

Half Year Report FY26

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ParagonCare

Enabling Healthcare

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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.



APPENDIX 4D

Half year report ended 31st December 2025

1. Company details

Name of entity:	Paragon Care Limited
ABN:	76 064 551 426
Reporting period:	For the half-year ended 31 December 2025
Previous period:	For the half-year ended 31 December 2024

2. Results for announcement to the market

				\$'000
Revenues from ordinary activities	up	2.9%	to	1,904,873
Net loss from ordinary activities after tax attributable to the owners of Paragon Care Limited ⁽ⁱ⁾	down	260.8%	to	(21,274)

(i) The net profit for the half year ended 31 December 2024 has been updated to reflect adjustments arising due to the finalisation of the purchase price allocation attributable to the reverse acquisition of Paragon Care Limited ('ParagonCare').

Review of operations

	31 December 2025 \$'000	31 December 2024 \$'000	Change \$'000	Change %
Revenue	1,904,873	1,850,415	54,458	3%
Cost of goods sold	(1,730,930)	(1,686,913)	(44,017)	3%
Gross margin	173,943	163,502	10,441	6%
Profit before tax	(31,388)	16,881	(48,269)	(286%)
Depreciation and amortisation expenses	15,334	15,311	23	0%
Finance costs	15,636	15,338	298	2%
Earnings before interest, tax, depreciation and amortisation ('EBITDA')⁽ⁱ⁾	(418)	47,530	(47,948)	(101%)
EBITDA	(418)	47,530	(47,948)	(101%)
Provision for Infinity Group debt, net of GST recoverable ⁽ⁱⁱ⁾	46,445	-	46,445	n/a
Mergers & acquisitions and related costs ⁽ⁱⁱ⁾	2,035	-	2,035	n/a
Restructuring & integration costs ⁽ⁱⁱ⁾	1,934	-	1,934	n/a
FX hedges and other currency measurements ⁽ⁱⁱ⁾	(964)	-	(964)	n/a
Underlying earnings before interest, tax, depreciation and amortisation ('EBITDA')⁽ⁱ⁾	49,032	47,530	1,502	3%

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

(ii) Refer Group summary of financial performance for detail on underlying adjustments.

APPENDIX 4D CONTINUED

Half year report ended 31st December 2025

Group summary of financial performance

The Group delivered on its organic and regional growth strategy, which delivered a solid underlying result during the half year ended 31 December 2025.

Revenue was up by 3% to \$1,904,873,000 and gross margin was up 6% to \$173,943,000. Underlying EBITDA increased by 3.1% to \$49,032,000 with contributions from geographic segments. The highly complementary acquisitions of the Somnotec Group in December 2025 and expected H2FY26 acquisition of Haju Medical will make positive earnings contributions in 2HFY26.

Underlying EBITDA, which excludes the impact of non-recurring and certain other items (refer following table), has been used to measure the financial performance of the Group. The Group believes this measure of performance helps in better understanding the statutory operating results of the Group.

Underlying EBITDA Reconciliation	HY26	HY25
Statutory EBITDA	(0.4)	47.5
<i>Adjusted for items identified as excluded from underlying earnings:</i>		
Infinity Group debt provision, net of GST recoverable ⁺	46.4	-
Mergers & acquisitions and related costs [^]	2.0	-
Restructuring & integration costs [*]	1.9	-
Unrealised FX (gain)/loss [#]	(0.9)	-
Underlying EBITDA	49.0	47.5

⁺ Includes the lifetime expected credit loss expense of \$47.3 million recognised for Infinity Group balances, net of recoverable GST of \$0.9 million.

[^] Includes external consultants and professional advisers plus dedicated internal resources for M&A activity only.

^{*} Staff redundancy & exited roles as part of integration activity.

[#] Unrealised (gain)/loss on FX hedges and other currency remeasurements.

The reported net loss for Paragon Care Limited and its controlled entities (the 'Consolidated Group') after providing for income tax amounted to \$(21,274,000) (31 December 2024: net profit of \$13,230,000). The loss in the current period is largely attributable to the provision recorded against the debt owed by Infinity Retail Pharmacy Group ("Infinity Group"). Refer below for further information.

Update on balances due from the Infinity Retail Pharmacy Group ("Infinity Group")

Background

As previously disclosed in the Group's 30 June 2025 Annual Report, Paragon Care Limited ("the Group") had balances due from the Infinity Retail Pharmacy Group ("Infinity Group") of \$57.1 million. The total outstanding balance comprised trade receivables of \$38.5 million and non-trade loan/receivables of \$18.6 million. As at 30 June 2025, the Group had recognised an expected credit loss ('ECL') allowance of \$1.2 million.

The balances arose through the supply of products and services in the ordinary course of business and through financing and support arrangements entered into in prior periods. The Group ceased supply to Infinity Group in March 2025.

At 31 December 2025, gross amounts owing from Infinity Group totaled approximately \$48.5 million (30 June 2025: \$57.1 million) which comprised trade receivables of \$32.8 million and non-trade loan/receivables of \$15.7 million.

Developments during the period

During the half year ended 31 December 2025, receivers were appointed to a significant number of Infinity Group entities with a voluntary administration process commenced. A formal sale and restructuring process has been initiated under the control of the administrators.

The Group continues to engage actively and constructively with the appointed administrators as a major creditor, including as a committee of inspection member.

Accounting treatment at 31 December 2025

In light of the appointment of receivers and administrators and the early stage of the sale process, the Directors have reassessed the recoverability of the balances due from Infinity Group.

Given the significant uncertainty concerning the recoverability of the Group's balances due from Infinity Group while the receivership/administration process is in its early stages and recovery is dependent on factors outside of the Group's control – the Directors have assessed the recovery of Infinity Group related balances and recognised a lifetime ECL allowance of 100% against the balances outstanding as at 31 December 2025. This has resulted in an ECL expense of \$47.3 million in the period.

APPENDIX 4D

Half year report ended 31st December 2025

Notwithstanding the recognition of lifetime ECL allowance of 100%, the Group continues to engage actively with the receiver and administrator as a significant creditor. As part of the administration process, a sale of Infinity Group is being contemplated. The Directors are cautiously optimistic that this process will be satisfactorily resolved, though the timing and quantum of any trade and non-trade loans/receivables recovery remains uncertain. Any recovery will be recognised in the statement of profit or loss and other comprehensive income in future periods when sufficient reliable information becomes available and may result in a positive impact on future reported earnings.

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security ⁽ⁱ⁾	(5.68)	(3.30)

(i) Net Tangible Asset calculations exclude intangible assets, right-of-use assets and associated lease liabilities.

4. Control gained over entities

During the half-year ended 31 December 2025, the Consolidated Group gained control over the following entities.

- (i) On 2 July 2025, the Group acquired 100% of the share capital of AHP Dental & Medical Pty Ltd (AHP)
- (ii) On 15 December 2025, the Group acquired 100% of the share capital of Somnotec (S) Pte. Ltd. (Somnotec Singapore), Somnotec (M) Sdn. (Somnotec Malaysia), Somnotec Philippines Inc (Somnotec Philippines) and PT Somnotec Indonesia (Somnotec Indonesia) (collectively 'Somnotec Group').

	\$'000
Contribution of such entities to the reporting entity's profit from ordinary activities before income tax during the period (where material)	270

5. Loss of control over entities

Not applicable.

6. Dividends

Current period

There were no dividends paid, recommended or declared during the current financial period.

7. Dividend reinvestment plans

Not applicable.

8. Details of associates and joint venture entities

Not applicable.

APPENDIX 4D CONTINUED

Half year report ended 31st December 2025

9. Foreign entities

Details of origin of accounting standards used in compiling the report:
Not applicable.

10. Audit qualification or review

Details of audit/review dispute or qualification (if any):
The financial statements were subject to a review by the auditors and the review report is attached as part of the Interim Report.

11. Attachments

Details of attachments (if any):
The Interim Report of Paragon Care Limited for the half-year ended 31 December 2025 is attached.

12. Signed



Peter Lacaze
Chairman

25 February 2026

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Interim Report

Half year report ending 31 December 2025

DIRECTORS' REPORT

Half year report ended 31st December 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 half-year ended 31 December 2025 ('31 December 2025', 'HY26').

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
Peter Egglestone	Non-Executive Director

Principal activities

The principal continuing activities of the Group during the half-year ended 31 December 2025 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

	31 December 2025 \$'000	31 December 2024 \$'000	Change \$'000	Change %
Revenue	1,904,873	1,850,415	54,458	3%
Cost of goods sold	(1,730,930)	(1,686,913)	(44,017)	3%
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(ii) Refer Group summary of financial performance for detail on underlying adjustments.

DIRECTORS' REPORT CONTINUED

Half year report ended 31st December 2025

Group summary of financial performance

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Underlying EBITDA, which excludes the impact of non-recurring and certain other items (refer following table), has been used to measure the financial performance of the Group. The Group believes this measure of performance helps in better understanding the statutory operating results of the Group.

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<i>Adjusted for items identified as excluded from underlying earnings:</i>		
Infinity Group debt provision, net of GST recoverable [†]	46.4	-
Mergers & acquisitions and related costs [^]	2.0	-
Restructuring & integration costs [*]	1.9	-
Unrealised FX (gain)/loss [#]	(0.9)	-
Underlying EBITDA	49.0	47.5

[†] Includes the lifetime expected credit loss expense of \$47.3 million recognised for Infinity Group balances, net of recoverable GST of \$0.9 million.

[^] Includes external consultants and professional advisers plus dedicated internal resources for M&A activity only.

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The reported net loss for Paragon Care Limited and its controlled entities (the 'Consolidated Group') after providing for income tax amounted to \$(21,274,000) (31 December 2024: net profit of \$13,230,000). The loss in the current period is largely attributable to the provision recorded against the debt owed by Infinity Retail Pharmacy Group ('Infinity Group'). Refer below for further information.

Presentation of comparative information

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 finalised during the year ended 30 June 2025 (refer to note 34 of the Group's 30 June 2025 financial report). Accordingly, the following items as previously disclosed in the statement of profit or loss and other comprehensive income, statement of cash flows and statement of changes in equity for the half-year ended 31 December 2024 have been updated:

- Foreign currency translation: Additional foreign currency translation difference of \$10.6 million has been recognised due to the finalisation of the fair value of intangible assets and goodwill.

There is no impact to the statement of financial position as at 30 June 2025 as the finalisation of the business acquisition accounting had been adjusted in the financial report for the year ended 30 June 2025.

Dividends

There were no dividends paid, recommended or declared during the current or previous financial half-year.

DIRECTORS' REPORT

Half year report ended 31st December 2025

Significant changes in the state of affairs

Update on balances due from the Retail Pharmacy Group ('Infinity Group')

As previously disclosed in the Group's 30 June 2025 Annual Report, Paragon Care Limited ("the Group") had balances due from the Infinity Retail Pharmacy Group ("Infinity Group") of \$57.1 million. The total outstanding balance comprised trade receivables of \$38.5 million and non-trade loan/receivables of \$18.6 million. As at 30 June 2025, the Group had recognised an expected credit loss ('ECL') allowance of \$1.2 million.

The balances arose through the supply of products and services in the ordinary course of business and through financing and support arrangements entered into in prior periods. The Group ceased supply to Infinity Group in March 2025.

At 31 December 2025, gross amounts owing from Infinity Group totaled approximately \$48.5 million (30 June 2025: \$57.1 million) which comprised trade receivables of \$32.8 million and non-trade loan/receivables of \$15.7 million.

Developments during the period

During the half year ended 31 December 2025, receivers were appointed to a significant number of Infinity Group entities with a voluntary administration process commenced. A formal sale and restructuring process has been initiated under the control of the administrators.

The Group continues to engage actively and constructively with the appointed administrators as a major creditor, including as a committee of inspection member.

Accounting treatment at 31 December 2025

In light of the appointment of receivers and administrators and the early stage of the sale process, the Directors have reassessed the recoverability of the balances due from Infinity Group.

Given the significant uncertainty concerning the recoverability of the Group's balances due from Infinity Group while the receivership/administration process is in its early stages and recovery is dependent on factors outside of the Group's control – the Directors have assessed the recovery of Infinity Group related balances and recognised a lifetime ECL allowance of 100% against the balances outstanding as at 31 December 2025. This has resulted in an ECL expense of \$47.3 million in the period.

Notwithstanding the recognition of lifetime ECL allowance of 100%, the Group continues to engage actively with the receiver and administrator as a significant creditor. As part of the administration process, a sale of Infinity Group is being contemplated. The Directors are cautiously optimistic that this process will be satisfactorily resolved, though the timing and quantum of any trade and non-trade loans/receivables recovery remains uncertain. Any recovery will be recognised in the statement of profit or loss and other comprehensive income in future periods when sufficient reliable information becomes available and may result in a positive impact on future reported earnings.

Acquisition of businesses

On 2 July 2025, the Group acquired 100% of the share capital of AHP Dental & Medical Pty Ltd (AHP).

On 15 December 2025, the Group acquired 100% of the share capital of Somnotec (S) Pte. Ltd. ('Somnotec Singapore'), Somnotec (M) Sdn. ('Somnotec Malaysia'), Somnotec Philippines Inc ('Somnotec Philippines') and PT Somnotec Indonesia ('Somnotec Indonesia') (collectively 'Somnotec Group'). The Group had also entered into an agreement to acquire Somnotec Thai Company Ltd ('Somnotec Thailand'), however, as at 31 December 2025, the acquisition of Somnotec Thailand has not been completed due to the non-completion of conditions precedent.

Details of the accounting for the acquisition of AHP and Somnotec Group are presented in note 16.

There were no other significant changes in the state of affairs of the Consolidated Group during the financial half-year.

Matters subsequent to the end of the financial half-year

On 30 January 2026, the Group acquired 100% of the share capital of Fisher Biotech Pty Ltd ('Fisher'), an Australian company specialising in the manufacture and distribution of advanced products for life sciences and laboratory supply sector.

From 1 February 2026, the Consolidated Group has transitioned out as the primary wholesaler to Ramsay Healthcare Limited's ('Ramsay') retail and hospital pharmacy business which is not expected to have a material impact on the Group's results in future periods.

On 6 February 2026, the Group acquired 100% of the share capital of Pacific Medical (Hong Kong) Company Limited, MD Medical Logistics & Services Limited, and PMC (ANZ) Pty Ltd (collectively, 'Pacific Medical Group') which supply cardiology and peripheral vascular related surgical equipment, medical hardware and software, and provide maintenance, logistics and storage services.

Details of the acquisition of Fisher and Pacific Medical Group are presented in note 17.

No other matter or circumstance has arisen since 31 December 2025 that has significantly affected, or may significantly affect the Consolidated Group's operations, the results of those operations, or the Consolidated Group's state of affairs in future financial years.

DIRECTORS' REPORT CONTINUED

Half year report ended 31st December 2025

Rounding of amounts

The amounts contained in this report and in the financial report have been rounded to the nearest \$1,000 (unless otherwise stated) under the option available to the Company under the ASIC Corporations (*Rounding in Financial/Directors' Reports*) Instrument 2016/191. The Company is an entity to which the legislative instrument applies.

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.

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the *Corporations Act 2001*.

On behalf of the directors



Peter Lacaze
Chairman

25 February 2026

AUDITOR'S INDEPENDENCE DECLARATION

Half year report ended 31st December 2025



**Shape the future
with confidence**

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Auditor's Independence Declaration to the Directors of Paragon Care Limited

As lead auditor for the review of the half-year financial report of Paragon Care Limited for the half-year ended 31 December 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 review;
- b. No contraventions of any applicable code of professional conduct in relation to the review; and
- c. No non-audit services provided that contravene any applicable code of professional conduct in relation to the review.

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

A handwritten signature in black ink that reads 'Ernst & Young' in a cursive style.

Ernst & Young

A handwritten signature in black ink that reads 'K Bodenham' in a cursive style.

Kylie Bodenham
Partner
25 February 2026

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Financial Statements

Half year report ending 31 December 2025

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Half year report ended 31st December 2025

	Note	Consolidated	
		31 Dec 2025 \$'000	31 Dec 2024 \$'000
Revenue			
Revenue	3	1,904,873	1,850,415
Cost of goods sold		(1,730,930)	(1,686,913)
Gross profit		173,943	163,502
Other income		2,899	25
Interest income		2,200	1,648
Expenses			
Warehousing and distribution expenses		(32,938)	(27,053)
Administration expenses	4	(69,478)	(18,760)
Employee benefits expenses		(75,944)	(71,832)
Depreciation and amortisation expenses		(15,334)	(15,311)
Finance costs		(15,636)	(15,338)
Other expenses		(1,100)	-
Profit/(loss) before income tax (expense)/benefit		(31,388)	16,881
Income tax (expense)/benefit	5	10,114	(3,651)
Profit/(loss) after income tax (expense)/benefit for the half-year attributable to the owners of Paragon Care Limited		(21,274)	13,230
Other comprehensive income			
<i>Items that will not be reclassified subsequently to profit or loss</i>			
Actuarial gain/(loss) on defined benefit plans, net of tax	11	(28)	(196)
<i>Items that may be reclassified subsequently to profit or loss</i>			
Hedge reserves, net of tax	11	(332)	-
Foreign currency translation	11	(3,833)	16,221
Other comprehensive income/(loss) for the half-year, net of tax		(4,193)	16,025
Total comprehensive income for the year attributable to the owners of ParagonCare		(25,467)	29,255
Basic earnings per share			
Basic earnings per share	18	(1.29)	0.80
Diluted earnings per share			
Diluted earnings per share	18	(1.29)	0.80

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

STATEMENT OF FINANCIAL POSITION

Half year report ended 31st December 2025

	Note	Consolidated	
		31 Dec 2025 \$'000	30 June 2025 \$'000
Assets			
Current assets			
Cash and cash equivalents		30,865	20,329
Trade and other receivables	6	406,515	401,538
Inventories		294,968	282,544
Derivative financial instruments		170	394
Income tax refund due		6,448	3,057
Other assets		38,266	49,551
Total current assets		777,232	757,413
Non-current assets			
Trade and other receivables	6	-	1,000
Other assets		7,139	10,147
Investment properties		1,670	1,678
Property, plant and equipment	7	38,422	31,189
Right-of-use assets		69,231	44,633
Goodwill and other intangible assets	8	408,835	395,474
Deferred tax asset		3,088	2,177
Total non-current assets		528,385	486,298
Total assets		1,305,617	1,243,711
Liabilities			
Current liabilities			
Trade and other payables		558,142	575,768
Contract liabilities		11,478	4,868
Borrowings	9	231,885	160,360
Lease liabilities		13,283	12,094
Make good provision		129	47
Derivative financial instruments		2,115	4,656
Employee benefits		13,165	13,405
Vendor conditional payables		485	264
Total current liabilities		830,682	771,462
Non-current liabilities			
Contract liabilities		235	272
Borrowings	9	86,440	76,359
Lease liabilities		66,339	43,473
Make good provision		5,569	4,187
Deferred tax liability		-	12,415
Employee benefits		1,908	1,849
Vendor conditional payables		9,943	3,852
Total non-current liabilities		170,434	142,407
Total liabilities		1,001,116	913,869
Net assets		304,501	329,842
Equity			
Issued capital	10	328,488	328,488
Reserves	11	13,159	17,226
Accumulated losses		(37,146)	(15,872)
Total equity		304,501	329,842

The above statement of financial position should be read in conjunction with the accompanying notes

STATEMENT OF CHANGE IN EQUITY

Half year report ended 31st December 2025

Consolidated	Issued capital \$'000	Reserves \$'000	Accumulated losses \$'000	Total equity \$'000
Balance at 1 July 2024	328,488	(325)	(36,245)	291,918
Net loss after income tax benefit for the half-year	-	-	13,230	13,230
Other comprehensive income for the half-year, net of tax	-	16,025	-	16,025
Total comprehensive income for the half-year	-	16,025	13,230	29,255
<i>Transactions with owners in their capacity as owners:</i>				
Share-based payments	-	437	-	437
Balance at 31 December 2024	328,488	16,137	(23,015)	321,610

Consolidated	Issued capital \$'000	Reserves \$'000	Accumulated losses \$'000	Total equity \$'000
Balance at 1 July 2025	328,488	17,226	(15,872)	329,842
Net loss after income tax benefit for the half-year	-	-	(21,274)	(21,274)
Other comprehensive income/(loss) for the half-year, net of tax	-	(4,193)	-	(4,193)
Total comprehensive income/(loss) for the half-year	-	(4,193)	(21,274)	(25,467)
<i>Transactions with owners in their capacity as owners:</i>				
Share-based payments	-	126	-	126
Balance at 31 December 2025	328,488	13,159	(37,146)	304,501

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

STATEMENT OF CASH FLOWS

Half year report ended 31st December 2025

	Consolidated	
	31 Dec 2025 \$'000	31 Dec 2024 \$'000
	Note	
Cash flows from operating activities		
Receipts from customers (inclusive of GST)	2,114,455	1,940,971
Payments to suppliers and employees (inclusive of GST)	(2,119,248)	(1,960,484)
	(4,793)	(19,513)
Interest received	89	872
Interest and other finance costs paid	(13,694)	(14,538)
Interest paid on lease liabilities	(1,942)	(800)
Income taxes paid	(6,389)	(6,712)
Net cash from/(used in) operating activities	(26,729)	(40,691)
Cash flows from investing activities		
Cash consideration for acquisition of AHP and Somnotec Group, net of cash acquired	(21,839)	-
Payments for property, plant and equipment	(9,962)	(5,643)
Purchase of intangibles	(6,349)	(2,429)
Proceeds from sale of property, plant and equipment	182	446
Net cash used in investing activities	(37,968)	(7,626)
Cash flows from financing activities		
Proceeds from borrowings	2,049,089	2,018,306
Repayment of borrowings	(1,967,463)	(1,966,624)
Repayment of lease liabilities	(5,846)	(5,303)
Net cash from financing activities	75,780	46,379
Net increase/(decrease) in cash and cash equivalents	11,083	(1,938)
Cash and cash equivalents at the beginning of the financial half-year	20,329	19,944
Effects of exchange rate changes on cash and cash equivalents	(547)	3,657
Cash and cash equivalents at the end of the financial half-year	30,865	21,663

The above statement of cash flows should be read in conjunction with the accompanying notes

NOTES TO THE FINANCIAL STATEMENTS

Half year report ended 31st December 2025

Note 1. Material accounting policy information

Basis of preparation

These general-purpose financial statements for the interim half-year reporting period ended 31 December 2025 have been prepared in accordance with Australian Accounting Standard AASB134 *Interim Financial Reporting* ('AASB134') and the *Corporations Act 2001*, as appropriate for for-profit oriented entities. Compliance with AASB134 ensures compliance with International Financial Reporting Standard IAS34 *Interim Financial Reporting*.

These general-purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2025 and any public announcements made by the ParagonCare during the interim reporting period in accordance with the continuous disclosure requirements of the ASX listing rules.

The accounting policies adopted, methods of computation and areas of critical accounting judgements, estimates and assumptions are consistent with those of the previous financial year and corresponding interim reporting period, except for the matters stated below.

Significant judgements and estimates

The accounting policies adopted, methods of computation and areas of critical accounting judgements, estimates and assumptions are consistent with those of the previous financial year and corresponding interim reporting period, except for the matters stated below.

Expected credit loss assessment – balances due from the Infinity Group

The expected credit loss ('ECL') assessment of the balances due from the Infinity Group is a significant area of estimation uncertainty and judgement. Actual recoveries may materially differ from current expectations depending on the outcome of the administration process – which is currently uncertain and dependent on factors outside of the Group's control. Refer note 6 for the ECL assessment of the balances due from the Infinity Group as at 31 December 2025.

Change in accounting estimate

During the half-year ended 31 December 2025, the Group reassessed the inventory obsolescence provisions for certain inventory categories. The revision was driven by an updated analysis of the historical turnover, inventory ageing profile, obsolescence and demand data. As a result, management updated its estimates of the recoverability of inventory balances. This represents a change in accounting estimate in accordance with AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors and has been applied prospectively from 1 July 2025. Comparative information has not been restated. The impact of the change in accounting estimate for the half-year ended 31 December 2025 was a decrease in cost of sales of \$1.8 million and a corresponding increase in profit before tax of \$1.8 million.

Management continues to review key assumptions and estimates at each reporting date. Actual outcomes may differ from these estimates due to changes in future circumstances.

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 9). 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.

Presentation of comparative information

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 finalised during the year ended 30 June 2025 (refer to note 34 of the Group's 30 June 2025 financial report). Accordingly, the following items as previously disclosed in the statement of profit or loss and other comprehensive income, statement of cash flows and statement of changes in equity for the half-year ended 31 December 2024 have been updated:

- Foreign currency translation: Additional foreign currency translation difference of \$10.6 million has been recognised due to the finalisation of the fair value of intangible assets and goodwill.

There is no impact to the statement of financial position as at 30 June 2025 as the finalisation of the business acquisition accounting had been adjusted in the financial report for the year ended 30 June 2025.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

Half year report ended 31st December 2025

New or amended Accounting Standards and Interpretations adopted

The Consolidated 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, which did not have a material impact on the Group.

Note 2. Operating segments

Identification of reportable operating segments

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

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.

Following the internal reorganisation of the business during 2025 financial year, the CODM no longer performs a review of the statement of financial position for each of the operating segments.

Therefore, assets and liabilities are not reported separately to the CODM by segment and are presented at a Consolidated Group level 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 half-year ended 31 December 2025 there were no major customers generating over 10% of revenue for the Group (31 December 2024: none).

Operating segment information

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

Half year report ended 31st December 2025

Consolidated Group - 31 December 2025	ANZ \$'000	Asia \$'000	Total \$'000
Revenue			
Sales to external customers	1,835,337	69,536	1,904,873
Total revenue	1,835,337	69,536	1,904,873
Income/(expenses)			
Cost of goods sold	(1,692,033)	(38,897)	(1,730,930)
Warehousing and distribution expenses	(32,602)	(336)	(32,938)
Employee benefits expenses	(69,382)	(6,562)	(75,944)
Administration expenses	(63,218)	(6,260)	(69,478)
Other income	2,918	(19)	2,899
Interest income	2,200	-	2,200
Other expenses	(1,023)	(77)	(1,100)
EBITDA	(17,803)	17,385	(418)
Depreciation and amortisation			(15,334)
Finance costs			(15,637)
Net loss before income tax benefit			(31,388)
Income tax expense			10,114
Net loss after income tax benefit			(21,274)
Consolidated Group - 31 December 2024	ANZ \$'000	Asia \$'000	Total \$'000
Revenue			
Sales to external customers	1,798,222	52,193	1,850,415
Total revenue	1,798,222	52,193	1,850,415
Income/(expenses)			
Cost of goods sold	(1,658,293)	(28,620)	(1,686,913)
Warehousing and distribution expenses	(26,580)	(473)	(27,053)
Employee benefits expenses	(66,586)	(5,246)	(71,832)
Administration expenses	(13,835)	(4,925)	(18,760)
Other income	25	-	25
Interest income	1,648	-	1,648
EBITDA	34,601	12,929	47,530
Depreciation and amortisation			(15,311)
Finance costs			(15,338)
Net profit before income tax expense			16,881
Income tax expense			(3,651)
Net profit after income tax expense			13,230

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

Half year report ended 31st December 2025

Geographical information

	Sales to external customers		Geographical non-current assets	
	31 Dec 2025 \$'000	31 Dec 2024 \$'000	31 Dec 2025 \$'000	30 June 25 \$'000
Australia	1,805,103	1,769,643	421,391	415,943
New Zealand	30,234	28,579	29,211	32,571
Asia	69,536	52,193	74,695	35,607
	1,904,873	1,850,415	525,297	484,121

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

Note 3. Revenue

	Consolidated	
	31 Dec 2025 \$'000	31 Dec 2024 \$'000
<i>Revenue from contracts with customers - Based on timing of revenue recognition</i>		
Goods transferred at a point in time	1,888,813	1,834,192
Services transferred over time	16,060	16,223
	1,904,873	1,850,415

Geographical regions are disclosed in note 2.

Note 4. Administration expenses

	Consolidated	
	31 Dec 2025 \$'000	31 Dec 2024 \$'000
Management consulting fees	1,340	845
Professional fees	1,217	822
Information technology	3,820	3,643
Travel costs	2,147	2,069
Bad debts and allowance for expected credit losses	47,699	28
Advertising and promotional	6,177	5,639
Insurance	2,511	2,132
Other corporate costs	4,567	3,582
	69,478	18,760

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

Half year report ended 31st December 2025

Note 5. Income tax expense

	Consolidated	
	31 Dec 2025 \$'000	31 Dec 2024 \$'000
Income tax expense/(benefit)		
Current tax	3,655	5,630
Deferred income tax relating to temporary differences	(13,686)	(1,665)
Adjustment in respect of income and deferred tax of prior year		
- Current tax	(325)	762
- Deferred tax	242	(1,076)
Income tax (benefit) / expense	(10,114)	3,651
Reconciliation of income tax expense to accounting profit:		
Profit/(loss) before income tax (expense)/benefit	(31,388)	16,881
Tax at the statutory tax rate of 30%	(9,416)	5,064
<i>Increase/(decrease) in income tax expense due to:</i>		
Non-deductible expenses	1,647	441
Adjustment recognised for prior periods	(84)	(314)
Non-assessable income	(37)	(1)
Reset in tax base on entry into tax consolidated group	4	-
Difference in tax rates	(1,537)	(1,488)
Others	(691)	(51)
Income tax (benefit) / expense	(10,114)	3,651

Note 6. Trade and other receivables

	Consolidated	
	31 Dec 2025 \$'000	31 June 2025 \$'000
<i>Current assets</i>		
Trade receivables	385,436	342,969
Other receivables	54,461	47,085
Less: Allowance for expected credit losses	(33,382)	(1,538)
	406,515	388,516
Loan receivables - current	11,456	13,022
Less: Allowance for expected credit losses	(11,456)	-
	-	13,022
	406,515	401,538
<i>Non-current assets</i>		
Loan receivables - non-current	-	1,000
	406,515	402,538

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

Half year report ended 31st December 2025

Update on balances due from the Retail Pharmacy Group ('Infinity Group')

As previously disclosed in the Group's 30 June 2025 Annual Report, Paragon Care Limited ("the Group") had balances due from the Infinity Retail Pharmacy Group ("Infinity Group") of \$57.1 million. The total outstanding balance comprised trade receivables of \$38.5 million and non-trade loan/receivables of \$18.6 million. As at 30 June 2025, the Group had recognised an expected credit loss ('ECL') allowance of \$1.2 million.

The balances arose through the supply of products and services in the ordinary course of business and through financing and support arrangements entered into in prior periods. The Group ceased supply to Infinity Group in March 2025.

At 31 December 2025, gross amounts owing from Infinity Group totaled approximately \$48.5 million (30 June 2025: \$57.1 million) which comprised trade receivables of \$32.8 million and non-trade loan/receivables of \$15.7 million.

Developments during the period

During the half year ended 31 December 2025, receivers were appointed to a significant number of Infinity Group entities with a voluntary administration process commenced. A formal sale and restructuring process has been initiated under the control of the administrators.

The Group continues to engage actively and constructively with the appointed administrators as a major creditor, including as a committee of inspection member.

Accounting treatment at 31 December 2025

In light of the appointment of receivers and administrators and the early stage of the sale process, the Directors have reassessed the recoverability of the balances due from Infinity Group.

Given the significant uncertainty concerning the recoverability of the Group's balances due from Infinity Group while the receivership/administration process is in its early stages and recovery is dependent on factors outside of the Group's control – the Directors have assessed the recovery of Infinity Group related balances and recognised a lifetime ECL allowance of 100% against the balances outstanding as at 31 December 2025. This has resulted in an ECL expense of \$47.3 million in the period.

Notwithstanding the recognition of lifetime ECL allowance of 100%, the Group continues to engage actively with the receiver and administrator as a significant creditor. As part of the administration process, a sale of Infinity Group is being contemplated. The Directors are cautiously optimistic that this process will be satisfactorily resolved, though the timing and quantum of any trade and non-trade loans/receivables recovery remains uncertain. Any recovery will be recognised in the statement of profit or loss and other comprehensive income in future periods when sufficient reliable information becomes available and may result in a positive impact on future reported earnings.

Note 7. Property, plant and equipment

Reconciliations

Reconciliations of the written down values at the beginning and end of the current financial half-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
Balance at 1 July 2025	12,799	14,964	694	454	954	1,324	31,189
Additions	331	1,607	226	84	227	7,487	9,962
Additions through business combinations (note 16)	-	863	158	350	124	-	1,495
Disposals	(5)	(171)	-	(6)	-	-	(182)
Transfers in/(out)	-	167	-	-	-	(167)	-
Exchange differences	(38)	(185)	(14)	1	(4)	-	(240)
Depreciation expense	(945)	(2,434)	(104)	(73)	(246)	-	(3,802)
Balance at 31 December 2025	12,142	14,811	960	810	1,055	8,644	38,422

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

Half year report ended 31st December 2025

Note 8. Goodwill and other intangible assets

Reconciliations

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

	Goodwill \$'000	Supplier contracts \$'000	Software \$'000	Brands and licenses \$'000	Development costs WIP \$'000	Total \$'000
Balance at 1 July 2025	264,854	99,512	10,251	18,619	2,238	395,474
Additions	-	-	167	-	6,182	6,349
Additions through business combinations (note 16)	13,502	657	-	-	-	14,159
Transfer in/(out)	-	-	417	-	(417)	-
Exchange differences	(1,616)	(672)	(2)	(121)	-	(2,411)
Amortisation expense	-	(3,364)	(1,372)	-	-	(4,736)
Balance at 31 December 2025	276,740	96,133	9,461	18,498	8,003	408,835

Brands and License are intangible assets have an indefinite useful life.

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. The key assumptions used to determine the recoverable amount for the different cash generating units were disclosed in the annual consolidated financial statements for the year ended 30 June 2025.

During the half-year ended 31 December 2025, the Consolidated Group recognised provisional goodwill of \$13.5 million in relation to the acquisition of AHP Dental & Medical Pty Ltd ('AHP'), Somnotec (S) Pte. Ltd. ('Somnotec Singapore'), Somnotec (M) Sdn. ('Somnotec Malaysia'), Somnotec Philippines Inc ('Somnotec Phillipines') and PT Somnotec Indonesia ('Somnotec Indonesia') (collectively 'Somnotec Group'). The provisional goodwill has not been allocated to a CGU or group of CGUs for impairment testing as at 31 December 2025. Refer note 16 for the details of the acquisition of AHP and Somnotec Group.

Testing was performed to determine if there were any indicators of impairment for goodwill based on the scope of AASB136 *Impairment of Assets*. Based on the work done by management, no impairment expense is required for the half year ended 31 December 2025.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

Half year report ended 31st December 2025

Note 9. Borrowings

	Consolidated	
	31 Dec 2025 \$'000	30 June 2025 \$'000
<i>Current liabilities</i>		
Bank loans	219,418	158,836
Capitalised debt transaction costs	(41)	(64)
Trade finance facility	8,833	-
Other loans	3,041	1,101
Hire purchase	634	487
	231,885	160,360
<i>Non-current liabilities</i>		
Bank loans	85,268	75,000
Capitalised debt transaction costs	(55)	(128)
Hire purchase	1,227	1,487
	86,440	76,359
Total secured liabilities	318,325	236,719

Bank loans

The bank loans continue to comprise of \$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.

A summary of the facility terms and limits are set out below.

Facility	Limit \$'000	Drawn as at HY26 \$'00	Maturity	Interest Rate	Line Fee	Financial Covenants
Debtor Finance Facility	325,000	219,418	12 Jun 2028	BBSY + 3.05%	Nil	Nil
Asset Based Facility	75,000	75,000	12 Jun 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.

Asset Based Facility (ABF)

The ABF is a fixed term, 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 wholly-owned subsidiaries of the Consolidated Group.

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

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

Half year report ended 31st December 2025

Trade finance facility

During the half-year ended 31 December 2025, Paragon (Thailand) Company Limited ('Paragon Thailand') (a wholly-owned subsidiary of the Consolidated Group) entered into the following facilities with a commercial bank:

- Committed facility: US\$17.0 million
- Uncommitted facility: US\$10.0 million

The total amount outstanding under the facility cannot exceed US\$17.0 million with interest calculated on commercial terms. As at 31 December 2025, funds drawn down total USD \$5.9 million (\$8.8 million) and are on 180-day repayment terms.

The facility is secured by the guarantee of Paragon Care Limited for an amount of up to US\$10.0 million, security over the inventory and accounts receivables of Paragon Thailand and a promissory note issued in favour of the bank. The facility is not subject to any financial covenants.

Revolving Credit Facility

During the half-year ended 31 December 2025, Paragon Care New Zealand Limited ('Paragon New Zealand') (a wholly-owned subsidiary of the Consolidated Group) entered into a revolving credit facility agreement with a commercial bank for a total facility limit of NZ \$12.0 million.

The facility carries interest which is calculated on commercial terms. As at 31 December 2025, funds were fully drawn down (\$10.4 million) with repayments commencing from 13 months after each drawdown date. The outstanding loan balance is included within 'bank loans' and classified as a non-current liability as at 31 December 2025.

The facility is secured by general security and cross guarantee agreements from Paragon New Zealand, a New Zealand resident and three Australian resident wholly-owned subsidiaries of the Consolidated Group. The facility is subject to interest cover and leverage ratio targets, which are monitored on a quarterly basis. Paragon New Zealand has complied with the financial covenants as at 31 December 2025.

Undrawn financing limits

As at 31 December 2025, the Group has access to maximum undrawn financing limits of \$64.0 million (30 June 2025: \$140.1 million) including \$8 million (30 June 2025: \$20 million) 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 31 December 2025 a further \$38.1 million was available and undrawn within the DFF.

The Group also has a hire-purchase line of \$3.0 million with a commercial bank. As at 31 December 2025, \$1.7 million (30 June 2025: \$1.9 million) was utilised and is secured by the individual pieces of equipment under lease.

Other Facilities

ParagonCare also has a bank guarantee and corporate credit card facilities with a commercial bank without any covenants.

Financing arrangements

As at 31 December 2025, the Group had access to the following lines of credit

	Consolidated	
	31 Dec 2025 \$'000	30 June 2025 \$'000
Total facilities		
Bank loans	342,769	352,942
Trade finance facility	25,521	-
Other loans	3,041	1,101
Hire purchase and other facilities	3,137	3,000
American Express facility	8,000	20,000
	382,468	377,043
Used at the reporting date		
Bank loans	304,686	233,836
Trade finance facility	8,833	-
Other loans	3,041	1,101
Hire purchase and other facilities	1,861	1,974
American Express facility	-	-
	318,421	236,911

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

Half year report ended 31st December 2025

	Consolidated	
	31 Dec 2025 \$'000	30 June 2025 \$'000
Unused at the reporting date		
Bank loans	38,083	119,106
Trade finance facility	16,687	-
Other loans	-	-
Hire purchase and other facilities	1,276	1,026
American Express facility	8,000	20,000
	64,046	140,132

Bank Guarantees

As part of the arrangements with commercial banks, the Group has access to bank guarantees. As of 31 December 2025, the bank guarantees used were \$9.1 million (30 June 2025: \$9.5 million) which related to property leases held by the various landlords as security

Note 10. Issued capital

	Consolidated			
	31 Dec 2025 Shares	30 June 2025 Shares	31 Dec 2025 \$'000	30 June 2025 \$'000
Ordinary shares - fully paid	1,655,305,389	1,655,305,389	328,488	328,488

Note 11. Reserves

	Consolidated	
	31 Dec 2025 \$'000	30 June 2025 \$'000
Foreign currency translation reserve	12,592	16,426
Hedging reserve – cash flow hedges	(385)	(53)
Share-based payments reserve	1,110	984
Actuarial reserves	(158)	(131)
	13,159	17,226

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 19 November 2025 following shareholder approval at the AGM, the Company granted 3,018,108 Performance Rights to Ms Carmen Riley across three tranches in the financial years ending 30 June 2028 ('FY28'), 30 June 2029 ('FY29') and 30 June 2030 ('FY30') (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 2027. The service condition may be waived by the Board.
- The performance condition based on the Company's compound annual growth rate ('CAGR') of its net profit before tax ('NPBT') for the relevant Award Years.

The grant date fair value of each Performance Right has been assessed as \$0.35.

During the current period, total share-based payment expense of \$126,000 has been recognised.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

Half year report ended 31st December 2025

Note 12. Dividends

There were no dividends paid, recommended or declared during the current or previous financial half-year.

Note 13. Fair value measurement

Fair value hierarchy

The following tables detail the Consolidated Group's financial assets and financial 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 - 31 December 2025	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<i>Assets</i>				
Derivative financial instruments	-	170	-	170
Total assets	-	170	-	170
<i>Liabilities</i>				
Derivative financial instruments	-	2,115	-	2,115
Vendor conditional payables	-	-	10,428	10,428
Total liabilities	-	2,115	10,428	12,543

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

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

Half year report ended 31st December 2025

There were no transfers between levels during the financial half-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.

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. 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% (30 June 2025: 4.33%)

As at 31 December 2025, the total unpaid vendor conditional payable amounts to \$10.4 million (30 June 2025: \$4.1 million) of which \$0.5 million (30 June 2025: \$0.3 million) is expected to be paid within the next twelve months. Of this total unpaid vendor conditional payable, \$6.9 million was recognised in H1FY26 in relation to the acquisition of Somnotec Group. The provisional fair value of vendor conditional payable relating to Somnotec Group is calculated on the expected future cash outflows and is a performance-based payment. Refer note 16(a) for details.

Note 14. Contingent assets and liabilities

The Group has given bank guarantees as at 31 December 2024 of \$9.1 million (30 June 2025: \$9.5 million).

The Directors are not aware any other contingent assets or contingent liabilities as at 31 December 2025 (30 June 2025: Nil).

Note 15. Commitments

The Group had no capital commitments at 31 December 2025 (30 June 2025 : nil)

Note 16. Business combinations

a. Acquisition of Somnotec Group

On 28 October 2025, Paragon Care Singapore Pte. Ltd, a wholly-owned subsidiary of Paragon Care Limited entered into an agreement with the owners of Somnotec (S) Pte. Ltd. ('Somnotec Singapore'), Somnotec (M) Sdn. ('Somnotec Malaysia'), Somnotec Philippines Inc ('Somnotec Philippines') and PT Somnotec Indonesia ('Somnotec Indonesia') (collectively 'Somnotec Group') and Somnotec Thailand ('Somnotec Thailand').

On 15 December 2025, the Group completed the acquisition of the Somnotec Group. The transaction has been assessed to be a business combination under AASB3 Business Combinations ('AASB3').

As at 31 December 2025, the acquisition of Somnotec Thailand has not been completed due to the non-completion of conditions precedent. The consideration payable (cash and contingent consideration) for the acquisition of Somnotec Thailand is expected to be \$4.8 million.

Somnotec Group is a distributor of various leading edge medical devices and technology in Southeast Asia. ParagonCare believes the acquisition of Somnotec will accelerate the Company's strategy of building a complete footprint across the Asian region and will better enable it to serve OEM manufactures across APAC.

Given the timing of the acquisition, the values identified in relation to the acquisition are provisional as at 31 December 2025. Thus, the net assets acquired may need to be subsequently adjusted, with a corresponding adjustment to the provisional goodwill. The finalisation of the fair values of assets acquired and liabilities assumed will be completed within 12 months of the acquisition date, at the latest.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

Half year report ended 31st December 2025

Purchase consideration

	\$'000
Cash paid	16,152
Contingent consideration liability (vendor conditional payable – non-current liability) – at fair value	6,879
Total consideration	23,031

The contingent consideration is to be paid over 2 years (with annual payments commencing after 12 months of acquisition) and is subject to minimum EBITDA targets being achieved. As at 31 December 2025, the key performance indicators of Somnotec Group show that it is highly probable that the EBITDA targets over the 2 years will be achieved.

The provisional fair values of the assets acquired and liabilities assumed at the date of acquisition are as follows:

Identifiable assets and liabilities acquired	Provisional fair value \$'000
Cash and cash equivalents	1,628
Trade and other receivables ⁽ⁱ⁾	8,730
Inventories	10,482
Other assets	523
Property, plant and equipment	1,494
Trade and other payables	(7,843)
Contract liabilities	(407)
Borrowings	(207)
Net assets acquired	14,400
Goodwill on acquisition (provisional)	8,631
Representing: Fair value of the shares issued as consideration	23,031

(i) The acquisition date provisional fair value of the trade receivables amounts to \$8.7 million.

Revenue and profit contribution

From the date of acquisition (15 December 2025), Somnotec Group contributed sales of \$1.2 million and profit before tax of \$0.2 million to the Group's results. The results of Somnotec Group are reported within the Asia segment.

If the acquisition had occurred on 1 July 2025, the Group's revenue would have increased by \$17.1 million and loss before tax would have been lower by \$0.6 million.

Transaction costs

Transaction costs of \$1.1 million have been recognised as expenses and are included in employee benefits expenses and administration expenses in the consolidated statement of profit or loss and comprehensive income and are part of operating cash flows in the consolidated statement of cash flows.

Provisional goodwill

The goodwill recognised is primarily attributed to the expected synergies and other benefits from combining the assets and activities of Somnotec Group with those of the Group. The goodwill is not deductible for income tax purposes.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

Half year report ended 31st December 2025

b. Acquisition of AHP Dental & Medical Pty Ltd (AHP)

On 2 July 2025 the Group acquired 100% of the share capital of AHP Dental & Medical Pty Ltd ('AHP') for total cash consideration of \$7.6 million. The transaction has been assessed to be a business combination under AASB3.

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. This strategic acquisition will enable the Group to expand its newly formed dental division quickly. The Group sees this acquisition accelerating its planned dental organic rollout which will now provide the Group with a comprehensive range covering the dental market.

As at 31 December 2025, further work is required to determine the final fair values of the inventories, intangible assets and deferred income tax assets and liabilities. The preliminary purchase price allocation will be subject to further refinement as the Group continues to refine its estimates and assumptions based on information available at the acquisition date. These refinements will result in changes to the estimated fair value of assets acquired and liabilities assumed. The finalisation of the fair values of assets acquired and liabilities assumed will be completed within 12 months of the acquisition date, at the latest.

The provisional fair values of the assets acquired and liabilities assumed at the date of acquisition are as follows:

Identifiable assets and liabilities acquired	Provisional fair value \$'000
Trade and other receivables ⁽ⁱ⁾	756
Inventories	1,322
Other assets	122
Intangibles assets	657
Deferred tax assets	26
Trade and other payables	(441)
Employee liabilities	(66)
Deferred tax liabilities	(197)
Net assets acquired	2,179
Goodwill on acquisition	5,136
Fair value of consideration	7,315

(i) The acquisition date provisional fair value of the trade receivables amounts to \$0.8 million.

Revenue and profit contribution

From the date of acquisition (2 July 2025), AHP contributed sales of \$4.6 million and profit before tax of \$0.1 million to the Group's results. The results of AHP are reported within the ANZ segment.

Transaction costs

Transaction costs of \$0.1 million have been recognised as expenses and are included in administration expenses in the consolidated statement of profit or loss and comprehensive income and are part of operating cash flows in the consolidated statement of cash flows.

Provisional goodwill

The goodwill recognised is primarily attributed to the expected synergies and other benefits from combining the assets and activities of AHP with those of the Group. The goodwill is not deductible for income tax purposes.

Note 17. Events after the reporting period

On 30 January 2026, the Group acquired 100% of the share capital of Fisher Biotec Pty Ltd ('Fisher') for total cash consideration of \$3.2 million. Fisher is an Australian company specialising in the manufacture and distribution of advanced products for life sciences and laboratory supply sector. Financial information including a completion balance sheet is expected to be available at the next reporting period.

From 1 February 2026, the Consolidated Group has transitioned out as the primary wholesaler to Ramsay Healthcare Limited's ('Ramsay') retail and hospital pharmacy business, which is not expected to have a material impact on the Group's results in future periods.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

Half year report ended 31st December 2025

On 6 February 2026, the Group acquired 100% of the share capital of Pacific Medical (Hong Kong) Company Limited, MD Medical Logistics & Services Limited, and PMC (ANZ) Pty Ltd (collectively, 'Pacific Medical Group') for total consideration (cash and contingent consideration) of \$22.0 million. Pacific Medical Group supplies cardiology and peripheral vascular related surgical equipment, medical hardware and software, and provide maintenance, logistics and storage services. 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 31 December 2025 that has significantly affected, or may significantly affect the Consolidated Group's operations, the results of those operations, or the Consolidated Group's state of affairs in future financial years.

Note 18. Earnings per share

	Consolidated	
	31 Dec 2025	31 Dec 2024
	\$'000	\$'000
Profit after income tax attributable to the owners of ParagonCare	(21,274)	13,230
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	1,655,305,389	1,655,305,389
Weighted average number of ordinary shares used in calculating diluted earnings per share*	1,655,305,389	1,657,519,656
	Cents	Cents
Basic earnings per share	(1.29)	0.80
Diluted earnings per share	(1.29)	0.80

*All of the potential dilutive instruments are anti-dilutive as the Group is in a loss position

DIRECTORS' DECLARATION

Half year report ended 31st December 2025

In accordance with a resolution of the directors of Paragon Care Limited made pursuant to section 303(5)(a) of the *Corporations Act 2001*, we state that:

1. In the opinion of the directors:
 - a) The interim 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 Group's financial position as at 31 December 2025 and of its performance for the half-year ended on that date; and
 - (ii) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting and the Corporations Regulations 2001*; and
 - b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

For and on behalf of the Board



Peter Lacaze
Chairman

25 February 2026

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Auditor's Report

Half year report ending 31 December 2025

INDEPENDENT AUDITOR'S REVIEW REPORT

to the members of ParagonCare Limited



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Independent Auditor's Review Report to the Members of Paragon Care Limited

Report on the half-year financial report

Conclusion

We have reviewed the accompanying interim financial report of Paragon Care Limited and its controlled entities (collectively, 'the Group'), which comprises the statement of financial position as at 31 December 2025, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, explanatory notes and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of the Group does not comply with the *Corporations Act 2001*, including:

- Giving a true and fair view of the consolidated financial position of the Group as at 31 December 2025 and of its consolidated financial performance for the half-year ended on that date; and
- Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Emphasis of matter

We draw attention to Note 6 in the financial statements, which describes the significant uncertainty and judgement concerning the recoverability of the Group's balances due from Infinity Retail Pharmacy Group ('Infinity') and the recognition of a lifetime expected credit loss expense of \$47.3 million against the balances due from Infinity. Our conclusion is not modified in respect of this matter.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* (ASRE 2410). Our responsibilities are further described in the *Auditor's responsibilities for the review of the half-year 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 annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Directors' responsibilities for the half-year financial report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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INDEPENDENT AUDITOR'S REVIEW REPORT

to the members of ParagonCare Limited



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Auditor's responsibilities for the review of the half-year financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2025 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

A handwritten signature in black ink that reads 'Ernst & Young' in a cursive style.

Ernst & Young

A handwritten signature in black ink that reads 'K Bodenham' in a cursive style.

Kylie Bodenham
Partner
Melbourne
25 February 2026

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Your confidence in us drives our ongoing commitment in *enabling healthcare* by providing innovative solutions to patient care.

ParagonCare

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