

24th April, 2018

Australian Securities Exchange
Rialto Tower
525 Collins Street
MELBOURNE VIC 3000

TRADING & ACQUISITIONS UPDATE

The Directors of Paragon Care Limited (ASX: PGC) (“Paragon” or the “Company”) are pleased to provide a trading update and progress report in respect to the 9 acquisition opportunities outlined to investors and shareholders during the Company’s successful \$69.8m capital raising which completed last month.

FY18 Trading Update – Guidance Reaffirmed

In respect to the full FY18 year, Directors are pleased with the Company’s performance up until the end of March 2018. Shareholders are fully aware that the April – June quarter is by far the busiest quarter in the year where historically over a third of the year’s business has normally been transacted. Based on a solid final quarter, Directors are confident the company will meet its earning guidance of \$18m to \$19m EBITDA (excluding the impact of the 9 acquisitions and associated acquisitions costs).

Acquisitions update

- 7 out of the 9 acquisitions have now been settled or are under binding contracts awaiting settlement
- These 7 acquisitions equate to approximately \$70m of revenue and \$11m of EBITDA on a full year basis
- The 2 remaining acquisitions are at the non-binding term sheet stage and are expected to be announced before 30 June
- On a combined basis (i.e. PGC base business and the 9 acquisitions) the company remains on track to deliver an approximate pro-forma FY18 revenue of approximately \$220 million and EBITDA (before synergies) of around \$32m
- Once all acquisitions are settled they are expected to deliver 20% plus EPS accretion on a pro-forma FY18 basis

Funds raised from the capital raising are being used to fund a compelling portfolio of value accretive acquisitions which deliver on Paragon’s growth strategy by strengthening Paragon’s presence in key regions, increasing its geographic reach and expanding the product offering.

Paragon CEO, Andrew Just, commented *“We are excited about the progress of our strategic acquisition program. These acquisitions align with our strategic plan to increase Paragon’s presence in the diagnostics and laboratory market, and build our local footprint in the fast growing Queensland market. Paragon’s new acquisitions all represent existing brands of established value in their respective markets. The quality of the new management talent joining the Company via the new acquisitions is outstanding.”*

The 7 acquisitions completed so far are:

- Anaequip Medical: A multi-agency distributor of medical products based in South Australia
- MedTech Solutions: “Third party” medical engineering company servicing multi-vendor, multi-modality equipment

- Surgical Specialties: A leading distributor of surgical medical devices (specialising in orthopaedic devices) with a national footprint
- Insight Surgical: Supplier of ophthalmic products with a national footprint specialising in Surgical Packs.
- CSL Immunohaematology (renamed Immulab): Supplier of vital reagent red blood cell products used in pathology laboratories across Australia and New Zealand
- LabGear Australia: Distributor of scientific products including equipment, consumables and technical service with a national presence
- Immuno: Supplier of advanced Pathology equipment, reagents and software for customers who include major hospitals, Government and private pathology labs, medical research centres and larger medical practices

Further details in respect to LabGear and Immuno are provided as an Appendix to this announcement.

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About Paragon Care Limited

Paragon Care (ASX:PGC) is an Australian based listed company which has progressively acquired businesses in the healthcare sector. It is a leading provider of medical equipment, devices and consumables for the Australian and New Zealand healthcare market. These are high growth markets driven by the ageing of the population, continuously rising consumer expectations and increasing government spending. By combining a series of strategic acquisitions of class leading companies, Paragon Care has positioned itself to provide end to end solutions including equipment and consumable solutions for acute, aged and primary care.

Appendix

LabGear Australia

LabGear Australia is a distributor of scientific products including equipment, consumables, and technical service. Their premium quality offering is focused on the life sciences market, where they have been enjoying success for a number of years in winning share and building their customer base. The head office is located in Brisbane Queensland and is further supported with staff and locations in key cities across Australia. LabGear offers a high quality range of equipment and consumables, backed up by a fully equipped technical service department staffed by highly trained and experienced technicians. World class brands with excellence in support and uptime have been hallmarks in LabGears' growing business. Annual revenues are approximately \$7m and EBITDA is approximately \$1m p.a.

Immuno

Over many years Immuno has built a strong reputation based on an international network of suppliers providing advanced Pathology equipment, reagents and software for customers who include major hospitals, Government and private pathology labs, medical research centres and larger medical practices. Immuno have market leading diagnostic equipment for Infectious diseases. The growth of infection diseases worldwide has led to increased demands for advanced diagnostic tests to new agents and improvement of performance of the ones already on the market. In addition, the increased number of diagnostic tests to be performed every day in a routine lab has elicited the demand of tests to be easy to perform and quick in providing results for faster diagnosis and therapy. Annual revenues are approximately \$3.5m and EBITDA is approximately \$0.5m p.a.