	10%	73	73	10%	(73)	(73)
		1,235	1,235		(1,235)	(1,235)

The percentage change is the expected overall volatility of the significant currencies, which is based on management's assessment of reasonable possible fluctuations taking into consideration movements over the last 12 months each year and the spot rate at each reporting date. The actual foreign exchange gain for the year ended 30 June 2025 was \$96,321 (30 June 2024: \$234,436 loss).

Price risk

The Group is not exposed to any significant price risk.

Interest rate risk

The Group's main interest rate risk arises from bank borrowings and cash and cash equivalents with bank. Borrowings obtained at variable rates expose the Group to interest rate risk. Borrowings obtained at fixed rates for hire purchase expose the Group to fair value interest rate risk.

The financial instruments exposed to interest rate risk are as follows:

	Consolidated	
	FY25 \$'000	FY24 \$'000
Financial assets		
Cash and cash equivalents (interest bearing)	20,329	19,944
Interest rate swaps	-	719
Security Deposits	1,851	300
	22,180	20,963



# NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 30 June 2025

Consolidated		
	FY25 \$'000	FY24 \$'000
Financial Liabilities		
Interest bearing liabilities - variable rate (current)	158,836	94,015
Interest bearing liabilities - variable rate (non-current)	75,000	52,921
	233,836	146,936
Net exposure to cash flow interest rate risk	211,656	125,973

For the Group borrowings outstanding, totalling \$236,719,000 (30 June 2024: \$196,562,000) are principal and interest payment loans. Of this, \$0 (30 June 2024: \$35,000,000) was managed under an interest rate swap arrangement whereby the Group exchanged the bank's floating rate (BBSYbid rate+spread) for a fixed interest rate at 30 June 2024: 3.5%. Further, at 30 June 2025 \$1,976,000 of hire purchase facility and \$1,101,000 of other loans bear a fixed interest rate. The Group has bank borrowings outstanding subject to variable interest rates of \$233,836,000 (30 June 2024: \$146,940,000). An official increase/decrease in interest rates of 100 basis points (30 June 2024: 100 basis points) would have an adverse/favourable effect on profit before tax of \$2,338,000 (30 June 2024: \$1,236,000) per annum. The percentage change is based on the expected volatility of interest rates using market data and analysts forecasts.

## Credit risk

Credit risk is managed on a Group basis. Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables and committed transactions. For banks and financial institutions, only independently rated parties with a minimum rating of "A" are accepted. For customers, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. The compliance with credit limits by customers is regularly monitored by line management.

Credit assessments are undertaken to determine the credit quality of the customer, taking into account their financial position, past experience and other relevant factors Individual risk limits are granted in accordance with the internal credit policy and authorised via appropriate personnel as defined by the Group's delegation of authority manual. The utilisation of credit limits by customers, and associated security arrangement, are monitored by management.

Receivables balances are monitored on an ongoing basis with an assessment of expected credit loss or specific allowance recognised at each reporting date.

Refer to the disclosure concerning the Infinity Group at note 10. The Group does not have any other material credit risk exposure to any single debtor under financial instruments.

The Group's maximum credit exposure is represented by the carrying amount of the financial assets net of any applicable loss allowance.

Where required, the Group registers its retention of title on the Personal Properties Securities Register and seeks additional security as collateral where appropriate in accordance with its credit policy.

Where considered appropriate, the Group extends the credit terms for certain customers, which is supported by additional credit analysis and risk assessment. Such balances are classified as other loans receivables and disclosed in note 10. Interest is charged on such balances as per agreed terms.

# NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 30 June 2025

## Liquidity risk

Prudent liquidity management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. Forecasted cash flows are used to calculate the forecasted liquidity position and to maintain suitable liquidity levels.

The Group is exposed to liquidity risk as it must invest in significant levels of working capital such as inventory and accounts receivable which can impact liquidity unless they are converted to cash.

The Group manages liquidity risk by maintaining adequate cash reserves and banking facilities by continuously monitoring forecast and actual cash flows and matching maturity profiles of financial assets and liabilities. Refer to note 20 for information on the Group's borrowings facility maturity profile.

### Contractual maturities of financial liabilities

The table below summaries the maturity profile of the Group's financial liabilities based on contractual undiscounted payments:

	Less than 1 year \$'000	One to Five years \$'000	More than 5 Years \$'000	Total contractual cash flows \$'000
Year ended 30 June 2025				
Trade and other payables (note 18)	558,239	-	-	558,239
Borrowings (variable rate) (note 20)	164,621	85,339	-	249,960
Borrowings (fixed rate) (note 20)	1,717	1,629	-	3,346
Lease liabilities (note 21)	14,514	32,786	21,887	69,187
Derivative financial instruments (note 12)	4,656	-	-	4,656
Vendor conditional payables (note 23)	264	4,545	-	4,810
Total contractual undiscounted payments	744,011	124,299	21,887	890,197
Year ended 30 June 2024				
Trade and other payables (note 18)	553,543	-	-	553,543
Borrowings (variable rate) (note 20)	94,261	68,099	-	162,360
Borrowings (fixed rate) (note 20)	13,204	40,514	-	53,718
Lease liabilities (note 21)	11,007	32,526	26,052	69,585
Derivative financial instruments (note 12)	334	-	-	334
Vendor conditional payables (note 23)	321	3,917	-	4,238
Total contractual undiscounted payments	672,670	145,056	26,052	843,778

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 30 June 2025

Note 28. Fair value measurement

Fair value hierarchy

The following tables detail the Group's assets and liabilities, measured or disclosed at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: Unobservable inputs for the asset or liability.

Consolidated - 30 June 2025	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Assets				
Fair value through P&L equity investments	398	-	-	398
Derivative financial instruments	-	394	-	394
<b>Total assets</b>	<b>398</b>	<b>394</b>	<b>-</b>	<b>792</b>
Liabilities				
Derivative financial instruments	-	4,656	-	4,656
Vendor conditional payables	-	-	4,116	4,116
<b>Total liabilities</b>	<b>-</b>	<b>4,656</b>	<b>4,116</b>	<b>8,772</b>

Consolidated - 30 June 2024	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Assets				
Derivative financial instruments	-	719	-	719
Liabilities				
Derivative financial instruments	-	334	-	334
Vendor conditional payables	-	-	4,238	4,238
<b>Total liabilities</b>	<b>-</b>	<b>334</b>	<b>4,238</b>	<b>4,572</b>

There were no transfers between levels during the financial year. The carrying amounts of trade and other receivables and trade and other payables are assumed to approximate their fair values due to their short-term nature.

The fair value of financial liabilities is estimated by discounting the remaining contractual maturities at the current market interest rate that is available for similar financial liabilities. Investment properties are valued using market valuations.

Valuation techniques for fair value measurements categorised within level 2 and level 3

Derivative financial instruments have been valued using observable forward exchange and interest swap market rates at the reporting date. This valuation technique maximises the use of observable market data where it is available and relies as little as possible on entity specific estimates. Foreign exchange options are valued by independent third party Cambridge Mercantile (Australia) Pty Ltd using the Black-Scholes model, which incorporates the spot exchange rate, strike rate, time to maturity, volatility, and both domestic and foreign risk-free interest rates.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 30 June 2025

Level 3 assets and liabilities

Vendor conditional payable represents the obligation to pay additional amounts to vendors in respect of businesses acquired by the Group, subject to certain conditions being met. It is measured at the present value of the estimated liability. The fair value of vendor conditional payable is calculated on the expected future cash outflows and is generally a performance-based payment. The current vendor conditional payment is based on a profit share arrangement and will be paid until the total amount of \$3,652,000 is paid. These are reviewed at the reporting date to provide the expected future cash outflows for each contract. Upon completion of the review the future cash outflows are then discounted to present value using the discount rate of 4.33%.

As at 30 June 2025, the total unpaid vendor conditional payable amounts to \$4,116,000 of which \$264,000 is expected to be paid within the next twelve months.

Note 29. Key management personnel disclosures

As noted in note 2 to the consolidated financial statements, the Group completed a reverse acquisition on 3 June 2024 and consequently the consolidated financial report has been prepared as a continuation of the business and operations of CH2 Holdings. As a result:

- (a) Key management personnel remuneration for the period from 1 July 2023 to 30 June 2024 covering all directors and other key management personnel of the CH2 Holdings.
- (b) Key management personnel remuneration for the period from 4 June 2024 to 30 June 2024 covering all directors and other key management personnel of the Consolidated Group (*post-reverse acquisition*).
- (c) Information in the tables below does not include the key management personnel remuneration related to ParagonCare, prior to the reverse acquisition (*i.e 1 July 2023 to 3 June 2024*).

Compensation

The aggregate compensation made to directors and other members of key management personnel of the Group is set out below:

	Consolidated	
	FY25 \$'000	FY24 \$'000
Short-term employee benefits	2,971,164	2,731,274
Termination benefits	220,017	224,466
Post-employment benefits	128,501	89,289
Long-term benefits	38,388	22,823
Share-based payments	1,108,119	-
	<b>4,466,189</b>	<b>3,067,852</b>

# NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 30 June 2025

## Note 30. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by Ernst & Young, the auditor of the Company, and its network firms:

Consolidated		
	FY25 \$'000	FY24 \$'000
<i>Fees for audit services - Ernst &amp; Young</i>		
Fees for audit of the statutory financial statements of the parent covering the Group	1,296,900	858,000
<i>Fees for other services - Ernst &amp; Young</i>		
Tax compliance	237,000	112,000
Tax advisory services	15,000	56,000
Other advisory services	-	106,951
	252,000	274,951
	<b>1,548,900</b>	<b>1,132,951</b>
<i>Fees for audit services - Ernst &amp; Young overseas member firms</i>		
<b>Fees for audit of the statutory financial statements of controlled entities</b>	<b>123,650</b>	<b>-</b>
<i>Fees for audit and review services - RSM Australia Partners and overseas member firms of RSM Australia Partners</i>		
Fees for audit and review of financial statements <sup>(i)</sup>	-	373,760
Review of financial statements	-	67,500
	-	441,260
Tax compliance	113,632	77,400
Financial due diligence services	14,667	165,808
Tax services	50,500	35,313
	178,799	278,521
	<b>178,799</b>	<b>719,781</b>
<i>Fees for audit services - RSM Australia Partners overseas member firms</i>		
Fees for audit of the statutory financial statements of controlled entities <sup>(i)</sup>	-	156,941

(i) RSM Australia Partners resigned as the auditor of ParagonCare on 17 June 2024. The above table includes the fee paid to RSM Australia Partners for the services provided during the year ended 30 June 2024.

## Note 31. Contingent liabilities

The Directors are not aware of any contingent assets or contingent liabilities as at 30 June 2025 (30 June 2024: Nil).

## Note 32. Commitments

The Group has various lease contracts that have not yet commenced as at 30 June 2025. The future lease payments for these non-cancellable lease contracts are \$2,396,000 within one year, \$12,446,000 within five years and \$24,864,000 thereafter. The Group had no capital commitments at 30 June 2025 (30 June 2024: \$480,000 in respect of development work at the Melbourne head office).

# NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 30 June 2025

## Note 33. Related party transactions

### Parent entity

Paragon Care Limited is the parent entity.

### Subsidiaries

Interests in subsidiaries are set out in note 35.

### Key management personnel

Disclosures relating to key management personnel are set out in note 29 and the remuneration report included in the Directors' Report.

### Transactions with related parties

The following transactions occurred with related parties:

Consolidated		
	30 June 2025 \$	30 June 2024 \$
The following transaction with close members of the family of Mr John Walstab: Salaries paid to related parties <sup>(i)</sup>	349,466	27,153

(i) Salaries and wages were paid in the ordinary course of employment. For the period from 1 July 2023 to 30 June 2024, this amount includes a component from 1 July 2023 to 3 June 2024 of \$375,806 incurred by ParagonCare prior to the reverse acquisition.  
(ii) Terms and conditions of the transactions with close members of the family of the KMP were based on terms approved by the Board.

In May 2024, CH2 Holdings sold an investment in Aero Travel Solutions Pty Ltd for \$3,198,000 (to David Collins for \$1,599,400 and Peter Lacaze for \$1,599,400 (key management personnel and former shareholders)), and the Consolidated Group recognised a gain of \$198,800 on divestment.

### Loans to/from related parties

There were no loans to or from related parties at the current and previous reporting date.

### Terms and conditions

All transactions were made on terms approved by the Board of Directors.

## Note 34. 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 and statement of profit or loss previously reported).

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 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:



NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 30 June 2025

Identifiable assets and liabilities acquired	Final fair value \$'000
Cash and cash equivalents	21,522
Trade and other receivables	38,207
Inventories <sup>(i)</sup>	75,016
Derivative Financial Instruments	333
Investment Property <sup>(ii)</sup>	1,715
Property, plant and equipment <sup>(iii)</sup>	15,090
Intangibles <sup>(iv)</sup>	103,327
Right-of-use assets	19,069
Other assets <sup>(v)</sup>	3,750
Trade and other payables <sup>(vi)</sup>	(51,343)
Contract Liabilities <sup>(vii)</sup>	(6,113)
Employee benefit provision <sup>(x)</sup>	(11,723)
Income Tax <sup>(ix)</sup>	(2,478)
Deferred tax liabilities <sup>(v)</sup>	(10,816)
Lease liabilities <sup>(xi)</sup>	(27,102)
Make good <sup>(xii)</sup>	(4,241)
Vendor conditional payables <sup>(xii)</sup>	(4,238)
Borrowings	(117,559)
<b>Net assets acquired<sup>(xiii)</sup></b>	<b>42,325</b>
Goodwill on acquisition	235,270
<b>Representing: Fair value of the shares issued as consideration</b>	<b>277,595</b>

(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 final 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 \$103,327,000. During the measurement period adjustments of \$97,500,000, 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: \$84,952,000 (useful life: straight-line over 10 to 20 years)

(v) The final Deferred Tax Liability arising on acquisition has been determined to be \$10,816,000. During the measurement period, adjustments of \$29,002,000 were recognised to reflect adjustments made to the preliminary valuation of the underlying identifiable assets and liabilities (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 final Income Tax effect arising on acquisition has been determined to be \$2,478,000. During the measurement period, \$(800,000) was recognised due to adjustments made to the preliminary valuation (as disclosed in note 36 of the June 2024 annual report).

(x) The employee benefit obligations recognised on acquisition were measured in accordance with AASB 119 Employee Benefits and determined to be \$11,723,000. During the measurement period, an adjustment of \$514,000 was recognised to reflect adjustments made to the preliminary identification and measurement of these obligations (as disclosed in Note 36 of the June 2024 annual report).

(xi) The lease liabilities recognised on acquisition were measured at the present value of the remaining lease payments, adjusted for any favourable or unfavourable terms relative to current market conditions. The final amount determined was \$27,102,000. During the measurement period, no change was recognised to reflect adjustments to the preliminary measurement of these liabilities (as disclosed in Note 36 of the June 2024 annual report). The acquisition date final fair value of the make good has been determined to be \$4,241,000. 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.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 30 June 2025

(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 \$59,956,000. 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 Osborne Health Supplies (OHS)

On 28 February 2024, CH2 Holdings acquired the assets and liabilities of Osborne Health Supplies ('OHS' or 'Osborne') 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 <sup>(i)</sup>	7,878
Inventories <sup>(ii)</sup>	7,264
Property, plant and equipment <sup>(iii)</sup>	326
Intangibles <sup>(iv)</sup>	5,298
Trade and other payables	(6,671)
Employee benefits provision	(950)
Deferred tax liabilities <sup>(v)</sup>	(1,590)
<b>Net assets acquired</b>	<b>11,555</b>
Goodwill on acquisition <sup>(vi)</sup>	13,508
<b>Cash consideration paid</b>	<b>25,063</b>
<b>Representing: Cash paid</b>	<b>25,063</b>

(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.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 30 June 2025

Note 35. Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 2:

Ownership interest			
Name	Principal place of business /Country of incorporation	FY25 %	FY24 %
<b>CH2 Holdings group entities<sup>(i)</sup></b>			
CH2 Holdings Pty Limited	Australia	100%	100%
CH2 Operations Pty Limited	Australia	100%	100%
Clifford Hallam Healthcare Pty Limited	Australia	100%	100%
Cottman Australia Pty Limited	Australia	100%	100%
LJ Cottman (WA) Pty Limited	Australia	100%	100%
Surgical Buyers Australia Pty Limited	Australia	100%	100%
<b>ParagonCare group entities<sup>(ii)</sup></b>			
Paragon Care Limited <sup>(iii)</sup>	Australia	100%	100%
Paragon Care Group Management Services Pty Ltd <sup>(iii)</sup>	Australia	100%	100%
Paragon Care Group Australia Pty Ltd <sup>(iii)</sup>	Australia	100%	100%
Paragon Care Group Holding Company Pty Ltd <sup>(iii)</sup>	Australia	100%	100%
Medtek Pty Ltd <sup>(iii)</sup>	Australia	100%	100%
REM Systems Pty Ltd <sup>(iii)</sup>	Australia	100%	100%
Meditron Pty Ltd <sup>(iii)</sup>	Australia	100%	100%
Western Biomedical Pty Ltd <sup>(iii)</sup>	Australia	100%	100%
Designs For Vision Holdings Pty Ltd <sup>(iii)</sup>	Australia	100%	100%
Designs For Vision (Aust) Pty Ltd <sup>(iii)</sup>	Australia	100%	100%
Designs For Vision Pty Ltd <sup>(iii)</sup>	Australia	100%	100%
Electro Medical Group Pty Ltd <sup>(iii)</sup>	Australia	100%	100%
Midas Software Solutions Pty Ltd <sup>(iii)</sup>	Australia	100%	100%
Immulab Pty Ltd <sup>(iii)</sup>	Australia	100%	100%
Insight Surgical Pty Ltd	Australia	100%	100%
Medtech Solutions Pty Ltd <sup>(iii)</sup>	Australia	100%	100%
Surgical Specialties Holdings Pty Ltd <sup>(iii)</sup>	Australia	100%	100%
Surgical Specialties Group Pty Ltd <sup>(iii)</sup>	Australia	100%	100%
Surgical Specialties Pty Ltd <sup>(iii)</sup>	Australia	100%	100%
Therapy Specialties Pty Ltd <sup>(iii)</sup>	Australia	100%	100%
Pergamon Technologies Pty Ltd <sup>(iii)</sup>	Australia	100%	100%
Immuno Pty Ltd <sup>(iii)</sup>	Australia	100%	100%
Labgear Australia Pty Ltd <sup>(iii)</sup>	Australia	100%	100%
Paragon Medical Pty Ltd <sup>(iii)</sup>	Australia	100%	100%

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 30 June 2025

Ownership interest			
Name	Principal place of business /Country of incorporation	FY25 %	FY24 %
Scanmedics Pty Ltd <sup>(iii)</sup>	Australia	100%	100%
Lovell Surgical Supplies International Pty Ltd <sup>(iii)</sup>	Australia	100%	100%
Lovell Surgical Supplies Pty Ltd <sup>(iii)</sup>	Australia	100%	100%
Lovell Surgical Solutions Pty Ltd <sup>(iii)</sup>	Australia	100%	100%
Total Communications (Australia) Pty Ltd <sup>(iii)</sup>	Australia	100%	100%
Quantum Health Group Limited <sup>(iii)</sup>	Australia	100%	100%
Quantum Energy Technologies Pty Ltd <sup>(iii)</sup>	Australia	100%	100%
Quantum Healthcare Australia Pty Ltd <sup>(iii)</sup>	Australia	100%	100%
Medishop Pty Ltd <sup>(iii)</sup>	Australia	100%	100%
Quantum Solar Power Pty Ltd <sup>(iii)</sup>	Australia	100%	100%
Quantum Healthcare Pty Ltd <sup>(iii)</sup>	Australia	100%	100%
Specialist Medical Supplies Pty Ltd <sup>(iii)</sup>	Australia	100%	100%
Designs for Vision Ltd	New Zealand	100%	100%
Immuno Ltd	New Zealand	100%	100%
Paragon Medical Ltd	New Zealand	100%	100%
Paragon Care Group New Zealand Management Services Ltd	New Zealand	100%	100%
Paragon Care Group New Zealand Ltd	New Zealand	100%	100%
Quantum Healthcare NZ Ltd	New Zealand	100%	100%
REM Systems Ltd	New Zealand	100%	100%
Therapy Specialties Ltd	New Zealand	100%	100%
Surgical Specialties (NZ) Ltd	New Zealand	100%	100%
Quantum Energy Technologies (Suzhou) Co Ltd	China	100%	100%
Suzhou Sheerdrop Wine Co Ltd	China	100%	100%
Quantum Healthcare Hong Kong Limited	China	100%	100%
Quantum Holdings Co. Ltd	Korea	100%	100%
Quantum Hunex Korea Co. Ltd	Korea	100%	100%
Quantum Healthcare Korea Co. Ltd	Korea	100%	100%
Quantum Health Philippines, Inc	Philippines	100%	100%
Paragon Care Viet Nam Co. Ltd	Vietnam	100%	100%
ParagonCare (Thailand) Company Limited	Thailand	100%	100%
ParagonCare Japan Co. Ltd	Japan	100%	100%

(i) CH2 Holdings completed the reverse acquisition of ParagonCare Group on 3 June 2024.  
(ii) For accounting purposes considered the accounting acquiree in the reverse acquisition, however, for legal purposes considered the legal acquirer.  
(iii) These controlled entities are a party to a Deed of Cross Guarantee of ParagonCare. Refer note 37 for further information.

# NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 30 June 2025

## Note 36. Parent entity information

The summarised Income Statement and Statement of Financial Position in respect to the parent entity ('Company' or Paragon Care Limited) is set out below.

	Company	
	FY25 \$'000	FY24 \$'000
Loss after income tax	(9,387)	(2,133)
<b>Total comprehensive income</b>	<b>(9,387)</b>	<b>(2,133)</b>

	Company	
	FY25 \$'000	FY24 \$'000
Total current assets	145,802	139,573
Total non-current assets	404,881	407,893
Total assets	550,683	547,466
Total current liabilities	9,582	1,587
Total non-current liabilities	5,221	-
Total liabilities	14,803	1,587
<b>Total equity</b>	<b>535,880</b>	<b>545,879</b>

### Guarantees entered into by the parent entity in relation to the debts of its subsidiaries

The parent entity had no guarantees in relation to the debts of its subsidiaries as at 30 June 2025 and 30 June 2024.

### Contingent liabilities

The parent entity had no contingent liabilities as at 30 June 2025 and 30 June 2024.

### Capital commitments - Property, plant and equipment

The parent entity had no capital commitments for property, plant and equipment as at 30 June 2025 and 30 June 2024.

### Material accounting policy information

The accounting policies of the parent entity are consistent with those of the Group, as disclosed in note 2, except for the following:

- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.
- Dividends received from subsidiaries are recognised as other income by the parent entity and its receipt may be an indicator of an impairment of the investment.

## Note 37. Deed of cross guarantee

Pursuant to ASIC Corporations (wholly-owned Companies) Instrument 2016/785 dated 17 December 2016, the wholly-owned controlled entities detailed in Note 35 are relieved from the *Corporations Act 2001* requirements for preparation, audit, and lodgement of financial reports, and Directors' Report.

It is a condition of the Class Order that the Company and each of its eligible controlled entities enter into a Deed of Cross Guarantee ('Deed'). The effect of the Deed is that the Company guarantees to each creditor payment in full of any debt in the event of winding up of any of the controlled entities under certain provisions of the *Corporations Act 2001*. If a winding up occurs under other provisions of the Act, the Company will only be liable in the event that after six months any creditor has not been paid in full. The controlled entities have also given similar guarantees in the event that the Company is wound up.

# NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 30 June 2025

Paragon Care Group Management Services Pty Ltd	Surgical Specialties Pty Ltd
Paragon Care Group Australia Pty Ltd	Therapy Specialties Pty Ltd
Paragon Care Group Holding Company Pty Ltd	Pergamon Technologies Pty Ltd
Medtek Pty Ltd	Immuno Pty Ltd
REM Systems Pty Ltd	Labgear Australia Pty Ltd
Meditron Pty Ltd	Paragon Medical Pty Ltd
Western Biomedical Pty Ltd	Scanmedics Pty Ltd
Designs For Vision Holdings Pty Ltd	Lovell Surgical Supplies International Pty Ltd
Designs For Vision (Aust) Pty Ltd	Lovell Surgical Supplies Pty Ltd
Designs For Vision Pty Ltd	Lovell Surgical Solutions Pty Ltd
Electro Medical Group Pty Ltd	Total Communications (Australia) Pty Ltd
Midas Software Solutions Pty Ltd	Quantum Health Group Limited
Immulab Pty Ltd	Quantum Energy Technologies Pty Ltd
Insight Surgical Pty Ltd	Quantum Healthcare Australia Pty Ltd
Medtech Solutions Pty Ltd	Medishop Pty Ltd
Surgical Specialties Holdings Pty Ltd	Quantum Solar Power Pty Ltd
Surgical Specialties Group Pty Ltd	Quantum Healthcare Pty Ltd
Specialist Medical Supplies Pty Ltd	Surgical Buyers Australia Pty Ltd
CH2 Holdings Pty Limited	
CH2 Operations Pty Limited	
Clifford Hallam Healthcare Pty Limited	
Cottman Australia Pty Limited	
LJ Cottman (WA) Pty Limited	

The statement of profit or loss and other comprehensive income and statement of financial position for the Closed Group are disclosed below. For the year ended 30 June 2024, results of the Closed Group included in the Consolidated statement of profit or loss are from 3 June 2024 (date of acquisition) to 30 June 2024, as this was the period included as part of the Consolidated Group, which did not include the CH2 entities.



# NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 30 June 2025

## Statement of profit or loss and other comprehensive income

	FY25 \$'000	FY24 \$'000
<b>Revenue</b>		
Sales to external customers	3,452,586	16,801
<b>Total revenue</b>	<b>3,452,586</b>	<b>16,801</b>
<b>Cost of goods sold</b>	<b>(3,196,433)</b>	<b>(9,559)</b>
<b>Gross Profit</b>	<b>256,153</b>	<b>7,242</b>
Other income	3,414	(1)
<b>Expenses</b>		
Warehousing and distribution expenses	(52,688)	(425)
Administration expenses	(179,127)	(5,050)
Finance costs	(32,801)	(1,070)
	<b>(264,616)</b>	<b>(6,546)</b>
<b>Profit before income tax expense</b>	<b>(5,049)</b>	<b>696</b>
Income tax expense	776	(1,518)
<b>Profit after income tax expense</b>	<b>(4,273)</b>	<b>(822)</b>

## Statement of Financial Position

	FY25 \$'000	FY24 \$'000
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	6,329	7,045
Trade and other receivables	367,503	19,923
Inventories	235,294	39,582
Derivative financial instruments	394	660
Income tax refund due	6,925	-
Other Assets	34,466	-
<b>Total current assets</b>	<b>650,911</b>	<b>67,210</b>
<b>Non-current assets</b>		
Trade and other receivables	1,000	-
Other assets	9,585	3,729
Equity investments	85,307	362,902
Property, plant and equipment	23,261	10,655
Right-of-use assets	40,695	17,600
Goodwill and other intangible assets	341,699	197,602
Deferred tax asset	-	16,649
<b>Total non-current asset</b>	<b>501,547</b>	<b>609,137</b>
<b>Total assets</b>	<b>1,152,458</b>	<b>676,347</b>

# NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 30 June 2025

	FY25 \$'000	FY24 \$'000
<b>Liabilities</b>		
<b>Current liabilities</b>		
Trade and other payables	547,283	35,184
Contract liabilities	2,763	7,122
Borrowings	159,261	25,468
Lease liabilities	10,615	2,531
Derivative financial instruments	4,328	219
Income tax payable	-	1,566
Employee benefits	11,350	7,404
Vendor conditional payables	264	699
<b>Total current liabilities</b>	<b>735,864</b>	<b>80,193</b>
<b>Non-current liabilities</b>		
Contract liabilities	272	138
Borrowings	76,358	88,836
Lease liabilities	45,306	24,125
Employee benefits	1,503	684
Vendor conditional payables	3,389	500
Deferred tax liability	12,415	-
<b>Total non-current liabilities</b>	<b>139,243</b>	<b>114,283</b>
<b>Total liabilities</b>	<b>875,107</b>	<b>194,476</b>
<b>Net assets</b>	<b>277,351</b>	<b>481,872</b>
<b>Total equity</b>	<b>277,351</b>	<b>481,872</b>

During the year ended 30 June 2025, ParagonCare filed an Assumption Deed with ASIC whereby the following entities joined the ParagonCare's closed group:

- CH2 Holdings Pty Limited
- CH2 Operations Pty Limited
- Clifford Hallam Healthcare Pty Limited
- Cottman Australia Pty Limited
- LJ Cottman (WA) Pty Limited

## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 30 June 2025

### Note 38. Reconciliation of profit after income tax to net cash from/(used in) operating activities

	Consolidated	
	FY25 \$'000	FY24 \$'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
Unrealised loss on derivatives	4,573	-
Other	1,069	-
Finance Income	(3,134)	(1,627)
Finance costs	33,172	16,241
Gain on disposal investments	-	(199)
Decrease/(increase) in trade receivables	(51,716)	(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	21,020	121,418
(Decrease)/increase in other assets	(8,767)	(3,828)
(Decrease)/increase in provision for income tax	(8,029)	1,676
Increase/(decrease) in other payables	(6,248)	4,838
Increase/(decrease) in provisions and employee benefits	(3,492)	485
Interest received	2,469	1,575
Interest paid	(33,172)	(16,241)
<b>Net cash from operating activities</b>	<b>(13,423)</b>	<b>44,452</b>

### Note 39. Changes in liabilities arising from financing activities

Consolidated	Borrowings \$'000	Lease liability \$'000	Total \$'000
Balance at 1 July 2023	64,362	28,806	93,168
Loans received	3,189,449	-	3,189,449
Changes through business combinations (note 34)	117,559	27,193	144,752
New leases	-	6,472	6,472
Loans repaid	(3,174,808)	(7,981)	(3,182,789)
Balance at 30 June 2024	196,562	54,490	251,052
Loans received	3,920,783	-	3,920,783
Loans repaid	(3,880,626)	(11,002)	(3,891,628)
New leases	-	12,079	12,079
<b>Balance at 30 June 2025</b>	<b>236,719</b>	<b>55,567</b>	<b>292,286</b>

## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 30 June 2025

### Note 40. Earnings per share

	Consolidated	
	FY25 \$'000	FY24 \$'000
<b>Profit after income tax attributable to the owners of ParagonCare</b>	<b>20,574</b>	<b>8,180</b>

	Consolidated	
	FY25 \$'000	FY24 \$'000
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	1,655,305,389	935,227,444
Adjustments for calculation of diluted earnings per share:		
Performance rights	1,344,376	-
<b>Weighted average number of ordinary shares used in calculating diluted earnings per share</b>	<b>1,656,649,765</b>	<b>935,227,444</b>

	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.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 30 June 2025

Note 41. 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. Financial information including a completion balance sheet is expected to be available at the next reporting period.

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.

CONSOLIDATED ENTITY DISCLOSURE STATEMENT

For the year ended 30 June 2025

Entity name	Entity type	Place formed /Country of incorporation	Ownership interest %	Tax residency
Paragon Care Limited	Body corporate	Australia	-	Australia
Paragon Care Group Management Services Pty Ltd	Body corporate	Australia	100%	Australia
Paragon Care Group Australia Pty Ltd	Body corporate	Australia	100%	Australia
Paragon Care Group Holding Company Pty Ltd	Body corporate	Australia	100%	Australia
CH2 Holdings Pty Limited	Body corporate	Australia	100%	Australia
CH2 Operations Pty Limited	Body corporate	Australia	100%	Australia
Clifford Hallam Healthcare Pty Limited	Body corporate	Australia	100%	Australia
Cottman Australia Pty Ltd	Body corporate	Australia	100%	Australia
LJ Cottman (WA) Pty Ltd	Body corporate	Australia	100%	Australia
Surgical Buyers Australia Pty Ltd	Body corporate	Australia	100%	Australia
Medtek Pty Ltd	Body corporate	Australia	100%	Australia
REM Systems Pty Ltd	Body corporate	Australia	100%	Australia
Meditron Pty Ltd	Body corporate	Australia	100%	Australia
Western Biomedical Pty Ltd	Body corporate	Australia	100%	Australia
Designs For Vision Holdings Pty Ltd	Body corporate	Australia	100%	Australia
Designs For Vision (Aust) Pty Ltd	Body corporate	Australia	100%	Australia
Designs For Vision Pty Ltd	Body corporate	Australia	100%	Australia
Electro Medical Group Pty Ltd	Body corporate	Australia	100%	Australia
Midas Software Solutions Pty Ltd	Body corporate	Australia	100%	Australia
Immulab Pty Ltd	Body corporate	Australia	100%	Australia
Insight Surgical Pty Ltd	Body corporate	Australia	100%	Australia
Medtech Solutions Pty Ltd	Body corporate	Australia	100%	Australia

CONSOLIDATED ENTITY DISCLOSURE STATEMENT CONTINUED

For the year ended 30 June 2025

Entity name	Entity type	Place formed /Country of incorporation	Ownership interest %	Tax residency
Surgical Specialties Holdings Pty Ltd	Body corporate	Australia	100%	Australia
Surgical Specialties Group Pty Ltd	Body corporate	Australia	100%	Australia
Surgical Specialties Pty Ltd	Body corporate	Australia	100%	Australia
Therapy Specialties Pty Ltd	Body corporate	Australia	100%	Australia
Pergamon Technologies Pty Ltd	Body corporate	Australia	100%	Australia
Immuno Pty Ltd	Body corporate	Australia	100%	Australia
Labgear Australia Pty Ltd	Body corporate	Australia	100%	Australia
Paragon Medical Pty Ltd	Body corporate	Australia	100%	Australia
Scanmedics Pty Ltd	Body corporate	Australia	100%	Australia
Lovell Surgical Supplies International Pty Ltd	Body corporate	Australia	100%	Australia
Lovell Surgical Supplies Pty Ltd	Body corporate	Australia	100%	Australia
Lovell Surgical Solutions Pty Ltd	Body corporate	Australia	100%	Australia
Total Communications (Australia) Pty Ltd	Body corporate	Australia	100%	Australia
Quantum Health Group Limited	Body corporate	Australia	100%	Australia
Quantum Energy Technologies Pty Ltd	Body corporate	Australia	100%	Australia
Quantum Healthcare Australia Pty Ltd	Body corporate	Australia	100%	Australia
Medishop Pty Ltd	Body corporate	Australia	100%	Australia
Quantum Solar Power Pty Ltd	Body corporate	Australia	100%	Australia
Quantum Healthcare Pty Ltd	Body corporate	Australia	100%	Australia
Specialist Medical Supplies Pty Ltd	Body corporate	Australia	100%	Australia
Paragon Care Group New Zealand Management Services Ltd	Body corporate	New Zealand	100%	New Zealand
Paragon Care Group New Zealand Ltd	Body corporate	New Zealand	100%	New Zealand
Paragon Medical Ltd	Body corporate	New Zealand	100%	New Zealand
Designs for Vision Ltd	Body corporate	New Zealand	100%	New Zealand
REM Systems Ltd	Body corporate	New Zealand	100%	New Zealand
Surgical Specialties (NZ) Ltd	Body corporate	New Zealand	100%	New Zealand
Therapy Specialties Ltd	Body corporate	New Zealand	100%	New Zealand
Immuno Ltd	Body corporate	New Zealand	100%	New Zealand
Quantum Energy Technologies (Suzhou) Co Ltd	Body corporate	China	100%	Australia/China
Suzhou Sheerdrop Wine Co Ltd	Body corporate	China	100%	Australia/China
Quantum Healthcare Hong Kong Limited	Body corporate	China	100%	Australia/China
Quantum Holdings Co. Ltd	Body corporate	Korea	100%	Korea
Quantum Health Philippines, Inc	Body corporate	Philippines	100%	Philippines
Quantum Healthcare NZ Ltd	Body corporate	New Zealand	100%	New Zealand
Quantum Hunex Korea Co. Ltd	Body corporate	Korea	100%	Korea
Quantum Healthcare Korea Co. Ltd	Body corporate	Korea	100%	Korea
ParagonCare (Thailand) Company Limited	Body corporate	Thailand	100%	Thailand
Paragon Care Viet Nam Co. Ltd	Body corporate	Vietnam	100%	Vietnam
ParagonCare Japan Co. Ltd	Body corporate	Japan	100%	Japan



# DIRECTORS' DECLARATION

For the year ended 30 June 2025

In accordance with a resolution of directors of Paragon Care Limited made pursuant to section 295(5)(a) of the *Corporations Act 2001*, we state that:

1. In the opinion of the directors:
  - a) the financial statements and notes of the Company and its subsidiaries (collectively the Group) are in accordance with the *Corporations Act 2001*, including:
  - (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2025 and of its performance for the year ended on that date; and
  - (ii) complying with the *Corporations Act 2001*, the Australian Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements:
  - b) the financial statements and notes also comply with the International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 2 to the financial statements.
  - c) the consolidated entity disclosure statement required by section 295(3A) of the *Corporations Act 2001* is true and correct; and
  - d) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and
  - e) at the date of this declaration, there are reasonable grounds to believe that the members of the Extended Closed Group will be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the deed of cross guarantee described in note 39 to the financial statements; and
  - f) the information disclosed in the attached consolidated entity disclosure statement is true and correct.
2. This declaration has been made after receiving the declarations required to be made to the directors by the chief executive officer and chief financial officer in accordance with section 295(4)(e) of the *Corporations Act 2001* for the financial years ended 30 June 2025.

For and on behalf of the Board



**Peter Lacaze**  
Chairman

30 September 2025



# Auditor's Report

For the year ended 30 June 2025



AUDITOR’S INDEPENDENCE DECLARATION

to the members of ParagonCare Limited



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Independent auditor’s report to the members of Paragon Care Limited

Report on the audit of the financial report

Qualified opinion

We have audited the financial report of Paragon Care Limited (the ‘Company’) and its subsidiaries (collectively the ‘Group’), which comprises the consolidated statement of financial position as at 30 June 2025, the consolidated statement of profit or loss and other comprehensive income , consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes to the financial statements, including material accounting policy information, the consolidated entity disclosure statement and the directors’ declaration.

In our opinion, except for the possible effects of the matter described in the *Basis for qualified opinion* section of our report, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- a. Giving a true and fair view of the consolidated financial position of the Group as at 30 June 2025 and of its consolidated financial performance for the year ended on that date; and
- b. Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for qualified opinion

As at 30 June 2025, the Group has a balance of \$57.1 million due from a retail pharmacy group, Infinity Group (‘Infinity’), which is past due in accordance with the contractual payment terms. The Group has recognised an expected credit loss allowance of \$1.2 million in respect of the overdue balance. The total outstanding amount of \$57.1 million comprises trade and other receivables (note 10) and other non-current assets (note 13) of \$52.8 million and \$4.3 million respectively. As disclosed in note 10 of the financial report, the Group ceased supplying Infinity in March 2025 due to its failure to meet contractual payment terms.

As at 30 June 2025, the Group’s recovery of the outstanding balance is dependent on Infinity successfully completing certain transactions, which are unrelated to and outside the control of the Group. Absent the successful completion of these transactions, recovery of the outstanding balance will likely require the Group to pursue alternate recovery actions. As the Group’s recovery of the outstanding balance depends on events outside its control, limited evidence is available to support the Group’s judgements as to likelihood, timing, and amount of the balance capable of recovery. Consequently, we were unable to obtain sufficient appropriate audit evidence to evaluate the reasonableness and completeness of the Group’s expected credit loss allowance at 30 June 2025 and determine whether any adjustments might be necessary to the recorded amount or income for the year then ended, reported in the consolidated statement of profit or loss and other comprehensive income.

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor’s responsibilities for the audit of the financial report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board’s APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

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AUDITOR’S INDEPENDENCE DECLARATION

to the members of ParagonCare Limited



Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on these matters. In addition to the matter described in the *Basis for qualified opinion* section, we have determined the matters described below to be the key audit matters to be communicated in our report For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor’s responsibilities for the audit of the financial report* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial report. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial report.

Finalisation of the purchase price allocation for the reverse acquisition of Clifford Hallam

Why significant	How our audit addressed the key audit matter
<p>On 3 June 2024, Paragon Care Limited (‘Paragon Care’) acquired 100% of the issued capital of CH2 Holdings Pty Limited (‘Clifford Hallam’). The acquisition of Clifford Hallam by Paragon Care was considered to be a business combination, which was accounted for as a reverse acquisition in accordance with AASB 3: <i>Business Combinations</i>. As such, Clifford Hallam was determined to be the accounting acquirer of Paragon Care.</p> <p>Given the timing of the acquisition, the acquisition-date balance sheet of Paragon Care was determined on a provisional basis which resulted in the recognition of provisional goodwill of \$295.2 million as at 30 June 2024.</p> <p>During the year ended 30 June 2025, the Group, with support from an external expert, finalised the identification and valuation of the assets acquired and liabilities assumed at the acquisition date.</p> <p>The audit of the acquisition is a key audit matter due to the judgement and estimation required in determining the fair value of the identifiable assets acquired and liabilities assumed, including the resulting goodwill balance.</p> <p>Disclosure in relation to the acquisition is included in Note 34 of the consolidated financial report.</p>	<ul style="list-style-type: none"><li>▶ With the involvement of our valuation and tax specialists, we assessed the:<ul style="list-style-type: none"><li>▶ identification of tangible, intangible and other assets acquired and liabilities assumed.</li><li>▶ valuation assumptions and the tax considerations applied by the Group, with support from their external expert, in the determination of the fair value of the acquired tangible and intangible assets and liabilities assumed, including the resulting goodwill balance.</li><li>▶ competence, qualification and objectivity of management’s expert.</li></ul></li><li>▶ We assessed the appropriateness of the disclosures included in Note 34 against the requirements of the Australian Accounting Standards.</li></ul>

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## AUDITOR'S INDEPENDENCE DECLARATION

to the members of ParagonCare Limited



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### Information other than the financial report and auditor's report thereon

The directors are responsible for the other information. The other information comprises the information included in the Company's 2025 annual report other than the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not and will not express any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact.

As described in the *Basis for qualified opinion* section above, we were unable to obtain sufficient appropriate audit evidence to evaluate the reasonableness and completeness of the Group's expected credit loss in respect of amounts due from Infinity at 30 June 2025. Accordingly, we are unable to conclude whether the other information is materially misstated with respect to this matter.

### Responsibilities of the directors for the financial report

The directors of the Company are responsible for the preparation of:

- The financial report (other than the consolidated entity disclosure statement) that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001*; and
- The consolidated entity disclosure statement that is true and correct in accordance with the *Corporations Act 2001*; and

for such internal control as the directors determine is necessary to enable the preparation of:

- The financial report (other than the consolidated entity disclosure statement) that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and
- The consolidated entity disclosure statement that is true and correct and is free of misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

### Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

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## AUDITOR'S INDEPENDENCE DECLARATION

to the members of ParagonCare Limited



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As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated to the directors, we determine those matters that were of most significance in the audit of the financial report of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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# AUDITOR’S INDEPENDENCE DECLARATION

to the members of ParagonCare Limited



Shape the future  
with confidence

### Report on the audit of the Remuneration Report

#### Opinion on the Remuneration Report

We have audited the Remuneration Report included in the directors’ report for the year ended 30 June 2025.

In our opinion, the Remuneration Report of Paragon Care Limited for the year ended 30 June 2025, complies with section 300A of the *Corporations Act 2001*.

#### Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

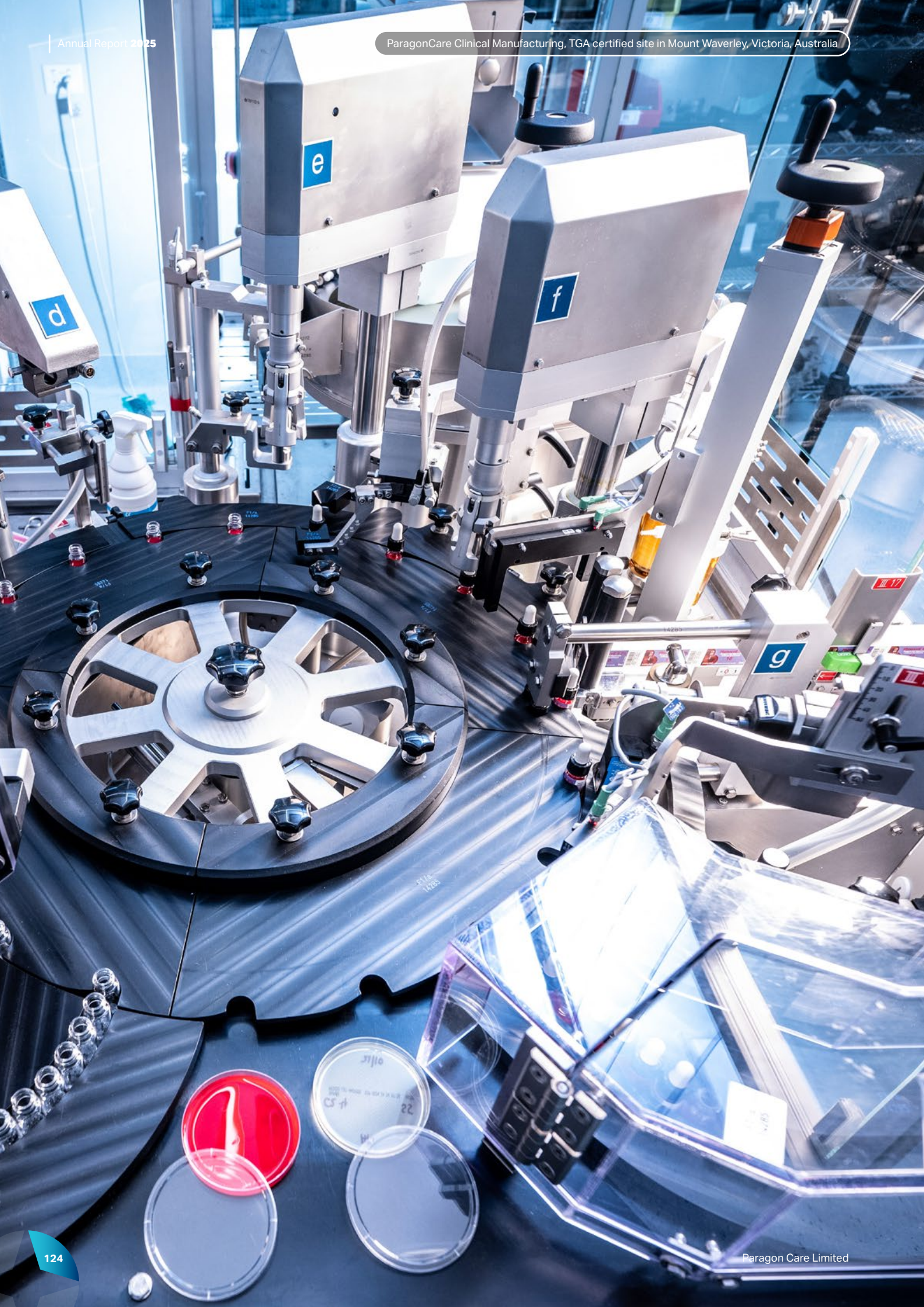
Ernst & Young

Paul Gower  
Partner

Melbourne  
30 September 2025

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# Shareholder Information

For the year ended 30 June 2025



## SHAREHOLDER INFORMATION

For the year ended 30 June 2025

### Additional Information

In accordance with ASX Listing Rules the shareholder information set out below is current as at 22 September 2025.

### Top Holders

The 20 largest holders of fully paid ordinary shares as at 22 September 2025 were:

	No. of Shares	%
PETER ANDREW LACAZE & DIANNE MAREE LACAZE	471,762,036	28.50
CHERIE MARIA MILLAR & DAVID KEITH COLLINS	471,762,036	28.50
CITICORP NOMINEES PTY LIMITED	150,426,538	9.09
MR JOHN WALSTAB	143,956,314	8.70
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	82,137,176	4.96
BNP PARIBAS NOMINEES PTY LTD	28,860,063	1.74
J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	27,161,713	1.64
FIRST SAMUEL LTD ACN 086243567	14,759,097	0.89
BNP PARIBAS NOMINEES PTY LTD	8,285,064	0.50
PHILLIP GRAHAM SIDNEY PTY LTD	8,157,399	0.49
CERTANE CT PTY LTD	5,000,000	0.30
DIXSON TRUST PTY LIMITED	4,506,994	0.27
MRS SANDRA JOAN MCDONALD & MR ANDREW MCDONALD	4,502,524	0.27
JMT INVESTMENT GROUP VIC PTY LTD	4,200,000	0.25
RATHVALE PTY LIMITED	4,152,250	0.25
MR RICHARD ALBARRAN	3,942,129	0.24
MR DREW TOWNSEND	3,942,128	0.24
MR RICHARD ALBARRAN	3,760,288	0.23
VISTA TIDE PTY LIMITED	3,507,122	0.21
SNOWBALL FIDUCIARY PTY LTD	3,209,000	0.19
JMT INVESTMENT GROUP VIC PTY LTD	3,200,000	0.19
	1,451,189,871	87.67

(i) Shares are held in voluntary escrow for a period of two years from 3 June 2024.

### Distribution Schedule

The distribution of fully paid ordinary shareholders as at 22 September 2025 was as follows:

#### Fully Paid Ordinary Shares

Range	Total holders	No. of shares	% Units
100,001 and over	353	1,592,571,666	6.55
10,001 to 100,000	1,557	52,055,538	28.88
5,001 to 10,000	711	5,444,905	13.19
1,001 to 5,000	1,788	4,862,716	33.17
1 to 1,000	982	370,560	18.22
	5,391	1,655,305,389	100.00

## SHAREHOLDER INFORMATION CONTINUED

For the year ended 30 June 2025

### Substantial shareholders

The names of substantial shareholders and the number of fully paid ordinary shares to which each substantial shareholder and their associates have a relevant interest, as disclosed in substantial shareholding notices given to the Company, are set out below:

Substantial Shareholder	No. of Shares	%
Peter Andrew Lacaze & Dianne Maree Lacaze <Lacaze Family>	471,762,036	28.50
Cherie Maria Millar <Collins Millar Family>	471,762,036	28.50
Mr John Walstab*	144,591,185	8.73
Wilson Asset Management Group	123,355,662	7.45

\*Reflects most recent Appendix 3Y – change of Director’s Interest Note disclosure dated 3 December 2024.

### Unmarketable Parcels

There were 1,447 shareholders holding less than a marketable parcel of \$500 worth of shares, based on the closing market price on 22 September 2025 of \$0.29 per share.

Fully Paid Ordinary Shares	Holders	No. of shares	% of issue shares
Holdings less than a marketable parcel	1,447	996,825	0.14

### Restricted Securities

There are currently no restricted securities on issue.

### On-market Buy Back

There is no current on-market buy back.

### Voting Rights

#### Fully paid ordinary shares

On a show of hands every member present in person or by proxy shall have one vote and upon a poll each fully paid ordinary share shall have one vote.

#### Other securities

Other classes of securities issued by the Company do not carry voting rights.

### Annual General Meeting

The 2025 Annual General Meeting will be held on Wednesday, 19 November 2025 at 1.00pm (Melbourne time). Further details relating to the meeting will be advised in the Notice of Meeting to be sent to all Shareholders and released to ASX immediately upon despatch.

In accordance with rule 3.5(c) of the Company’s constitution, the Closing Date for Nomination of Director is Wednesday, 8 October 2025. Any nomination must be received in writing no later than 5.00pm (Melbourne time) on Wednesday, 8 October 2025 at the Company’s Registered Office.

CORPORATE DIRECTORY

30 June 2025

Directors	<p><b>Peter Lacaze</b> - Chairman</p> <p><b>David Collins</b> - Managing Director</p> <p><b>Carmen Riley</b> - Executive Director and Chief Executive Officer</p> <p><b>Peter Egglestone</b> - Non-Executive Director</p> <p><b>John Walstab</b> - Non-Executive Director</p>
Company secretary	Michael Sapountzis
Registered office and principal place of business	<p>77-97 Ricketts Road</p> <p>Mount Waverley VIC 3149</p> <p>Telephone: (03) 8833 7800</p> <p>Facsimile: (03) 8833 7890</p>
Share register	<p>Link Market Services Limited</p> <p>Level 13, Tower 4, 727 Collins Street</p> <p>Melbourne VIC 3000</p> <p>Telephone:1300 554 474</p> <p>Facsimile: (02) 9287 303</p> <p>Website: <a href="http://www.linkmarketservices.com.au">www.linkmarketservices.com.au</a></p>
Auditor	<p>Ernst &amp; Young</p> <p>8 Exhibition Street</p> <p>Melbourne VIC 3000</p> <p>Website: <a href="http://www.ey.com">www.ey.com</a></p>
Solicitors	<p>Baker McKenzie</p> <p>181 William Street</p> <p>Melbourne 3000</p>
Bankers	Scottish Pacific Business Finance Pty Ltd
Stock exchange listing	ParagonCare shares are listed on the Australian Securities Exchange (ASX code: PGC)
Website	<a href="http://www.paragoncare.com.au">www.paragoncare.com.au</a>
Corporate Governance Statement	<p>The Directors and management are committed to conducting the business of ParagonCare in an ethical manner and in accordance with the highest standards of corporate governance. ParagonCare has adopted and has substantially complied with the ASX Corporate Governance Principles and Recommendations (Fourth Edition) ('Recommendations') to the extent appropriate to the size and nature of its operations.</p> <p>The Company's FY25 Corporate Governance Statement, which sets out the corporate governance practices that were in operation during the financial year and identifies and explains any Recommendations that have not been followed, which is approved at the same time as the Annual Report, can be found at:</p> <p><b><a href="https://paragoncare.com.au/corporate-governance">https://paragoncare.com.au/corporate-governance</a></b></p>

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