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ParagonCare Health. Covered.

Quantum HEALTH GROUP

PARAGON CARE AND QUANTUM MERGER



Creating a leading medical distribution business across Asia Pacific

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In connection with Paragon's proposal to acquire all of the issued shares in Quantum way of a Scheme, Quantum will prepare and lodge a Scheme booklet setting out information in relation to the Scheme. Subject to approval from the court, the Scheme booklet will be dispatched to Quantum shareholders along with a notice of meeting at which Quantum shareholders will consider whether or not to approve the Scheme. This presentation should be read in conjunction with the Scheme booklet and Paragon's and Quantum's periodic and continuous disclosure announcements lodged with the ASX, which are available at www.asx.com.au.

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TRANSACTION OVERVIEW

COMBINED BUSINESS OVERVIEW

OUTLOOK

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SUMMARY OF MERGER

Paragon Care and Quantum are highly complementary medical distribution businesses

Transaction Overview	• Paragon Care Limited (ASX: **PGC**) will acquire 100% of the shares of Quantum Health Group Limited (ASX: **QTM**) by scheme of arrangement (**Proposal**) • Under the Proposal, each Quantum shareholder will receive 0.243 Paragon Care shares for each Quantum share held at the scheme record date • Under the Proposal, Quantum shareholders as a whole will be issued up to a maximum of 274,178,915 Paragon Care shares and will own approximately 43.8% of the merged entity[1]
Scheme Conditions	• The Proposal is subject to the fulfilment of certain conditions, including: (1) approval by the requisite majorities of Quantum shareholders and the Court; (2) the Independent Expert concluding that the Scheme is in the best interests of Quantum shareholders; (3) no material adverse change, prescribed event, material litigation or breach of warranty (as defined in the scheme implementation deed) occurring in relation to either Quantum or Paragon Care; (4) John Walstab entering into a voluntary escrow deed in respect of the Paragon Care shares received under the Scheme; (5) the repayment of Quantum related party loans; (6) certain key executives of Quantum (to be agreed between Paragon Care and Quantum) to enter into new employment agreements; and (7) no regulatory restraints to implementation of the Scheme
Combined Financial Metrics	• Consolidated FY21 revenue of $291m[2] • Consolidated FY21 EBITDA of $37m and NPBT of $21m[2] • Consolidated FY21 Net debt to EBITDA of <2.0x[3]
Board	• Two nominated Directors from Quantum will be appointed to the Board of Paragon Care on implementation of the Scheme. • After implementation of the Scheme, John Walstab (CEO of Quantum) is expected to own 19.99% of the merged entity. John Walstab, as a condition to the Scheme, proposes to enter into a voluntary escrow agreement in respect of the Paragon Care shares received under the Scheme, to be released over 2 years (50% in Year 1 and 50% in Year 2)[4]
Timing	• There is no capital raising associated with the transaction and Paragon Care shareholders do not need to take any action. It is anticipated that Quantum shareholders will vote on the Scheme in late January 2022 and, if approved by the requisite majorities of Quantum shareholders and the Court, the Scheme is expected to be implemented in February 2022 subject to fulfilment of conditions

Notes: (1) Subject to rounding and based on the current offer prices and existing PGC shares of 351.4m and anticipated post transaction PGC shares of 625.6m. (2) Proforma numbers are based on the published FY21 Annual Reports of Paragon Care and Quantum. No cost or revenue synergies across Asia Pacific have been considered in the consolidation. (3) Based off Paragon Care and Quantum. FY21 annual reports and net debt position as at Jul-21 and consolidated FY21 in EBITDA in note 2. (4) John Walstab currently owns approximately 514.7m QTM shares. As part of the transaction it is anticipated that John will receive approximately 125.1m PGC shares

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STRATEGIC RATIONALE

Cross-Sell	• Cross-sell the combined product portfolio into the high growth Asia Pacific markets
Growth in Asia Pacific	• Enhance growth opportunities in Asia, particularly for Immulab, in Paragon Care's diagnostics pillar
New Suppliers	• Attract new suppliers through a larger distribution footprint and commitment to high levels of corporate governance in Asian markets
Strengthen Balance Sheet	• Strengthen balance sheet capacity and improved covenants through expanded earnings base which will enable additional opportunities for growth in the future. Net Debt/EBITDA improvement to less than 2x
Merger	• Merger is a nil premium transaction • Merged entity expected to have a proforma FY21 EBITDA of $37m (EV/EBITDA 6.5x)[1]. - Significantly below industry averages for healthcare businesses
Synergies	• Significant synergies across Asia Pacific are expected based on strong collaboration and analysis between PGC and QTM, but none have been included in any financial numbers in this presentation
Revenue Diversification	• Implementation of the Scheme is expected to result in diversified revenue across product lines, customers and geographies
Recurring Revenue	• Merged entity anticipated to benefit from stronger recurring revenue streams through maintenance revenue

Notes: (1) Based on Enterprise Value/EBITDA using post transaction market capitalisation calculated in slide 11 plus net debt as enterprise value. The proforma combined numbers for net debt and EBITDA are based on the published FY21 Annual Reports of Paragon Care and Quantum.

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OUTLOOK

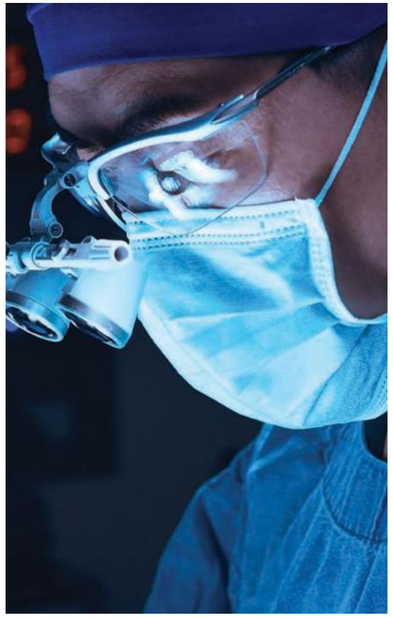
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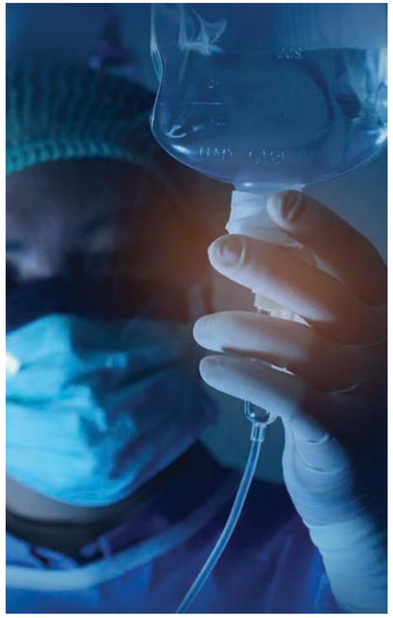
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A FIVE PILLAR STRUCTURE

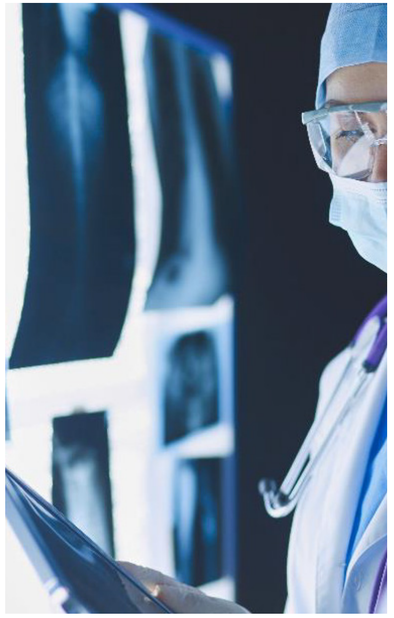
DEVICES	DIAGNOSTICS	CAPITAL & CONSUMABLES	SERVICE & TECHNOLOGY	QUANTUM HEALTH GROUP
EYE CARE ORTHOPAEDICS	BLOOD BANK LABORATORY	UROLOGY, CRITICAL CARE NEONATAL, RADIOLOGY	MANAGEMENT REPORTING & MAINTENANCE	MEDICAL IMAGING, EQUIPMENT & SERVICES
30% FY21 Rev *	9% FY21 Rev *	36% FY21 Rev *	6% FY21 Rev *	19% FY21 Rev *











* Proforma numbers based on FY21 Annual Reports of Paragon Care and Quantum

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LEADING MEDICAL DISTRIBUTION BUSINESS IN ASIA PACIFIC

Established long-term relationships with over 100 manufacturers around the world

- Sales & Marketing
- Regulatory Approvals
- Service Maintenance
- Logistics Capabilities



Supplying hospitals and healthcare facilities in Asia Pacific

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ESTABLISHED RELATIONSHIPS ACROSS HEALTHCARE

GLOBAL MANUFACTURERS

MEDLINE
CODAN
HOYA
MicroPort
bk medical
WRIGHT FOCUSED EXCELLENCE
CIVCO
AVANOS
ConMED
Carestream
ACCURAY
PHILIPS
SAMSUNG
CLASSYS

LEADING BRANDS

LOVELL SURGICAL SOLUTIONS
surgical specialties
insight SURGICAL
DESIGNS FOR VISION
immulab
SCANMEDICS
immuno
MediTron
LabGear AUSTRALIA
REM SYSTEMS
ParagonCare Service & Technology
TOTAL COMMUNICATIONS A ParagonCare Brand

ASIA PACIFIC CUSTOMERS

Australian Red Cross
Ramsay Health Care
Healthscope
Department of Health Government of Western Australia
NSW Government Health
Bupa
Queensland Government Queensland Health
Southern Cross Health Society
Auckland District Health Board Te Toka Tumai
St Vincent's Hospital Melbourne
Bumrungrad International Hospital
HealthShare Victoria
I-MED Radiology Network
Makati Medical Center

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CONSOLIDATED FY21 METRICS (Pre-Synergies)

FY21 Consolidated Revenue[1]
$291m

FY21 Consolidated EBITDA[1]
$37m

FY21 Consolidated NPBT[1]
$21m

FY21 Consolidated Net Debt/EBITDA[2]
< 2x

Gearing Ratio[2]
24%

Countries
Australia
New Zealand
Korea
Thailand
Philippines
China
Vietnam

Notes: (1) Proforma numbers are based on the published FY21 Annual Reports of Paragon Care and Quantum. No cost or revenue synergies across Asia Pacific have been considered in the consolidation. (2) Based on Paragon Care and Quantum FY21 annual reports and net debt position as at 30 June 2021 and consolidated FY21 in EBITDA in note 1. Gearing calculated in accordance with note 28 to the Paragon Care FY21 Annual Report

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CORPORATE OVERVIEW POST TRANSACTION

	PGC	QTM	Pro Forma Combined Group
Number of shares (m)[2]	351.40	1,128.31	625.58
Market capitalisation (m)	$101.2	$79.0	$180.2
Pre Merger Market Capitalisation (%)	56%	44%	100%
FY21 Revenue ($m)[3]	$236m	$55m	$291m
FY21 Net Profit Before Tax ($m)[3]	$12m	$9m	$21m
FY21 Employees	423	178	601

Major Shareholders (as at 3 Nov 2021)[4]	
Board, Management & Vendors	29.1%
China Pioneer	8.4%
Realm Group Pty Ltd	4.2%
First Samuel Limited	3.9%
Other shareholders	54.4%
Total number of shareholders	7,187

Notes: (1) Reflects current offer pricing per the agreed Scheme Implementation Deed (2) Based on the latest Paragon Care and Quantum share register and anticipated number of Paragon Care shares post transaction (3) Based off Paragon Care and Quantum FY21 annual reports. Pro forma combined cash balance is net of transaction costs. (4) Major shareholders table reflects the expected post merger shareholdings

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TRANSACTION OVERVIEW

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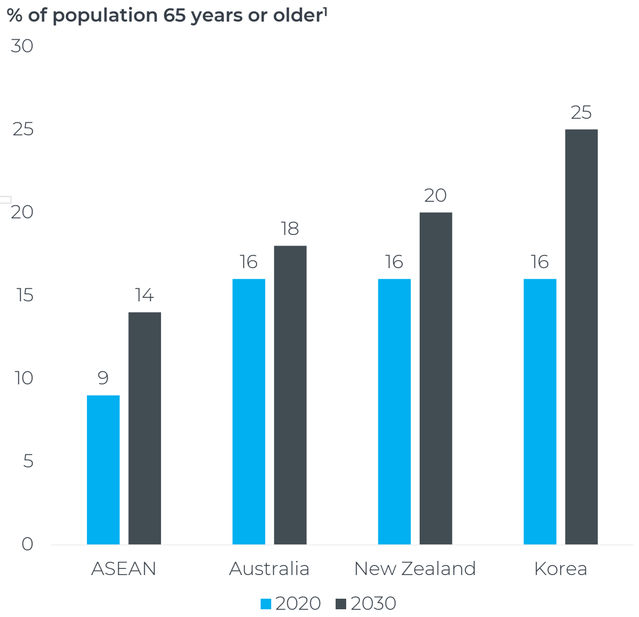
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MARKET OPPORTUNITY

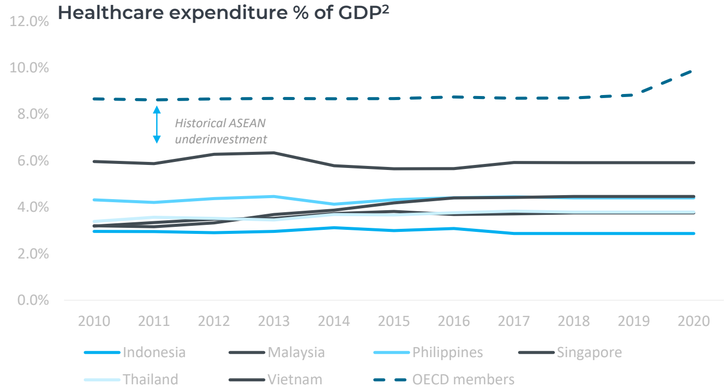
The developed and emerging Asian economies macro drivers are similarly compelling with higher growth rates. Historical underinvestment in healthcare has lead to a "health debt" which we anticipate will be repaid through wealth from a growing middle class and therefore create the potential for outsized returns for the medical equipment industry

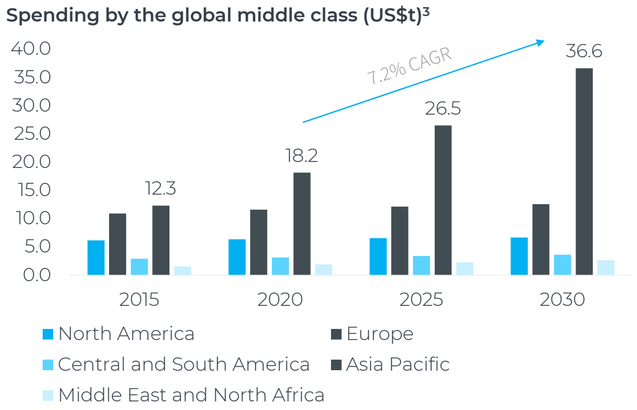
1 ASIA HAS AN AGEING POPULATION...



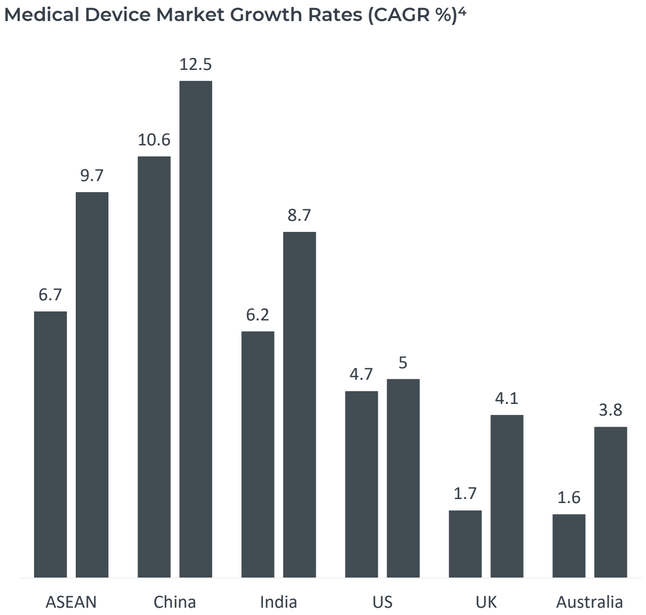
Ageing population may place increased demands on the medical system, that has been underinvested, causing a health debt

2 ...AND A GROWING MIDDLE CLASS...





3 ...TO FUND HEALTHCARE DEBT



Resulting in an opportunity for outsized returns for the medical devices and broader healthcare market in ASEAN

Notes: 1. Based on OECD and UN data and population projections 2. Based on OECD and Worldbank datasets 3. Global Economy and Development at Brookings - The unprecedented expansion of the global middle class 4. The ASEAN Post, ASEAN's growing demand for medical devices 2018

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MARKET OPPORTUNITY

A rise in surgical procedures is increasing the expenditure on medical devices, which may drive hospitals to seek higher quality products and better value for money outcomes

A RISE IN SURGICAL PROCEDURES ...

GROWING NUMBER OF SURGICAL PROCEDURES IN PUBLIC & PRIVATE HOSPITALS



2.7m[1]
SURGICAL PROCEDURES PER ANNUM

24%[1]
OF ALL SEPARATIONS

AN INCREASE IN OPERATING ROOM TURNOVER RESULTING FROM DECLINING LENGTH OF STAY



2.7 DAYS[2]
AVERAGE LENGTH OF STAY FOR ADMITTED PATIENTS IS ...

-0.9%[2]
GROWTH PER ANNUM (4 YR CAGR)

INCREASED EXPENDITURE ON MEDICAL DEVICES..

AUSTRALIAN MEDICAL DEVICES MARKET IS SIGNFICIANT AND GROWING



$9.5BN[3]
MEDICAL DEVICE MARKET SIZE IN AUS



4.6%[3]
GROWTH PER ANNUM (5 YR CAGR)

SPEND ON MEDICAL DEVICES IN ASIA-PACIFIC IS FORECAST TO GROW RAPIDLY



~$126 BN[4]
APAC MEDICAL DEVICE MARKET SIZE



6.8%[7]
GROWTH PER ANNUM (5 YR CAGR)

... DRIVING HOSPITALS TO SEEK VALUE LEVERS

1 CONSOLIDATION OF PROCUREMENT PARTNERS HELPS HOSPITALS IMPROVE THEIR OPERATING EFFICIENCY AND DELIVER BETTER VALUE FOR MONEY OUTCOMES

NSW GOVERNMENT Health

PROCUREMENT POLICY[5]

"Procurement ... is to provide supplies, in a timely manner, that are fit for purpose and sufficient in quality and/or quantity... at an affordable and sustainable cost"

2 CONSOLIDATION OF PROCUREMENT PARTNERS HELPS ORIGINAL EQUIPMENT MANUFACTURERS ("OEMs") IMPROVE THEIR OPERATING EFFICIENCY THROUGH AGREEMENTS WITH ONE DISTRIBUTOR ACROSS THE PROCUREMENT SPECTRUM

SCALE WITH A DIVERSIFIED OFFERING BOTH GEOGRAPHICALLY AND ACROSS THE PROCUREMENT SPECTRUM PROVIDES BENEFITS FOR CUSTOMERS AND MANUFACTURERS

Notes: 1. AIHW, Admitted Patient Care 2017-18; 2. AIHW Hospital Care Snapshot 2020 3. Australia Healthcare, Regulatory and Reimbursement Landscape Report 2019; 4. LEK – Expanding into Asia Pacific – Life Sciences opportunities for strategic success' 5. NSW Health Goods & Services Procurement Policy Manual; 6. Department of Health and Human Services, Procurement Policies (website); 7. Market Data Forecast APAC Medical devices Market 2021 - 2026

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STRATEGIC PRIORITIES

Securing Group Managing Director for merged entity

- Paragon Care has commenced the recruitment process for a Group Managing Director with a strong background on growing businesses in the Asia Pacific region.
- Phil Nicholl will continue his role as CEO of Paragon Care, Australia & NZ
- If the Scheme progresses to implementation, it is proposed that John Walstab will retain his role as CEO of Quantum's operations

Growth in Asia Pacific

- Opportunities for cross-selling and up-selling the expanded product portfolio across the combined customer base
- Explore growth opportunities for Paragon's proprietary diagnostics products, Immulab

Attract new suppliers

- Expanded Asia Pacific operation that will benefit existing suppliers to both companies
- Larger distribution footprint
- Commitment to high levels of corporate governance in Asian markets





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THANK YOU

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