Annual Report 2026

ParagonCare
Enabling Healthcare

Foreword

In healthcare reliability matters. Every day healthcare providers depend on essential products, services and technology being available exactly when and where they are needed. As healthcare systems become more complex the pressure to deliver safe, efficient and uninterrupted patient care continues to grow.

For more than 100 years ParagonCare has been helping healthcare organisations meet that challenge.

As specialists simplifying healthcare we bring together wholesale distribution, contract logistics, clinical manufacturing and medical technology under one integrated platform. This combination enables us to provide customers with a single partner across multiple aspects of their healthcare operations.

Today, we are an ASX-listed healthcare leader with more than 100,000 products, operations spanning 11 markets and a distribution network that supports healthcare providers throughout the Asia Pacific region.

While our scale and reach are significant, our success is built on specialist expertise. Each of our businesses is led by experienced healthcare professionals who understand the unique needs of their customers and the critical role they play in the delivery of care.

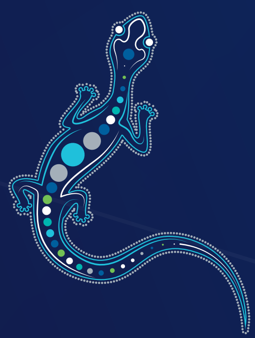
Every product supplied, every technology implemented, and every delivery completed supports a healthcare professional, a healthcare facility and ultimately a patient.

Because healthcare is personal.

And so is the work we do.

Acknowledgement of Country and Traditional Owners

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



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Peter Lacaze
Chairman

ParagonCare

Chairman's & CEO Report

Dear Shareholders,

FY26 was a year of significant achievement and continued transformation for ParagonCare. Against a backdrop of ongoing healthcare market disruption, changing customer dynamics and the final stages of a major integration program, we delivered revenue and underlying earnings growth while completing a number of important strategic initiatives.

For the year ended 30 June 2026, we generated revenue of $3.7 billion, representing growth of 1.8% on the prior corresponding period. Underlying EBITDA increased 2.1% to $97.2 million, reflecting the resilience of our diversified healthcare distribution and manufacturing platform and the benefits realised through our operational improvement initiatives.

While statutory earnings were impacted by a range of non-recurring and accounting-related items, the underlying performance of our business remained solid. During the year we continued to simplify operations, strengthen our balance sheet, enhance our leadership team and position ourselves for our next phase of growth.

A major milestone achieved during FY26 was the completion of our 3-2-1 integration strategy. The successful integration of former Clifford Hallam and ParagonCare operations has enabled greater scale, improved operating efficiency and a more streamlined organisational structure. Synergies were delivered in line with expectations, providing a stronger foundation from which to invest in future growth and customer service.

We continued to strengthen our strategic position across Australia, New Zealand and Asia. We were pleased to complete six acquisitions during the year that aligned with our long-term strategy of building a stronger, more diversified healthcare business. Enhancing our geographical reach and expanding our product portfolio we ensured we remained focused on delivering sustainable growth and shareholder value.

Contract Logistics was a strong performer, delivering strong double-digit growth and demonstrating the value of our investment in specialised healthcare infrastructure and customer solutions. Our Asia operations continued to expand, benefiting from both organic growth and acquisitions, while broadening our earnings base and geographic diversification. Our core wholesale channel performed well in spite of some contract losses, with normalised growth improving by 1.5%. We were also pleased to announce the commencement in FY27 of the Australian Defence Force contract and we have started our first clinical manufacturing contract exports to Japan.

During the year we also continued our focused approach to capital management. Net working capital improved and we remain focused on maintaining an appropriate balance between investment in growth and financial discipline.

The Infinity Pharmacy Group has been a disappointment for us. We are continuing to work through with the Administrators and will continue to keep shareholders fully informed of the progress.

Having completed much of the integration activity that has characterised recent years, we have now shifted our focus towards growth.

We have invested in commercial capability, marketing, digital initiatives and customer-facing resources to support future revenue expansion across our businesses.

None of these achievements would have been possible without the dedication of our employees across Australia, New Zealand and Asia. On behalf of the Board and Executive Leadership Team, we thank our people for their commitment, resilience and professionalism throughout the year. We also thank our customers, supplier partners and shareholders for their ongoing support.

Looking ahead, we are well positioned to capitalise on the attractive long-term healthcare markets in which we operate. Our strategy remains focused on being the leading independent healthcare distributor and manufacturer across Asia Pacific through a combination of customer focus, operational excellence, selective acquisitions and disciplined capital allocation.

The completion of our 3-2-1 integration program, the strengthening of our leadership team, investment in growth capability and our diversified healthcare platform provide confidence in our future prospects. We enter FY27 with a clear focus on sustainable earnings growth, stronger cash generation and creating long-term value for shareholders.

On behalf of the Board and management team, thank you for your continued support.

Peter Lacaze
Chairman

Carmen Riley
Managing Director and Chief Executive Officer

Carmen Riley
Managing Director and CEO

Market Outlook

We operate in healthcare markets that continue to benefit from favourable long-term demographic fundamentals, including ageing populations, increasing demand for healthcare services and growing investment in healthcare infrastructure across Australia, New Zealand and Asia. These structural drivers provide a solid foundation for future growth and support ongoing demand across our wholesale, medical technology, contract logistics and manufacturing businesses.

At the same time, the operating environment remains challenging. Healthcare providers, governments and customers continue to face cost pressures arising from inflation, higher labour expenses, increased freight and logistics costs and a more complex regulatory landscape. While inflation has moderated from recent highs, many underlying costs have remained elevated and continue to place pressure on margins across the healthcare supply chain. We remain focused on improving operational efficiency, disciplined pricing management and cost control initiatives to mitigate these impacts where possible.

Whilst we remain optimistic about the long-term outlook for healthcare markets, we expect inflationary pressures, wage growth, funding constraints and foreign exchange volatility to continue to influence operating conditions across many of our businesses. Our focus remains on controlling those factors within our influence through operational excellence, disciplined cost management and targeted investment in higher-growth and higher-value segments of the healthcare market.

Sustainability

This year marks an important milestone in our sustainability journey with the completion of our first Sustainability Report. The report provides greater transparency around our environmental, social and governance priorities and demonstrates our commitment to responsible business practices, strong governance and long-term value creation. As we continue to grow, sustainability will remain an integral part of how we operate, manage risk and deliver positive outcomes for all stakeholders.

Our People

Our people are at the heart of our success. Across our operations we employ over 1600 team members who support healthcare providers, hospitals, pharmacies, aged care customers and patients throughout Australia, New Zealand and Asia. This diverse workforce brings together a broad range of skills, experiences and perspectives that enable us to deliver essential healthcare products and services every day.

During FY26 we continued to focus on creating an inclusive, safe and supportive workplace where our people can develop their careers and contribute to the long-term success of our business. We maintain formal policies and strategies that support gender equality across recruitment, retention, performance management, promotions, succession planning, training and development, and talent identification. Diversity and inclusion remain important considerations across our people practices and decision-making processes.

We're committed to providing equitable employment opportunities and regularly review remuneration outcomes to identify potential gender-based pay disparities. During the reporting period gender pay gap analysis was undertaken and the outcomes were reported to both executive management and the Board, with corrective action taken where required.

A safe, respectful and inclusive workplace remains a fundamental priority. We maintain policies and training programs addressing workplace conduct, discrimination, harassment and sexual harassment prevention. All employees receive training at induction, supported by reporting mechanisms, risk management processes and access to confidential support services where required.

As we continue to grow we remain focused on building a workplace culture that values accountability, respect, collaboration and continuous improvement. By investing in our people and fostering an environment where individuals can thrive, we strengthen our ability to deliver sustainable value for customers, shareholders and the communities we serve.

Business snapshot

Expanding network across
eleven countries in Asia Pacific

1,619 Employees across Asia Pacific

51% Male employees

49% Female employees

Employee gender statistics are as at 30 June 2026.

Who we are:

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

Purpose:

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

Vision:

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

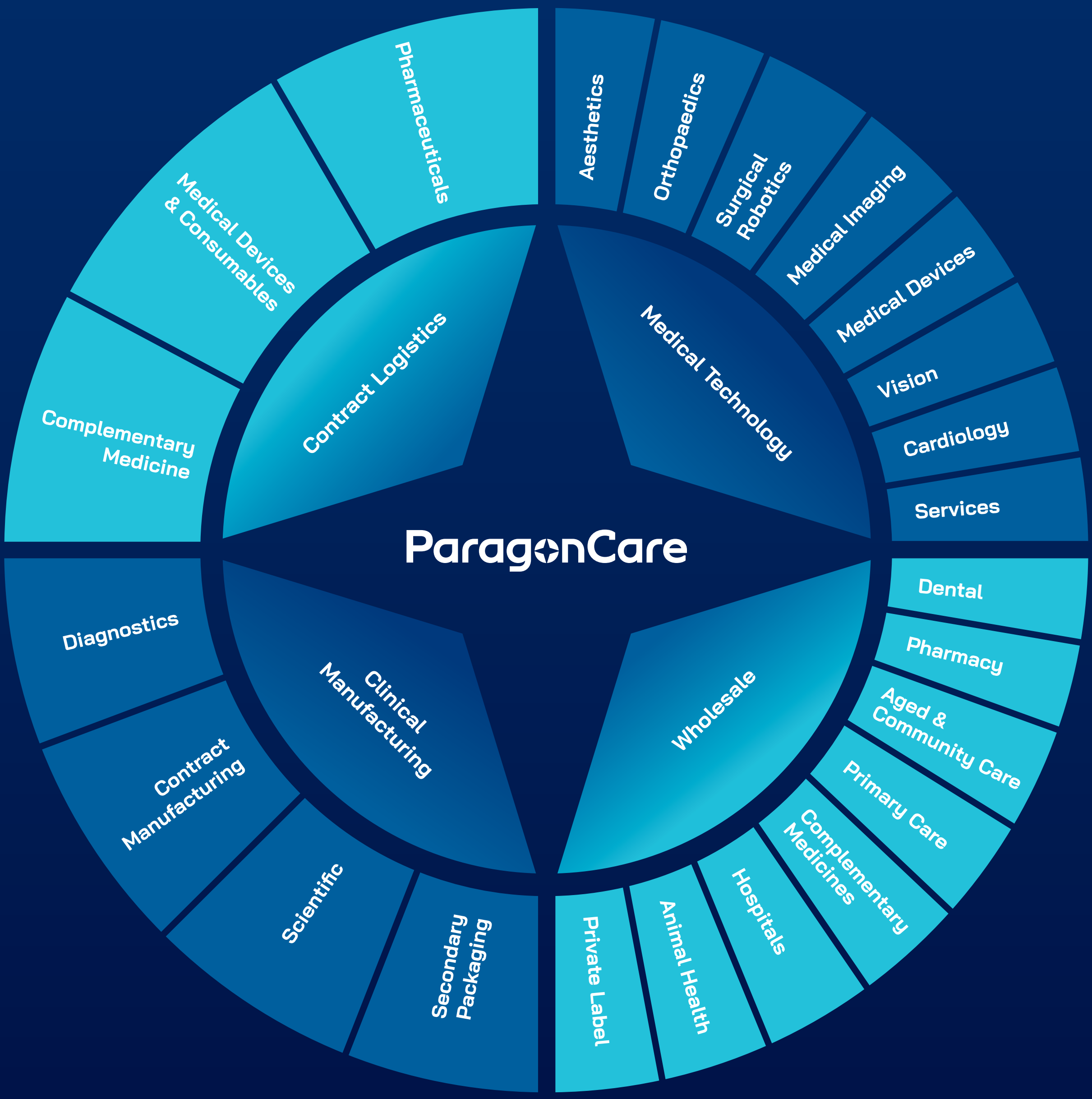
What we do:

We specialise in healthcare products, services and solutions under one roof - so our industry partners across Asia Pacific have what they need to deliver the best possible care.

Our reach

We specialise in healthcare products, services and solutions - so our industry partners across Asia Pacific have what they need to deliver the best possible care.

That depth runs across four specialties and their divisions serving multiple markets, held together by our people.



Procurement
Marketing
Finance
Information Technology
Customer Service
Corporate Services
Supply Chain
Commercial

Shared Services

How we deliver on our strategy

Wholesale:
Being the leading independent wholesaler and distributor across Asia Pacific, with a comprehensive range and the right mix of quality, service and price for our customers and supplier partners.

Medical Technology:
Holding the master franchise for agency arrangements across Asia Pacific.

Clinical Manufacturing:
Being the best red cell blood diagnostics manufacturer in the region.

Contract Logistics:
Offering specialist contract logistics to healthcare suppliers, through an integrated service model with hub and bespoke solutions.

Financial performance overview

Completed 3-2-1 integration strategy, including synergies realisation.

FY26 Underlying*

Revenue	EBITDA	Net Profit After Tax
$3.7 billion	$97.2 million	$26.0 million
Up +1.8% on pcp	Up +2.1% on pcp	Down 13.6% on pcp

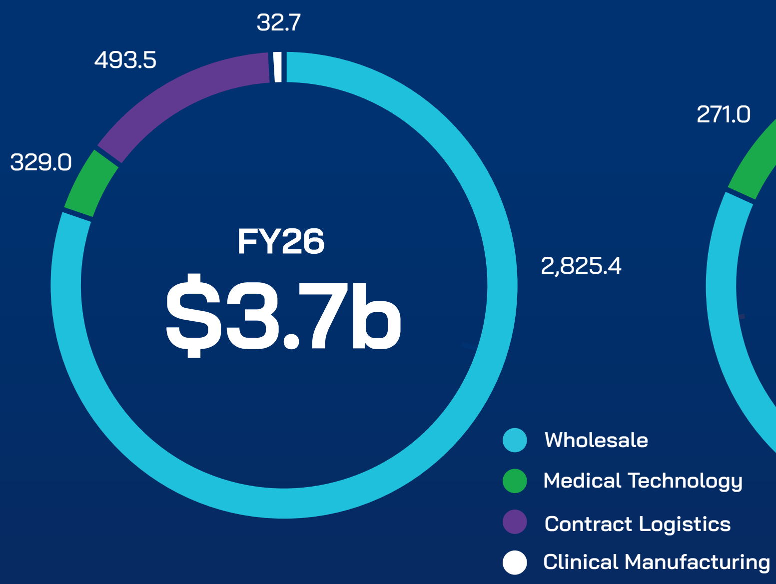
FY26 Statutory

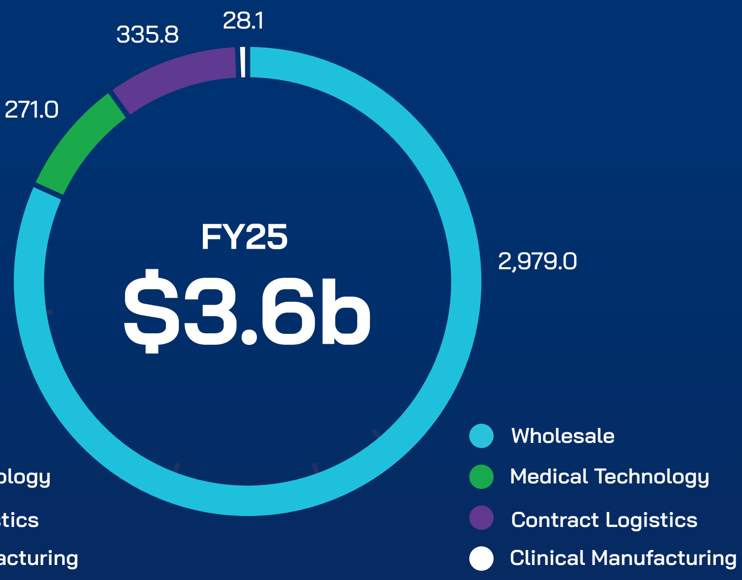
Revenue	EBITDA	Net Loss After Tax
$3.7 billion	$50.8 million	$16.0 million
Up +1.8% on pcp	Down 42.6% on pcp	Down 177.9% on pcp

** FY26 Underlying EBITDA & NPAT excludes items that are significant in size or nature and do not represent the underlying operating performance of the Group.*

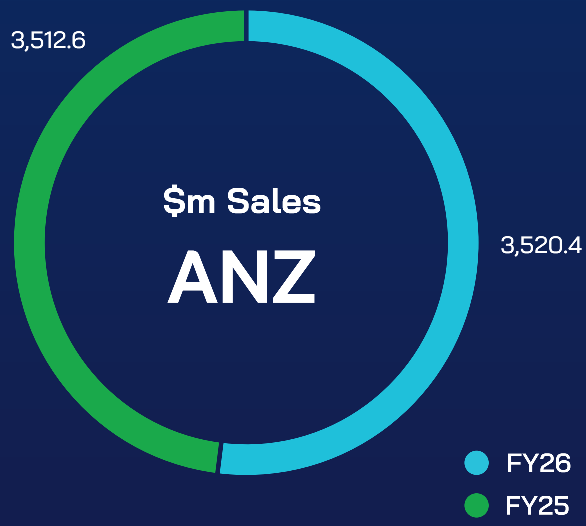
Strong organic & acquisition revenue growth.

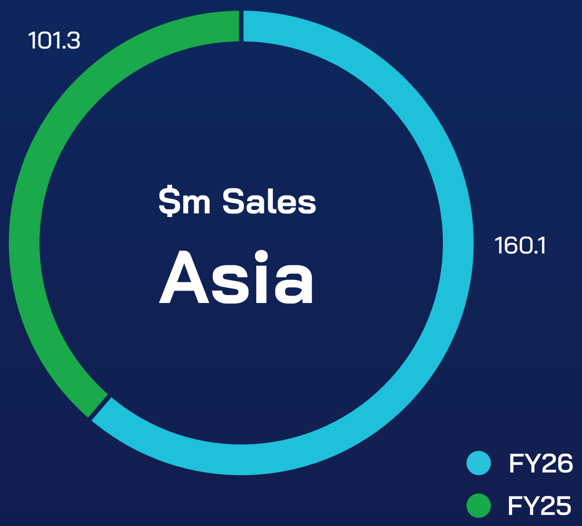
Sales Performance ($m)





ANZ / Asia Revenue Growth





FY25 revenue and margin restated to align with FY26 Business Unit structure.

Wholesale highlights

We supply every part of healthcare.

The Wholesale division remains the cornerstone of our healthcare distribution platform, connecting pharmaceutical, medical and healthcare manufacturers with community pharmacies, hospitals and healthcare providers across Australia.

During FY26 the division generated revenue of $2.83 billion and gross margin of $177.6 million.

Throughout the year the wholesale market continued to evolve as pharmacies, suppliers and distributors adapted to changing funding arrangements and broader healthcare sector reforms.

We remained focused on supporting customers through this transition while maintaining high service levels, supply chain reliability and access to a comprehensive product portfolio. This included expanding our offering for the first time into the Dental market and strengthening our teams and offering across Aged Care, Primary Care and Complementary Medicines and our hospital and pharmacy network.

The channel continued to leverage our scale, product breadth, logistics capability and industry expertise to help customers improve operational efficiency, manage inventory and navigate an increasingly complex healthcare environment.

Looking ahead the wholesale sector continues to face inflationary pressures across labour, transport and operating costs, while healthcare funding constraints and regulatory changes are expected to remain a feature of the market. At the same time demographic trends, growing healthcare demand and increasing complexity within the pharmaceutical and medical supply chain continue to support the long-term importance of efficient healthcare distribution.

We believe our national infrastructure, long-standing supplier relationships, strong customer partnerships and commitment to service excellence position our Wholesale channel to remain a leading participant in the Australian healthcare supply chain and to capture opportunities arising from ongoing industry consolidation and market change. We also look to enter new markets, starting with New Zealand in FY27. Our Wholesale specialty has continued to advance healthcare solutions for the hospital, pharmacy, primary care, aged care, and complementary medicines markets, in addition to our new Dental offer. Our commitment to independence, innovation, quality, and sustainability continues to strengthen our industry position and deepen relationships with our partners.

Backing independent pharmacies

We have remained focused on supporting and empowering independent pharmacies, ensuring their best interests remain at the forefront of our operations.

A key driver has been the ongoing expansion of our Vantage program, which supports a growing network of independent pharmacies nationally, providing a low-cost wholesale solution and a one-stop platform for managing pharmacy operations. We've also continued to build on strategic partnerships with key independent pharmacy groups, while forging new relationships across the sector - underscoring the trust we have earned across the pharmacy industry.

A Defence contract

ParagonCare was successfully awarded a supply contract with the Australian Defence Force, a significant endorsement of our distribution capability, quality systems, and ability to meet the exacting standards required to service critical national infrastructure. This win further diversifies our customer base and demonstrates the breadth of markets we are equipped to serve.

Strengthening primary care

The Primary Care Business Unit strengthened its position in the market through strategic supplier partnerships and greater collaboration across our business. A highlight of the year was our attendance at the Australasian Skin Cancer Congress alongside our exclusive agency partner Kai Japan, where our surgical blade and biopsy portfolio continued to impress clinicians and delegates, reinforcing our presence in the growing skin cancer and procedural medicine market.

Throughout the year we also brought together the capabilities of our Vision, Service, Medical Imaging, and Complementary Medicine business units, while continuing to expand our baremedical private label portfolio in the market. Together, these capabilities enable us to deliver a broader range of products, specialist expertise, and integrated solutions, creating greater value for customers across primary care.

New divisions: Dental and Animal Health

We launched a dedicated Dental division, extending our distribution capability into the dental market and providing practices with access to a reliable, full-line supply partner. We re-established our Animal Health division, re-entering the veterinary and animal health sector based on continued demand from customers for our equipment, medical and pharmaceutical products.

Service, not just supply

We now deliver a broader and more integrated offering to the healthcare market, combining pharmaceuticals, medical consumables, capital equipment, medical devices, dental, animal health, and complementary medicines. We have further strengthened our service capabilities through ParagonCare Service & Technology, which provides equipment repair, maintenance, and total equipment management to hospitals and healthcare facilities.

Our continued investment in supply chain resilience, distribution infrastructure, and digital capability has enhanced service reliability and positioned us to respond to ongoing volatility in global pharmaceutical supply. This comprehensive approach enables us to meet the evolving needs of pharmacy, hospital, primary care, and aged care clients with greater efficiency, innovation, and scale.

Normalised revenue

1.5% ▲

- Wholesale total revenue decline (5.2%) due to Infinity and Ramsay exit. Excluding these factors, normalised revenue growth **1.5%.**
- Commencement of the Australian Defence Force contract from July 2026.

Medical Technology highlights

When lives depend on specialists.

The Medical Technology channel delivered revenue of $329.0 million in FY26 and gross margin of $133.3 million. Performance reflected differing market conditions across our operating regions, with strong growth in Asia partially offset by softer trading conditions in Australia and New Zealand.

Revenue was impacted by foreign exchange impacts particularly in New Zealand, Thailand and Korea. New Zealand had a more challenging capital equipment environment as customers continued to manage budget constraints and extend procurement timeframes. Despite this we maintained our focus on supporting healthcare providers through a broad portfolio of specialised equipment, devices and clinical solutions while continuing to strengthen supplier partnerships and customer relationships.

The Asia Medical Technology business delivered a strong result, benefiting from both organic growth and acquisitions completed in previous periods. Growth was supported by expanding demand for healthcare products and services across key markets.

To highlight some of our success during the year our partnership with AngelEye expanded to include our largest installation to date at Mater Queensland, significantly expanding the installed base and strengthening our position in neonatal technology. We secured new distribution agreements across embolisation, vascular access, and other specialist clinical categories, further strengthening the Medical Devices portfolio and future growth pipeline.

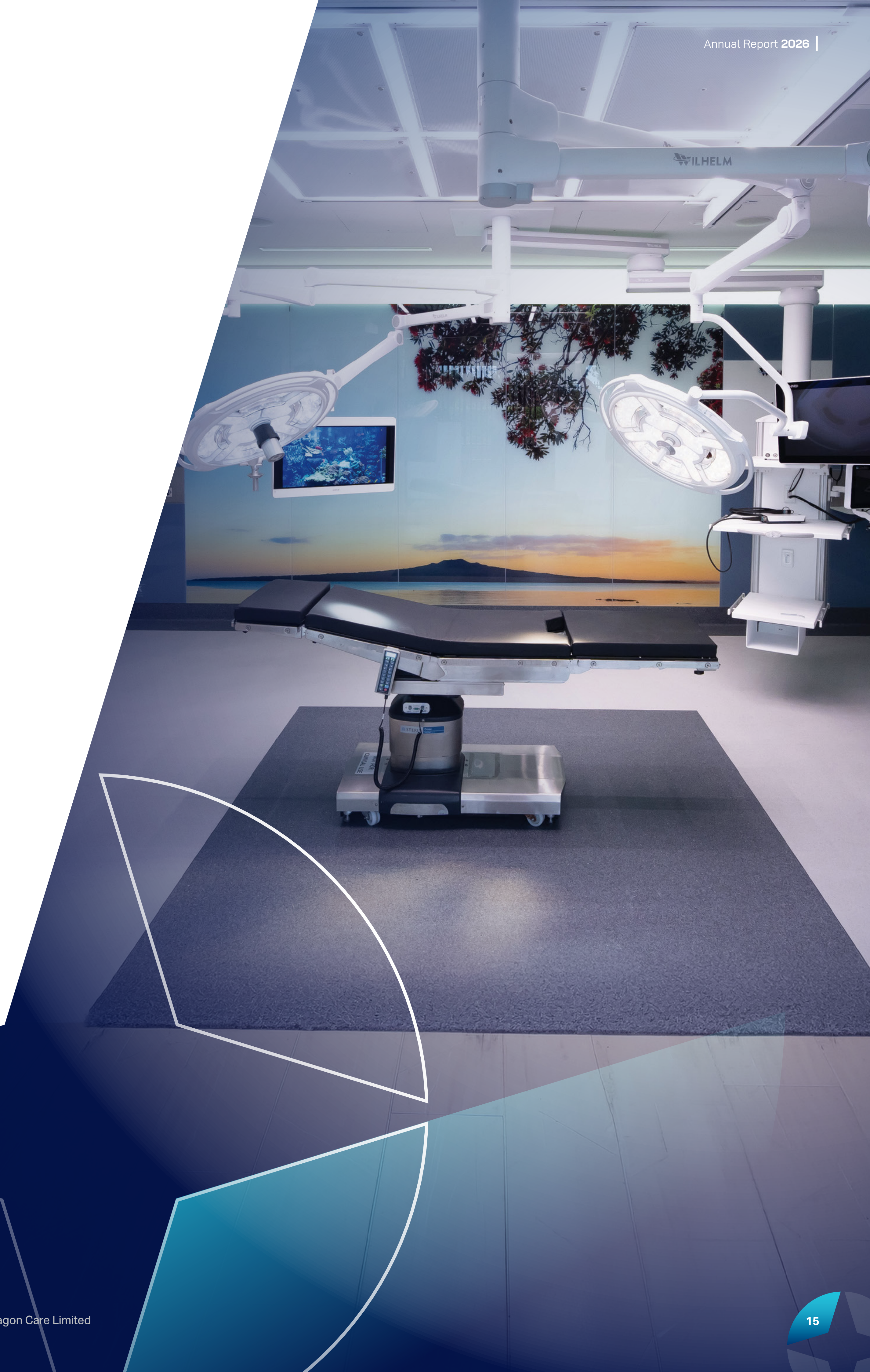
With inflationary pressures, healthcare funding constraints and ongoing procurement discipline continue to influence purchasing decisions across many healthcare providers, long-term market fundamentals remain supportive. Technological advancement and growing demand for specialised clinical solutions continue to create opportunities for growth across our Medical Technology portfolio.

Looking forward we remain confident that the channel is well positioned to benefit from increasing healthcare investment, technology adoption and favourable demographic trends across the Asia Pacific region, and we're excited by new agency arrangements and our pipeline.

Revenue growth

21.4% ▲

- ANZ achieved revenue of **$168.9 million**, despite a $7.6m adverse FX translation impact from New Zealand.
- Asia revenue growth $58.8m v. pcp comprises $45.4m from acquisitions and $13.3m. organic growth, despite a $15.5m adverse FX translation impact.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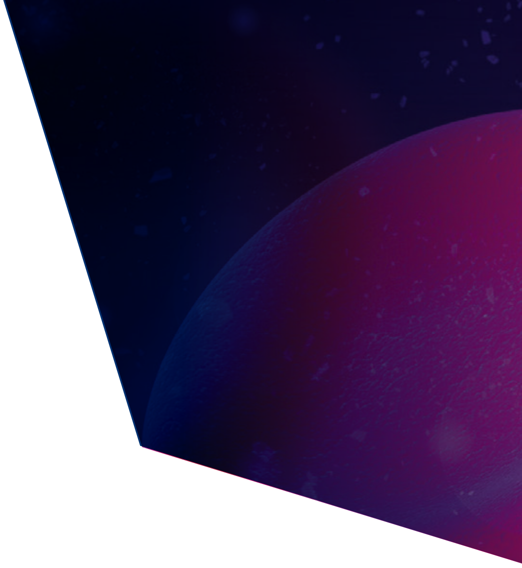

Clinical Manufacturing highlights

The quality you never think twice about.

The Clinical Manufacturing channel continues to play a critical role within our business, specialising in the manufacture of in-vitro diagnostics (IVDs), contract manufacturing and private label solutions, and the distribution of leading diagnostic products across Australia, New Zealand and the Asia-Pacific region, delivering $32.7 million revenue and $15.1 million gross margin. Our capabilities span the manufacture of reagent red cell diagnostics, contract manufacturing services, and the supply of innovative diagnostic instruments and consumables to pathology laboratories, blood banks and healthcare providers.

From build to full production

FY26 was a year of execution and commercialisation, building on the significant investment made in our state-of-the-art manufacturing facility in Mount Waverley. With the facility now fully operational our focus shifted from establishment to optimisation, driving improvements in manufacturing efficiency, quality systems, capacity utilisation and operational excellence.

Our first product into Japan

A key achievement during the year was the successful implementation of our first international contract manufacturing agreement. Following execution of the agreement in the previous financial year the team completed technology transfer, process validation and commercial production activities, culminating in the successful launch of the first contract-manufactured product into the Japanese market under our partner 's brand.

During the year the agreement was further expanded to include increased manufacturing volumes, creating a strong pipeline of growth opportunities for FY27 and beyond. This milestone validates our capability as a world-class contract manufacturing partner and establishes a scalable platform for future expansion across the Asia-Pacific region.

We're a preferred manufacturing partner

Our contract manufacturing strategy continued to gain momentum, with increased engagement across the diagnostics industry positioning us as a preferred manufacturing partner for organisations seeking high-quality TGA certified manufacturing capability within the Asia Pacific region. Leveraging our purpose-built facility, experienced workforce and robust quality systems, we are well positioned to support both multinational and emerging diagnostics companies with flexible manufacturing, private label, packaging and related services.

Science backs our product

Further reinforcing Immulab's position as a leader in immunohaematology, two peer-reviewed studies published during the year provided evidence of the superior clinical performance of Immulab reagent red cells compared with other reagent red cell products available in the Australian market. The studies highlighted improved sensitivity for clinically significant antibodies while maintaining high specificity, providing strong scientific support for the quality and performance of our locally manufactured products. These publications further differentiate Immulab in the marketplace and strengthen our reputation as an innovative and evidence-based manufacturer.

Australia's only sovereign supply & deepening partnerships

Our sovereign manufacturing capability also continued to strengthen throughout the year. As Australia's only domestic manufacturer of reagent red blood cells, we maintained our commitment to supporting the nation's blood testing infrastructure while progressing initiatives to expand local manufacturing capability, reduce reliance on imported diagnostics and support government priorities around healthcare resilience and advanced manufacturing.

Raising the bar

Operational excellence remained a major focus throughout the year. Continued investment in quality systems, process improvement, manufacturing capability and workforce development has strengthened our business and positioned us to support increasing production volumes while maintaining high standards of regulatory compliance, product quality and customer service.

Where we're headed next

Looking ahead our strategic focus is on accelerating growth across the Asia Pacific region by expanding contract manufacturing partnerships, increasing exports of Australian manufactured diagnostics and continuing to invest in sovereign manufacturing capability. Together with ongoing innovation, operational excellence and strong commercial partnerships, these initiatives position our Clinical Manufacturing business for sustainable long-term growth while reinforcing our leadership in advanced diagnostics manufacturing throughout the region.

Revenue growth

16.4% ▲

- Clinical Manufacturing posted double-digit revenue growth from increased volumes with existing customers and contribution from acquired business (Fisher Biotec).

Contract Logistics highlights

We're the strongest link in your supply chain.

ParagonCare's Contract Logistics specialty area continued its strong growth trajectory during the year achieving $493.5 million revenue and $21.4 million gross margin. We reinforced our position as a trusted healthcare supply chain partner for pharmaceutical, medical device and healthcare companies across Australia, Asia and soon to be New Zealand.

During the year we secured several new contract logistics customers while expanding relationships with existing partners, reflecting increasing market demand for specialised healthcare logistics solutions. The successful onboarding of new clients demonstrates the strength of our operational capability, quality systems and reputation within the healthcare sector. Our existing partners achieved solid results during the period, and we're proud to have such long term relationships that we have supported in delivering on their success.

We provide integrated outsourced supply chain solutions, including warehousing, inventory management, order fulfilment, transportation management, regulatory-compliant storage, cold chain logistics and Fourth-Party Logistics (4PL) services. By combining these capabilities with our established healthcare wholesale and distribution network, customers benefit from a scalable, end-to-end supply chain solution that improves efficiency, enhances service levels and reduces complexity. This unique combination provides an unparalleled commercial and supply chain advantage to our clients.

We continued to invest in people, technology and operations to support growth and maintain high standards of quality, compliance and customer service.

With increasing focus on profitability and outsourcing across the healthcare industry, Contract Logistics remains a significant growth opportunity for us.

We are well positioned to continue expanding our customer base through our differentiated model, combining specialist healthcare logistics expertise with the scale, infrastructure and distribution capabilities of one of Asia Pacific's leading healthcare wholesalers and distributors. Pharmaceutical, Medical Device and Complementary Health clients are significantly benefiting in the higher topline sales and net profit gains that we uniquely provide.

Revenue growth

47% ▲

- Contract Logistics revenues were bolstered by both increased volume with existing customers and new customer wins.

Asia regional expansion highlights

Healthcare that reaches further.

Our Asian operations have grown from five countries to nine, establishing a stronger platform across key markets across the region, achieving revenue of $160.1 million and gross margin of $67.3 million, on a statutory basis.

Combining our acquisitions of Somnotec, Haju Medical and Pacific Medical with our organic growth, we continued to expand our medtech and contract logistics presence within the region. This includes broadening our capabilities and product portfolio across medical aesthetics, cardiovascular and interventional procedures, respiratory and sleep medicine, diagnostic imaging and other specialised medical technologies.

Our continued success as the preferred partner for Aesthetics distribution has been recognised by achieving multiple industry awards in Thailand and Indonesia, which is a testament to the dedication and skills of our team. We will continue to accelerate this throughout APAC.

With a wider geographic reach, stronger local teams and an expanded supplier network, we are now well positioned to leverage regional infrastructure, introduce products across multiple markets and pursue further organic growth and strategic business opportunities throughout Asia.

Revenue growth

58% ▲

- Revenue growth $58.8m v. pcp comprises $45.4m from acquisitions and $13.3m organic growth, despite a $15.5m adverse FX translation impact.
- Organic revenue growth represents 13.2% increase on pcp.

Marketing highlights

Connecting the digital experience.

Our marketing team introduced a new digital ecosystem and strategy bringing our digital presence into closer alignment with our new brand.

Creating a more connected experience across digital channels and a stronger foundation for customer engagement. It also gives us greater capability to support our specialties and divisions as we grow across Asia Pacific.

Go-to-market campaign planning was strengthened with greater focus on customer needs, market opportunities and commercial priorities.

Together, the brand, digital and go-to-market reset has strengthened our marketing capability and created a clearer platform for future growth.

Supply chain highlights

Keeping healthcare moving.

Our supply chain and technology capabilities underpin the delivery of essential healthcare products and services across Australia, New Zealand and Asia. Through an integrated network of distribution centres, logistics infrastructure and digital platforms, we support customers with reliable, timely and efficient access to healthcare products.

During FY26 we continued to invest in supply chain optimisation, system harmonisation and technology-enabled process improvements. These initiatives enhanced operational efficiency, improved visibility across the network and strengthened our ability to respond to changing customer and market requirements. Our new Brisbane site was commissioned which included partnering with Manhattan for our Warehouse Management System (WMS) and AutoStore, a robotic goods-to-person storage and retrieval system, improving picking speed, driving warehouse efficiency.

Our Australian business completed the integration of warehouse locations and moved product onto our main ERP JDEdwards as part of our 3-2-1 strategy. Offering a fully integrated supply chain solution with a single view for our customers and suppliers and providing efficiency in the our shared service teams. The New Zealand expansion is underway with JDEdwards implemented and expansion to our local site.

Our focus remains on building a resilient, scalable and efficient operating platform. These investments position us to continue delivering high levels of customer service while supporting future growth across our business.

Data access and modernisation continued as part of our Information Technology investment into leveraging AI solutions enabling our team to build their knowledge and support their decision process.

Our people

Our values

Reliable
What we say, we do.

It happens every time. For specialists, reliability is the foundation of every conversation and every action.

Experts
We are specialists.

Real depth and breadth of knowledge. We understand your challenge and meet it with the best solution for your field.

Caring
Healthcare is personal.

We care about all of it, from the person in front of us to the patient at the end of the line. And so is the way we work.

Simple
Easy to deal with.

Clear from first conversation to final delivery. One partner, one call, and a straight answer whenever you need it.

ParagonCare's six standards

The collective performance we uphold.

We deliver what we promise.
When we say we'll do something, we do it. Reliable service and supply is the foundation everything else is built on.

We do the simple things right, every day.
By doing the simple things well across every part of the business, we provide consistent and reliable service. It starts with the individual, regardless of title, role or rank.

We notice before you have to ask.
We're proactive, not reactive. We see the issue coming and move on it, instead of waiting for the call. If we notice something someone has missed, we flag it, resolve it, even if it's not our job.

If something goes wrong, we own it.
We don't wait, deflect, or explain it away. We fix it, close it out, and make sure it doesn't come back.

We get better, every day.
We choose a growth mindset: self-aware, accountable, always developing. We grow ourselves first, then our teams, because that's how a good business becomes a great one.

The specialists, simplifying healthcare

ParagonCare


MEDICAL

Directors' Report

For the year ended 30 June 2026

DIRECTORS' REPORT

For the year ended 30 June 2026

The Directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'Consolidated Group', 'Group') consisting of Paragon Care Limited (referred to hereafter as the 'Company', 'parent entity' or 'ParagonCare') and the entities it controlled at the end of, or during, the year ended 30 June 2026 ('30 June 2026', '2026' or 'FY26'). Comparatives disclosed are for the year ended 30 June 2025 ('30 June 2025', '2025' or 'FY25').

Significant changes in the state of affairs

During FY26 the Group completed its 3-2-1 strategic initiative (three businesses, two years, one team), the two-year integration program launched following merger of ParagonCare, Clifford Hallam Healthcare (CH2) and Oborne Health Supplies in June 2024. Key elements completed during the year included consolidation of the majority of Australian businesses onto the Group's JDE enterprise resource planning platform (other than the manufacturing business, which remains on SAP, and the service business, which moved to NetSuite), rationalisation of the cost base, commissioning of the Group's new automated Brisbane distribution centre (opened January 2026 and fully live, including AutoStore automation, from June 2026), and the roll-out of the Manhattan warehouse management system.

The Group completed six acquisitions during FY26, expanding its footprint to eleven countries across Asia-Pacific and establishing a new Asian regional head office in Singapore. These included the Australian acquisitions of AHP Dental & Medical (July 2025), Fisher Biotec (January 2026) and Presidental (April 2026), and the international acquisitions of Somnotec (Singapore/Malaysia/Indonesia/Philippines, December 2025), Haju Medical (Indonesia/Korea, April 2026) and Pacific Medical (Hong Kong, February 2026), expanding the Group's presence into Singapore, Malaysia, Indonesia and Hong Kong.

The Group's statutory result for FY26 was materially affected by the deterioration and subsequent administration/receivership of the Infinity Pharmacy Group ('Infinity Group'), a retail pharmacy customer group with trade and other receivables due to the Group of $48.5 million at 30 June 2026. The Group recognised a net expected credit loss of approximately $34.9 million for the full year (net of GST recovered). This results in a receivable balance of $9.3 million net of the expected credit loss provision. The Group continues to work with the administrators and other creditors and intends to pursue recovery, including under personal guarantees, once the administration process concludes.

There were no other significant changes in the state of affairs of the Group during the financial year other than as otherwise disclosed in this report.

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
Carmen Riley	Chief Executive Officer and Managing Director (Executive Director and CEO from 1 July 2025; appointed Managing Director from 1 March 2026)
David Collins	Executive Director, Mergers & Acquisitions (transitioned from Managing Director on 1 March 2026)
John Walstab	Non-Executive Director
Peter Egglestone	Non-Executive Director (Chair of the Audit and Risk Committee)

Principal activities

The principal continuing activities of the Group during the year were the supply of durable medical equipment, medical devices, consumable medical products, and maintenance of technical medical equipment to the health, aged care, dental and veterinary markets throughout Australia, New Zealand and Asia, as well as the distribution of pharmaceuticals, medical consumables and complementary medicines. During FY26 the Group operated across four go-to-market channels – Wholesale, Medical Technology, Clinical Manufacturing and Contract Logistics – and extended its operating footprint into Singapore, Malaysia, Indonesia and Hong Kong, in addition to its existing operations in Australia, New Zealand, Thailand, Korea, Japan, Philippines and Vietnam.

DIRECTORS' REPORT CONTINUED

For the year ended 30 June 2026

Review of operations

On an underlying basis, the Group delivered revenue of approximately $3.7 billion and underlying EBITDA of $97.2 million (up 2.1%).

Details	30 June 2026 $'000	30 June 2025 $'000	Change $'000	Change %
Revenue	3,680,544	3,613,887	66,657	1.8%
Cost of goods sold	(3,333,086)	(3,289,886)	(43,200)	1.3%
Gross margin	**347,458**	**324,001**	**23,457**	**7.2%**
Profit before tax	(21,673)	25,461	(47,134)	(185.1%)
Depreciation and amortisation expenses	37,271	29,833	7,438	24.9%
Finance costs	35,218	33,172	2,046	6.2%
Earnings before interest, tax, depreciation and amortisation ('EBITDA')[i]	**50,816**	**88,466**	**(37,650)**	**(42.6%)**
EBITDA	50,816	88,466	(37,650)	(42.6%)
Provision for Infinity Group debt, net of GST recoverable[ii]	34,899	-	34,899	n/a
Mergers & acquisitions and related costs[iii]	4,708	-	4,708	n/a
Restructuring and integration costs[iv]	6,433	2,803	3,630	129.5%
FX hedges and other currency measurements[v]	(1,557)	3,934	(5,491)	(139.6%)
Share based payments[vi]	1,869	-	1,869	n/a
Underlying EBITDA	**97,168**	**95,203**	**1,965**	**2.1%**

(i) *Earnings before interest expense, tax, depreciation and amortisation ('EBITDA') and Underlying 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 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) *Includes the lifetime expected credit loss expense of $38.0m recognised for Infinity Group balances net of recovered GST of $3.1 million.*
(iii) *Includes external consultants and professional advisers costs plus dedicated internal resources for M&A activity only.*
(iv) *Staff redundancy costs & salaries and wages of exited roles as part of merger integration activity.*
(v) *Unrealised (gain)/loss on FX hedges and other currency remeasurements.*
(vi) *Share based payment valued in accordance with AASB 2 in relation to CEO integration period equity incentive plan.*

Group summary financial performance

Revenue was up by 1.8% to $3,680,544,000 and gross margin was up 7.2% to $347,458,000. Underlying EBITDA increased by 2.1% to $97,168,000 with organic and accretive growth from the Asia segment supporting the underlying growth.

The reported net loss for Paragon Care Limited and its controlled entities (the 'Consolidated Group') after providing for income tax amounted to $(16,028,000) (30 June 2025: net profit of $20,574,000). The loss in the current period is largely attributable to the provision recorded against the debt owed by Infinity Pharmacy Group ('Infinity Group'). Refer below for further information.

DIRECTORS' REPORT CONTINUED

For the year ended 30 June 2026

Significant changes in the state of affairs

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

Background

As previously disclosed in the Group's 30 June 2025 Annual Report and 31 December 2025 Interim Financial Report, the Group had balances due from the Infinity Pharmacy Group ('Infinity Group') of $57.1 million as at 30 June 2025, against which an expected credit loss ('ECL') allowance of $1.2 million was recognised. The Group ceased supply to Infinity Group in March 2025.

Voluntary administrators were appointed to Infinity Group in December 2025 and January 2026, and receivers were separately appointed to a significant number of Infinity Group entities. As at 31 December 2025, gross amounts owing from Infinity Group totalled $48.5 million, against which the Group recognised a lifetime ECL allowance of 100% ($48.5 million), resulting in an ECL expense of $47.3 million for the six months then ended and a net carrying value of nil.

Developments during the year

The administrators of Infinity Group (the 'Administrators') have continued a formal sale and restructuring process throughout the year, under which the majority of Infinity Group's pharmacy businesses are being sold to third-party purchasers. The Group has continued to engage actively and constructively with the Administrators as a significant secured creditor.

On 7 August 2026, the Administrators issued an updated estimated outcome analysis to secured creditors (the 'EOA Report'), setting out a directional, non-binding range of modelled outcomes for creditor recoveries, reflecting matters including the number of pharmacy stores expected to complete sale, the timing of completion (modelled between September and December 2026), and a number of unresolved matters affecting the priority and value of individual creditors claims (including the Group).

Accounting treatment at 30 June 2026

An updated EOA Report was received after 30 June 2026 but prior to the authorisation of these financial statements for issue. As the appointment of administrators and receivers, and the conditions giving rise to impairment of the Group's Infinity Group receivable, existed prior to 30 June 2026, the Directors consider the EOA Report provides additional evidence of conditions that existed at the reporting date and have accounted for it as an adjusting subsequent event in accordance with AASB 110 Events after the Reporting Period.

Based on the updated EOA Report and other information available, the Directors have reassessed the recoverability of the Group's Infinity Group receivable. The updated EOA Report modelled six scenarios reflecting differing assumptions regarding store completion rates, sale values, and completion timing, indicating an estimated range of recovery to the Group of approximately $9 million to $13 million.

Having regard to this range, and having exercised judgement as to the relative likelihood of the scenarios modelled — including the effect of store closures already confirmed by landlords, unresolved lease negotiations affecting a further number of stores, and unresolved disputes between secured creditors regarding claim priority and cross-collateralised security — the Directors have determined an estimate of the recoverable amount, at 30 June 2026, of $9.3 million (approximately 19% of the gross amount owing), based on the scenarios modelled by the Administrators to date. This is consistent with the requirement in AASB 9 Financial Instruments that expected credit losses reflect an unbiased and probability-weighted amount determined by evaluating a range of possible outcomes.

This reflects a reversal of $9.3 million against the ECL allowance recognised in profit or loss during the second half of the financial year, following the 100% ECL allowance recognised in the six months to 31 December 2025. Overall, the Group recognised a net ECL expense of $38.0 million in profit or loss for the year ended 30 June 2026 (2025: $nil), comprising the $47.3 million ECL expense recognised in the six months to 31 December 2025, partially offset by the $9.3 million reversal recognised in the six months to 30 June 2026.

This remains a significant area of estimation uncertainty and judgement. The ultimate amount and timing of recovery is dependent on matters outside the Group's control, including completion of the sale process, resolution of disputed creditor claims, and finalisation of the Administrators' analysis, which remains preliminary and subject to change. Actual recovery may differ materially from the amount recognised and will continue to be reassessed at each future reporting date as further information becomes available.

Material risks

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

The Group's risk management framework is supported by:

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

DIRECTORS' REPORT CONTINUED

For the year ended 30 June 2026

Customer credit and concentration risk

The Group extends credit to a large number of wholesale and retail healthcare customers. During FY26 the Group experienced a significant credit loss following the deterioration and subsequent administration of the Infinity Group, a retail pharmacy customer group, resulting in a net expected credit loss of approximately $34.9 million (net of GST recovered). The Group has since strengthened its credit risk management, including tightened credit assessment and monitoring of concentrated customer exposures, and continues to pursue recovery of amounts owing through the external administration process and other available remedies.

Regulatory and licensing risks

The Group's operations are subject to policies and legislation, including in respect of the pharmaceutical industry, the community pharmacy sector, the healthcare sector, taxation and competition, prescribed by government authorities in Australia and overseas. The Group is a member of the Community Service Obligation (CSO) and National Diabetes Services Scheme (NDSS) funding pools. These arrangements are highly regulated and any non-compliance or failure to meet service standards may result in financial sanctions or termination of the arrangement and loss of funding. During FY26 the Group continued its first pharmaceutical wholesaler agreement under the 1PWA CSO arrangement and was awarded a contract.

The Group mitigates legislative and regulatory risks through:

- Its compliance framework, enabling Company-wide policies, procedures and periodic review of compliance matters and reporting
- Monitoring developments in the regulatory space and proactively engaging with key stakeholders where appropriate

Financial risk

The Group is exposed to various financial risks including debt covenants, interest rates, liquidity management, foreign currency movements, customer defaults, and inventory obsolescence and loss. Fuel and freight cost volatility, associated with global geopolitical conditions, presented a particular cost pressure in the second half of FY26.

The Group mitigates financial risks through:

- Periodic review of the appropriateness of the Group's debt facilities and interest rate arrangements
- Corporate planning and review of debt and funding needs through cash flow forecasts, financial covenants and working capital assessments
- Foreign exchange contracts
- An established credit policy and credit framework overseen by the CFO

Supply chain

The Group sources most of its products for supply from third parties. Loss of, or interruption to, these supply chains, including failure to supply products within agreed timeframes, may impact business operations and reputation. This includes disruption and fuel price instability that is continuing from the ongoing conflict in the Middle East. This may in turn adversely impact sales and margins, reduce overall profitability, and adversely affect the Group's financial performance and its CSO arrangements.

The Group mitigates supply chain risks through:

- Maintaining a diversified supplier base and long-term agreements with key suppliers
- Engaging in joint business planning processes to support and align internal and supplier objectives
- Periodic risk assessment and proactive engagement with key suppliers and freight carriers
- Reviewing inventories to identify and manage slow-moving and obsolete stock

DIRECTORS' REPORT CONTINUED

For the year ended 30 June 2026

Reliance on key personnel

The Group's business relies on its ability to attract and retain experienced employees with relevant healthcare expertise, particularly following the significant management and Board changes and the expansion of the Group's footprint across eleven Asia-Pacific countries during FY26. The loss of key employees or the inability to recruit or retain suitably skilled employees may adversely impact the Group's performance.

The Group mitigates this risk through:

- Offering competitive remuneration and benefits
- Short-Term Incentives (STI) and Long-Term Incentives (LTI) for key roles
- Offering flexible working arrangements where possible
- Planning and reviewing talent succession arrangements

Technology and cyber risks

The Group is reliant on the performance, reliability and availability of its technology platforms, systems and services, particularly given the substantial systems migration activity completed as part of the 3-2-1 integration program during FY26. This is especially important for business units which assist in the servicing and maintenance of medical equipment and systems. The Group's ability to deliver these services could be adversely affected by system outages, faulty equipment, computer viruses, security breaches, hacking incidents or misuse by staff or contractors.

The Group mitigates technology and cyber risks through:

- Information technology ('IT') user policy, supporting framework and specialised resources
- Business continuity and disaster recovery plans
- Independent external IT security assessments to assess maturity level
- Employee training and regular reminders regarding potential cyber risks
- Regular cyber incident review and reporting
- In-house and outsourced IT expertise bringing best-practice processes

Occupational health and safety risks

As a wholesaler, distributor, manufacturer and logistics provider, the Group has a labour-intensive workforce across its warehouses, distribution centres and manufacturing site. The nature of this work poses inherent risks to the safety and wellbeing of employees and contractors.

Key mitigation strategies include:

- Periodic review of safety protocols and identification of potential health, safety and wellbeing hazards at the Group's workplaces
- Established contingency plans for possible health, safety and wellbeing emergencies
- Periodic review of relevant health and safety incidents and reporting
- Periodic review of relevant regulations, best practice and areas for improvement

Climate change, social and environmental sustainability risks

Climate change and environmental risks have the potential to impact and disrupt the Group's operations and performance, whether through extreme weather events, changes to laws and regulations, or reputational impacts arising from changing consumer and stakeholder expectations around social and environmental sustainability.

Key mitigation strategies include:

- Identifying, managing and mitigating environmental risks from Group operations, particularly its expanding distribution centre network
- Reviewing best practice and areas for improvement in relation to packaging, waste management and energy consumption
- Periodically reviewing supply chain and procurement processes and contracts in response to regulatory change, including Modern Slavery legislation

DIRECTORS' REPORT CONTINUED

For the year ended 30 June 2026

Matters subsequent to the end of the financial year

On-market share purchase by Employee Share Trust ('EST')

On 16 September 2026, the Company announced that it has instructed Pacific Custodians Pty Limited, as trustee for the ParagonCare Employee Share Trust ('Trust'), to acquire 23,900,401 fully paid ordinary shares in ParagonCare on market for the purposes of satisfying the future vesting and granting of securities under the Company's Employee Incentive Plan.

On-market share buy back

On 16 September 2026, the Company announced that it will be undertaking an on-market buy-back of up to 82,765,269 fully paid ordinary shares ('Share Buy-Back').

Other than the Infinity Group developments (note 10) and Performance Rights issued to Ms Riley on 3 July 2026, being the third and final (FY27) tranche under her original FY25 – FY27 EIP offer, no matter or circumstance has arisen since 30 June 2026 that has significantly affected, or may significantly affect, the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

Likely developments and expected results of operations

Having completed the 3-2-1 integration program, the Directors expect FY27 to be a year focused on organic growth, the consolidation and integration of the six businesses acquired during FY26, and continued operational efficiency gains. Key areas of focus include full-year contributions from recent acquisitions, full commencement of the Australian Defence Force supply contract, and normalisation of capital expenditure following commissioning of the Brisbane distribution centre.

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

Dividends

No dividend has been declared or paid in respect of the year ended 30 June 2026 (FY25: nil).

DIRECTORS' REPORT CONTINUED

For the year ended 30 June 2026

Information on Directors

Name:	Peter Lacaze
Title	Chairman
Qualifications	BCom, MBA, MAICD, FCPA
Experience and expertise:	Peter Lacaze is the Chairman and 28.5% owner of ParagonCare, via a family trust. Peter has been involved in CH2 Holdings since 2006 as a minority shareholder and was the Chief Executive Officer between 2006 to 2008. Peter became the Chairman of CH2 Holdings in December 2015. As an experienced Australian business leader, Peter has worked in a number of industries with particular emphasis on healthcare and travel.
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	Chairman of the Nomination and Remuneration Committee Member of the Audit and Risk Committee
Interests in shares:	472,507,317
Interests in rights:	None

Name:	Carmen Riley
Title	Chief Executive Officer (appointed CEO effective 1 July 2025 after transitioning from Chief Operating Officer; appointed Managing Director on 1 March 2026).
Qualifications	BCom, CPA, GAICD
Experience and expertise:	Carmen was appointed Chief Executive Officer on 1 July 2025 after transitioning from Chief Operating Officer, and appointed Managing Director on 1 March 2026. Before joining CH2 Holdings Carmen was CEO of PQ Lifestyles (Intouch) from July 2008, which was successfully acquired by CH2 Holdings in 2010. Prior to joining the Healthcare industry Carmen had an extensive career within FMCG, including Supply Chain and Operations, Finance and Project Management. Carmen's experience provides strong financial and operational management skills gained from both private and ASX listed companies. Carmen was appointed to the CH2 Holdings board of directors in July 2019.
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	None
Interests in shares:	2,538,888
Interests in rights:	11,229,286

DIRECTORS' REPORT CONTINUED

For the year ended 30 June 2026

Name:	**David Collins**
Title	Executive Director, Mergers & Acquisitions (transitioned from Managing Director on 1 March 2026).
Qualifications	BBus
Experience and expertise:	David transitioned from Managing Director to Executive Director on 1 March 2026 and is the major shareholder of ParagonCare at 28.8%, via a family trust. David was appointed as CEO and Managing Director in December 2015 of CH2 Holdings when David and Peter Lacaze acquired 100% of CH2 Holdings. David has been with CH2 Holdings since 2005 and moved to Executive Director Mergers & Acquisitions in 2026. David became a minority shareholder of CH2 Holdings in 2006, appointed as Managing Director in 2008 until 2014. David spent 14 months as the Chief Financial Officer at Greencross Health Limited in Auckland. David brings unparalleled experience and extensive knowledge of the Australian and New Zealand healthcare wholesale and distribution sectors.
Other current directorships:	Prophecy International Holdings Ltd (ASX: PRO).
Former directorships (last 3 years):	None
Special responsibilities:	None
Interests in shares:	477,507,317
Interests in rights:	None

Name:	**John Walstab**
Title	Non-Executive Director
Experience and expertise:	John holds an 8.8% ownership stake in the Group and has over 40 years of experience in medical equipment distribution in Asia, with a strong focus on leading-edge healthcare technologies and business innovation. John founded in 1999 and served as Managing Director and CEO of Quantum Health Group (ASX:QTM) before merging it with Paragon Care Limited in 2022. In 2023, John was appointed Managing Director of ParagonCare, leading the company until its merger with CH2 in June 2024 and continues as a Non-Executive Director. John's prior roles include Managing Director of Advanced Technology Laboratories (Philips Medical Systems ANZ) and Business Manager for Medtel Australia. He is also a member of the Australian Institute of Company Directors and sits on various Boards, including Central Sydney Private Hospital, CBTR Healthcare Solutions, and SMS Healthcare.
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	None
Interests in shares:	145,591,185
Interests in rights:	None

DIRECTORS' REPORT CONTINUED

For the year ended 30 June 2026

Name:	**Peter Egglestone**
Title	Non-Executive Director
Experience and expertise:	Peter is a senior executive and has more than 25 years leadership, financial and commercial experience. Peter is the CEO and Managing Director of Aero Travel Solutions Pty Limited, a travel ticketing technology company. In addition, Peter has held a number of C-Suite positions including for private equity business Journey Beyond, where he successfully led all revenue functions, including sales, marketing, revenue management and customer relations. Peter has a finance and economics background having spent many of his formative years in Corporate and Statutory Accounting.
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	Chair of the Audit and Risk Committee Member of the Nomination and Remuneration Committee
Interests in shares:	500,000
Interests in rights:	None

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

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

Company secretary

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

DIRECTORS' REPORT CONTINUED

For the year ended 30 June 2026

Meetings of directors

The number of meetings of the Company's Board of Directors ('the Board') and of each Board committee held during the year ended 30 June 2026, and director attendance at those meetings, is set out below.

	Board		Nomination and Remuneration Committee		Audit and Risk Committee	
	Attended	Held (i)	Attended	Held (i)	Attended	Held (i)
Peter Lacaze	7	7	2	2	3	3
Carmen Riley	7	7	-	-	3	3
David Collins	7	7	-	-	-	-
John Walstab	7	7	-	-	-	-
Peter Egglestone	6	7	2	2	3	3

(i) Held: represents the number of meetings held during the time the director held office or was a member of the relevant committee.

Shares under performance rights

As disclosed in the FY25 Annual Report, on 21 November 2024 the Company granted Performance Rights to Ms Carmen Riley across three tranches in respect of the financial years ending 30 June 2025, 30 June 2026 and 30 June 2027, subject to service and compound annual growth rate (CAGR) of net profit before tax performance conditions, under the ParagonCare Employee Incentive Plan (EIP). For the FY25 performance period, the CAGR condition was achieved above the maximum 18.125% threshold and the related rights remained on foot at 30 June 2026, subject to continued service to 30 June 2027.

The FY26 tranche of 2,247,877 Performance Rights were forfeited on 28 August 2026 due to the FY26 net profit before tax ('NPBT') CAGR performance condition attached to this tranche not being met.

During FY26 the Company also established the ParagonCare Omnibus Equity Plan, a new three-year (FY28–FY30) long-term incentive plan approved by shareholders under Resolution 5 of the Company's 2025 Notice of Annual General Meeting. Under this plan, Performance Rights were granted to Ms Riley (3,018,108 rights, granted on 19 November 2025). These rights vest in three equal tranches over FY28, FY29 and FY30, subject to a service condition commencing 1 July 2027 and NPBT CAGR performance hurdles for each tranche.

Full details of the number, grant dates, vesting conditions and valuation of Performance Rights granted to key management personnel are set out in the Remuneration Report.

Subsequent to year end, on 3 July 2026, Ms Riley was issued a further 5,996,911 Performance Rights, being the third and final (FY27) tranche under her original EIP offer. As at the date of this report, following the lapse of the FY26 EIP tranche and the grant of the FY27 EIP tranche described above, Ms Riley holds 11,229,286 Performance Rights.

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

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

Date performance rights granted	Exercise Price	Number under rights
21 November 2024	$0.00	2,214,267
19 November 2025	$0.00	3,018,108
13 April 2026	$0.00	12,671,115
3 July 2026	$0.00	5,996,911

DIRECTORS' REPORT CONTINUED

For the year ended 30 June 2026

Shares issued on the exercise of performance rights

There were no ordinary shares of Paragon Care Limited issued on the exercise of performance rights during the year ended 30 June 2026 and up to the date of this report.

Indemnity and insurance of officers

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

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

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

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

Indemnity and insurance of auditor

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

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

Proceedings on behalf of the Company

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

Non-audit services

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

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

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

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

DIRECTORS' REPORT CONTINUED

For the year ended 30 June 2026

Rounding of amounts

The Company is of a kind referred to in Corporations Instrument 2026/183, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

Auditor

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

Auditor's independence declaration

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

Remuneration report

The Remuneration Report is set out in the next section of the Annual Report and has been audited in accordance with section 300A of the *Corporations Act 2001*.

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

Peter Lacaze
Chairman

23 September 2026

Remuneration Report

For the year ended 30 June 2026

REMUNERATION REPORT (AUDITED)

For the year ended 30 June 2026

Introduction

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

This remuneration report for the year ended 30 June 2026 forms part of the Directors' Report and is audited in accordance with section 300A of the *Corporations Act 2001.*

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

KMP identified for the disclosures in the remuneration report of the Consolidated Group for the year ended 30 June 2026, are set out in the tables below.

Directors of the Group

Peter Lacaze	Chairman
Carmen Riley	Managing Director and Chief Executive Officer (appointed CEO 1 July 2025; transitioned from Executive Director to Managing Director on 1 March 2026)
David Collins	Executive Director (transitioned from Managing Director on 1 March 2026)
John Walstab	Non-Executive Director
Peter Egglestone	Non-Executive Director

Other KMP of the Group

Brendon Pentland	Chief Financial Officer (Appointed 8 December 2025)
Marcus Crowe	Chief Financial Officer (Resigned 15 October 2025)

Principles used to determine the nature and amount of remuneration

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

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

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

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

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

REMUNERATION REPORT (AUDITED) CONTINUED

For the year ended 30 June 2026

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

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

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

Non-executive directors remuneration

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

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

ASX Listing Rules require the aggregate non-executive directors' remuneration to be determined periodically by a general meeting. The most recent determination was at an Annual General Meeting of ParagonCare and came into effect on 23 November 2022 (prior to the reverse acquisition). Shareholders approved a maximum annual aggregate non-executive remuneration of $600,000. This amount, or part thereof, is divided among non-executive directors as determined by the Board and reflecting time and responsibility related to the Board and committees. Aggregate non-executive director fees and superannuation paid in FY26 were $334,442 within this approved cap.

Executive remuneration

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

The executive remuneration and reward framework has three components:

- base pay, non-monetary benefits and other statutory entitlements
- short-term performance incentives
- long-term incentives through participation in the ParagonCare Employee Incentive Plan (EIP) and, from FY26, the ParagonCare Omnibus Equity Plan

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

Base pay and benefits

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

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

Short-term incentives

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

The STI performance measures were chosen as they reflect the core drivers of short-term performance and also provide a framework for delivering sustainable value to the Group, its shareholders and customers. STI payments are granted to executives based on specific annual targets and key performance indicators ('KPIs') being achieved. For FY26, these KPIs include Group Net Profit Before Tax (NPBT) (50%), execution of key business initiatives (40%) and achievement of safety targets (10%). The primary performance condition under the STI plan is NPBT, which operates as a gateway target. No formulaic STI awards are payable unless this gateway is achieved, meaning that failure to meet the NPBT target results in no STI metrics being assessed or awarded for the performance period. In FY26, the NPBT gateway target was not achieved.

REMUNERATION REPORT (AUDITED) CONTINUED

For the year ended 30 June 2026

Notwithstanding this, the Board exercised its discretionary powers to award Ms Riley a cash incentive of $170,000 in respect of FY26, in recognition of the transition into the Managing Director role during the year. This amount is reflected in the Bonus column of the remuneration table below. No other KMP received an STI award, whether formulaic or discretionary, in respect of FY26.

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

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

For FY25, the specified annual targets for all eligible KMP were not met and resultantly no STI was declared.

Long-term incentives

The long-term incentives ('LTI') comprise share-based payments offered in the form of Performance Rights, awarded to certain KMP. Performance Rights are granted subject to conditions over continuous employment and minimum profit before tax hurdles being achieved during the term.

Two separate LTI plans were in place during FY26, each with its own AASB 2 grant date and terms:

- the ParagonCare Employee Incentive Plan ('EIP'), a three-year FY25–FY27 program for Ms Riley that was granted in full, for AASB 2 purposes, on 21 November 2024; and
- the ParagonCare Omnibus Equity Plan, a new and unrelated plan established during FY26 for a separate three-year FY28–FY30 program, under which Ms Riley and Mr Pentland each received a new grant during the year.

These two plans are addressed separately, and should not be read together, in the 'Share-based compensation' section below.

Under the EIP, each of the FY25, FY26 and FY27 tranches is designed to deliver the same reference value – up to $873,750 – with the number of rights in each tranche fixed only when that tranche is actually issued, based on the Company's share price (VWAP) at the time. Under AASB 2, however, the whole three-year EIP was granted on a single date – 21 November 2024 – so all three tranches share the same $0.50 grant-date fair value, regardless of when each tranche's quantity is later determined or how the share price has moved since.

As ParagonCare's share price has fallen (VWAP $0.3946 in June 2024, $0.3887 in June 2025, $0.1457 in June 2026), the number of rights needed to deliver the same reference value of $873,750 has increased – 2,214,267 (FY25); 2,247,877 (FY26); and 5,996,911 (FY27) – while the $0.50 fair value applied to each is fixed at the commencement of the EIP (November 2024). The FY27 tranche is consequently recognised under AASB 2 at $2,998,456 (5,996,911 rights × $0.50), which is higher than its $873,750 reference value.

Use of remuneration consultants

During the prior financial year, the Board engaged Egan Associates to assess the framework of equity-based long-term incentive plans widely adopted by companies listed on the ASX. Egan Associates were paid $13,000 for this framework.

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

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

Voting and comments made at the Company's Annual General Meeting

At the 19 November 2025 AGM, 99.32% of the votes received supported the adoption of the remuneration report of ParagonCare for the year ended 30 June 2025. The Company did not receive any specific feedback at the AGM regarding its remuneration practices.

REMUNERATION REPORT (AUDITED) CONTINUED

For the year ended 30 June 2026

Details of remuneration
Amounts of remuneration – FY26

	Short-term benefits				Post employment benefits	Long-term benefits		
Name	**Salary and fees(vii) $**	**Bonus $**	**Non monetary $**	**Termination $**	**Superannuation $**	**Long service leave(viii) $**	**Share based payments $**	**Total $**
Non-Executive Directors:								
Peter Lacaze	136,400	-	-	-	18,042	-	-	154,442
Peter Egglestone	89,286	-	-	-	10,714	-	-	100,000
John Walstab	71,429	-	-	-	8,571	-	-	80,000
Executive Directors:								
Carmen Riley (i), (ii), (iii)	725,466	170,000	-	-	30,000	13,160	1,818,144	2,756,770
David Collins (iv)	787,769	-	67,743	-	30,000	13,160	-	898,672
Other Key Management Personnel:								
Brendon Pentland (v)	247,646	-	-	-	18,286	3,965	5,751	275,648
Marcus Crowe (vi)	128,385	-	-	195,928	15,000	-	-	339,313
Total	**2,186,381**	**170,000**	**67,743**	**195,928**	**130,613**	**30,285**	**1,823,895**	**4,604,845**

(i) Ms Riley was appointed Chief Executive Officer on 1 July 2025 and transitioned from Executive Director to Managing Director on 1 March 2026. Cash salary and fees include a car allowance of $50,000.
(ii) Bonus of $170,000 is a Board-approved discretionary cash incentive recognising Ms Riley's transition into the Managing Director role – see 'Short-term incentives' above.
(iii) Ms Riley's share-based payments value reflects the AASB 2 expense recognised over the vesting period for all Performance Rights on issue during FY26 (see 'Share-based compensation' below for grant details). The amount attributed to Ms Riley substantially results in a higher expense as compared to the reference value of the EIP LTI she is designed to receive – see the highlighted note under 'Long-term incentives' above and the 'Share-based compensation' section below.
(iv) Mr. Collins transitioned from Managing Director to Executive Director on 1 March 2026. Non-monetary benefits include, motor vehicle costs and applicable fringe benefits tax payable on benefits.
(v) Mr. Pentland was appointed Chief Financial Officer on 8 December 2025.
(vi) Mr. Crowe resigned as Chief Financial Officer on 15 October 2025.
(vii) Annual leave entitlements are measured on an accrual basis and included within the Salary and Fees column above.
(viii) Long service leave entitlements are measured on an accrual basis.

The proportion of remuneration that is fixed, and the proportion linked to performance (at risk), is as follows:

			30 June 2026
	Fixed Remuneration	**At risk - STI**	**At risk - LTI**
Executive Directors:			
Carmen Riley	27%	6%	67%
David Collins	100%	-	-
Other KMP:			
Brendon Pentland	98%	-	2%
Marcus Crowe	100%	-	-

Ms Riley's STI figure reflects the $170,000 Board-discretionary cash incentive described above. Ms Riley's LTI figure reflects the share based payments expense in the FY26 remuneration table, which as explained under 'Long-term incentives' above, results in a higher expense as compared to the reference value of the LTI she is designed to receive. See the note under 'Long-term incentives' above.

REMUNERATION REPORT (AUDITED) CONTINUED

For the year ended 30 June 2026

Actual remuneration paid - FY26

The table above presents remuneration measured in accordance with the applicable accounting standards, including the share-based payments expense recognised over the vesting period of Performance Rights on issue (see the note under 'Long-term incentives' above). To give shareholders a view of the cash and cash-equivalent remuneration actually paid to KMP for performance during the year, the tables below present the same population of KMP on an actual-paid basis. This is a voluntary disclosure in addition to, and does not replace, the statutory remuneration tables above.

'Fixed Remuneration' below comprises base salary/fees plus superannuation and non-monetary benefits actually paid or payable in cash or cash-equivalent; but excludes movements in long service leave provisions which do not represent a cash amount paid to the individual during the year. 'STI' is the cash amount paid during the year. 'LTI Vested' is the value of Performance Rights that actually vested and converted to shares during the year.

30 June 2026					
Name	**Fixed remuneration $**	**STI[(i)] $**	**Termination $**	**LTI vested $**	**Total remuneration paid $**
Non-Executive Directors:					
Peter Lacaze	154,442	-	-	-	154,442
Peter Egglestone	100,000	-	-	-	100,000
John Walstab	80,000	-	-	-	80,000
Executive Directors:					
Carmen Riley	755,466	-	-	-	755,466
David Collins	817,769	-	-	-	817,769
Other Key Management Personnel:					
Brendon Pentland	265,932	-	-	-	265,932
Marcus Crowe[(ii)]	143,385	-	195,928	-	339,313
Total	**2,316,994**	**-**	**195,928**	**-**	**2,512,922**

(i) The $170,000 Board-approved discretionary cash incentive recognised in respect of Ms Riley's FY26 performance (see 'Short-term incentives' above) is not included in the STI column above. Consistent with the Company's standard STI payment cycle, this amount is expected to be paid after 30 June 2026 and would accordingly be reflected in the FY27 Actual Remuneration Paid table when it is paid, not the FY26 table.

(ii) Mr. Crowe resigned as Chief Financial Officer on 15 October 2025. Termination Payments reflects cash amounts paid on cessation of employment.

REMUNERATION REPORT (AUDITED) CONTINUED

For the year ended 30 June 2026

Amounts of remuneration – FY25

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

(i) Short-term bonus payments made during the year were one-off, ex-gratia discretionary amounts approved by the Remuneration Committee. These payments were awarded in recognition of the achievement of key performance indicators (KPIs) associated with the successful completion of the reverse acquisition. The Committee exercised discretion on the basis that the Group's FY24 NPBT target—being the primary performance condition under the Company's FY24 STI plan—would have been achieved when adjusted for one-off acquisition-related costs.
(ii) Includes motor vehicle costs and applicable fringe benefits tax payable on benefits.
(iii) Long service leave entitlements are measured on an accrual basis.
(iv) Mr Crowe commenced employment on 1 March 2025.
(v) Mr Peters ceased employment on 6 September 2024.
(vi) Annual leave entitlements are measured on an accrual basis and included within the Salary and Fees column above.
(vii) Mr. John Walstab transitioned from Executive Director to Non-Executive Director effective 1 April 2025. The termination payment was made in accordance with the agreed notice period under his executive service agreement. His FY25 figures above combine both roles for comparison against his single FY26 Non-Executive Director role.

REMUNERATION REPORT (AUDITED) CONTINUED

For the year ended 30 June 2026

Actual remuneration paid - FY25

30 June 2025					
Name	Fixed remuneration $	STI $	Termination $	LTI vested $	Total remuneration paid $
Non-Executive Directors:					
Peter Lacaze	150,000	-	-	-	150,000
Peter Egglestone	21,058	-	-	-	21,058
Alan McCarthy	56,250	-	-	-	56,250
John Walstab	18,750	-	-	-	18,750
Executive Directors:					
David Collins	810,364	408,250	-	-	1,218,614
John Walstab	427,772	220,267	220,017	-	868,056
Carmen Riley	589,546	-	-	-	589,546
Other Key Management Personnel:					
Marcus Crowe	170,636	-	-	-	170,636
Michael Peters	94,272	-	-	-	94,272
Total	**2,338,648**	**628,517**	**220,017**	**-**	**3,187,182**

No Performance Rights held by any KMP vested during FY25.

Service agreements

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

Current key management personnel

Name:	Peter Lacaze
Title:	Chairman
Term of agreement:	3 years from the appointment date
Details:	Director fees including superannuation $155,000

Name:	Carmen Riley
Title:	Managing Director and Chief Executive Officer (appointed CEO 1 July 2025; transitioned from Executive Director to Managing Director on 1 March 2026)
Term of agreement:	No fixed term, notice period of 12 months for both the employee and the Company
Details:	Fixed remuneration including salary, superannuation and car allowance $850,000. Prior to the transition to Managing Director Ms Riley's salary including superannuation was $700,000 STI target opportunity: 50% of total fixed remuneration per annum on achievement of KPIs (no change on transition to Managing Director) LTI (Performance Rights) granted under the ParagonCare Equity Incentive Plan and ParagonCare Omnibus Equity Plan – see 'Share-based compensation' below

REMUNERATION REPORT (AUDITED) CONTINUED

For the year ended 30 June 2026

Name:	David Collins
Title:	Executive Director (transitioned from Managing Director on 1 March 2026)
Term of agreement:	No fixed term, notice period of 12 months for both the employee and the Company
Details:	Fixed remuneration including salary and superannuation $800,000 STI target opportunity: 50% of total fixed remuneration per annum on achievement of KPIs. Prior to this transition Mr Collins' salary including superannuation was $800,000, STI 50% of total fixed remuneration per annum on achievement of KPIs No LTI (shares and performance rights) entitlements were granted in accordance with EIP approved by the Board

Name:	John Walstab
Title:	Non-Executive Director
Term of agreement:	No fixed term
Details:	Director fees including superannuation $80,000

Name:	Peter Egglestone
Title:	Non-Executive Director, Chair of the Audit and Risk Committee
Term of agreement:	No fixed term
Details:	Director fees including superannuation $100,000 (includes $20,000 fee as Chair of Audit and Risk Committee)

Name:	Brendon Pentland
Title:	Chief Financial Officer
Term of agreement:	No fixed term, notice period of 3 months for both the employee and the Company
Details:	Salary including superannuation and allowances $475,000 STI target opportunity: 40% of total fixed remuneration per annum on achievement of KPIs LTI (Performance Rights) granted under the ParagonCare Omnibus Equity Plan – see 'Share-based compensation' below

Former key management personnel

Name:	Marcus Crowe (resigned 15 October 2025)
Title:	Chief Financial Officer
Term of agreement:	No fixed term, notice period 3 months for both the employee and the Company
Details:	Salary including superannuation and allowances $475,000 STI 40% of total fixed remuneration per annum on achievement of KPIs LTI eligibility in accordance with LTI plan determined by the Company

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

REMUNERATION REPORT (AUDITED) CONTINUED

For the year ended 30 June 2026

Share-based compensation

Issue of shares

There were no shares issued as compensation during the period and none outstanding as at 30 June 2026.

Performance rights

The terms and conditions of grants of Performance Rights over ordinary shares affecting the remuneration of directors and other key management personnel during FY26 are as follows.

Carmen Riley – ParagonCare Employee Incentive Plan (EIP), FY26 tranche

Ms Riley's original 22 October 2024 EIP offer provided for annual grants of Performance Rights over the FY25, FY26 and FY27 award years, each with a reference value capped at 150% of her FY25 fixed remuneration of $582,500 (i.e. an LTI Grant Value of up to $873,750 per year), with the number of rights recalculated each year by dividing this cap by the prevailing VWAP. The FY25 tranche (2,214,267 rights, VWAP $0.3946) was granted on 21 November 2024 and reported in the FY25 Annual Report.

The FY26 tranche of 2,247,877 Performance Rights (reference value $873,750, based on a Grant Price of $0.3887, being the VWAP over the 30 trading days prior to 29 June 2025) was issued on 1 July 2025 (an ASX Appendix 3G notice of this issue was lodged, referencing the terms of the EIP as approved at the Company's 2024 AGM).

Because these rights carry a performance condition based on FY26 NPBT CAGR growth against FY25, and the Company assessed as at 30 June 2026 that this condition would not be met (noting the required Infinity Group receivables provision – see the Directors' Report), there is no cumulative share based payments expense in respect of this tranche at 30 June 2026. This assessment has since been confirmed: the 2,247,877 rights comprising this tranche lapsed on 28 August 2026 for failing the NPBT performance condition – see 'Subsequent events' below.

Under the original EIP offer, this tranche was subject to: (a) a Service Condition of continuous employment from 1 July 2024 to 30 June 2027 (a single service condition covering all three EIP award-year tranches, so all three tranches shared the same 30 June 2027 vesting date); and (b) the Performance Condition described above, with vesting scaling from 100% of fixed remuneration at 5% NPBT CAGR up to 150% at 18.125% CAGR or above.

Carmen Riley – ParagonCare Omnibus Equity Plan

On 19 November 2025, Ms Riley was granted 3,018,108 Performance Rights for the FY28 – FY30 three-year program under the newly established ParagonCare Omnibus Equity Plan, applied for and accepted on 7 December 2025, with Performance Rights issued on 8 December 2025 (an ASX Appendix 3G notice of this issue was lodged, referencing the terms of the EIP as approved at the Company's 2025 AGM).

The number of rights granted was determined by dividing the LTI Vesting Value of $1,050,000 (150% of total fixed remuneration of $700,000 prior to appointment as Managing Director – refer Service Agreements section) by the Grant Price of $0.3479 (the volume-weighted average price of the Company's shares over the 60 trading days spanning 30 trading days before to 30 trading days after the announcement of the Company's FY25 annual results). The AASB 2 fair value applied for this grant was $0.2104 per right, giving a grant date value of $635,010.

The Performance Rights vest in three equal tranches over FY28, FY29 and FY30, subject to a Performance Hurdle and a Service Condition. Any rights that do not vest by the Last Vesting Date (on or around 30 September 2030) will lapse. The Exercise Condition allows exercise for 7 years from the relevant Vesting Date.

Brendon Pentland – ParagonCare Omnibus Equity Plan

Mr Pentland was granted 1,437,195 Performance Rights for the FY28 – FY30 three-year program under the ParagonCare Omnibus Equity Plan on 13 April 2026.

The number of rights granted was determined by dividing the LTI Vesting Value of $500,000 by the same Grant Price of $0.3479. The vesting structure, Last Vesting Date, Performance Hurdle, Service Condition and Exercise Condition mirror those applicable to Ms Riley's Omnibus grant described above. The AASB 2 fair value applied for this grant was $0.1157 per right, giving a grant date value of $166,250.

Performance and service conditions

Vesting of the FY28 – FY30 Performance Rights grants is subject to both service and performance conditions:

- Service condition: continuous employment until 30 June 2030. The Service Condition may be waived by the Board, or treated as satisfied at the end of the period, in "special circumstances" including death, permanent disablement or redundancy.
- Performance hurdle: based on the Company's compound annual growth rate (CAGR) of net profit before tax (NPBT), measured against the FY25 baseline: NPBT must be at least 15.8% higher than FY25 for the FY28 tranche to vest, at least 21.6% higher for the FY29 tranche, and at least 27.6% higher for the FY30 tranche. Rights that do not vest will lapse.

The Performance Rights are not transferable and will not be quoted on the ASX. They carry no dividend or voting rights until exercised.

REMUNERATION REPORT (AUDITED) CONTINUED

For the year ended 30 June 2026

Grants issued during the year

Name	Plan	Number of rights	Issue date	AASB2 fair value / right	AASB2 grant-date value	Reference value (i)	FY26 value included in reported remuneration
Carmen Riley	EIP – FY26 tranche	2,247,877	1 Jul 2025	$0.50 (ii)	$1,123,939 (ii)	$873,750	$nil
Carmen Riley	Omnibus Equity Plan (iii)	3,018,108	8 Dec 2025	$0.2104	$635,010	$1,050,000	$65,204
Brendon Pentland	Omnibus Equity Plan (iii)	1,437,195	13 May 2026	$0.1157	$166,250	$500,000	$5,751

(i) The dollar value the grant was designed to deliver calculated as number of rights × the VWAP used to size that tranche (or the LTI Vesting Value stated in the offer, where the grant is not upfront-capped). See 'Long-term incentives' above which explains why this differs from the AASB 2 accounting value for the EIP tranches.

(ii) As explained above, no FY26 expense was in fact recognised for this tranche because the performance condition was assessed as unlikely to be met (subsequently confirmed – see 'Subsequent events' below); the $0.50/$1,123,939 figures are the fair value and grant-date value used as calculated under AASB 2 valuation basis had the condition been expected to vest.

(iii) The Omnibus Equity Plan number of rights grant is sized based on the VWAP of the Company's shares traded on the ASX, calculated over a 60-trading-day period spanning from 30 trading days before to 30 trading days after the announcement date of the Company's FY25 annual results being $0.3479. The reference value is calculated based on VWAP, whereas the AASB 2 value is the fair value at the grant date.

Subsequent events

On 3 July 2026 Ms Riley was issued a further 5,996,911 Performance Rights, being the third and final (FY27) tranche under her original FY25 – FY27 EIP offer (ASX Appendix 3G notice dated 3 July 2026). The number of rights was determined by dividing the LTI Grant Value of $873,750 by the Grant Price of $0.1457 (VWAP over the 30 trading days prior to 29 June 2026) – again illustrating the effect described above: the same $873,750 reference value now requires 5,996,911 rights, whereas AASB 2 valuation basis applies the original $0.50 fair value to give a grant-date value of approximately $2,998,456, which is higher by $2,124,706 over the reference value of this grant alone. This grant vests, together with the FY25 tranches on release of the Company's FY27 full year financial results, subject to the Service Condition and the FY27 Performance Condition.

On 28 August 2026, the 2,247,877 Performance Rights comprising Ms Riley's FY26 EIP tranche (issued 1 July 2025) lapsed for failing the NPBT performance condition (ASX Appendix 3Y Change of Director's Interest Notice, date of change 28 August 2026). This confirms the nil AASB 2 expense already recognised for this tranche in FY26 (see above) and reduced Ms Riley's total Performance Rights holding from 13,477,163 to 11,229,286.

This is in line with the management's assessment of the performance conditions at the reporting date.

REMUNERATION REPORT (AUDITED) CONTINUED

For the year ended 30 June 2026

Additional disclosures relating to key management personnel

Shareholding

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

	Balance at the start of the year	Additions / (Disposals)	Conversion of performance rights	Other	Balance at the end of the year
Ordinary shares					
Current directors					
Peter Lacaze	471,762,036	745,281	-	-	472,507,317
David Collins	471,762,036	5,745,281	-	-	477,507,317
Carmen Riley	438,888	2,100,000	-	-	2,538,888
John Walstab	144,590,731	1,000,000	-	454	145,591,185
Peter Egglestone	100,000	400,000	-	-	500,000
Current executives					
Brendon Pentland	-	34,220	-	-	34,220
Former executives					
Marcus Crowe(i)	20,618	-	-	(20,618)	-
	1,088,674,309	**10,024,782**	**-**	**(20,164)**	**1,098,678,927**

(i) Mr Crowe resigned effective 15 October 2025 with the movement in shares representing the balance of shares when he ceased to be a KMP.

Performance rights holding

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

Name	Balance at the start of the year	Granted/ issued	Vested/ converted	Expired/ forfeited/ other	Balance at the end of the year
Carmen Riley(i)	2,214,267	5,265,985	-	-	7,480,252
Brendon Pentland(ii)	-	1,437,195	-	-	1,437,195
	2,214,267	**6,703,180**	**-**	**-**	**8,917,447**

(i) Comprises the 1 July 2025 EIP grant (2,247,877 rights) and the 8 December 2025 Omnibus Equity Plan grant (3,018,108 rights). The resulting 7,480,252 balance agrees with the total unquoted PGCAJ Performance Rights on issue reported in the ASX Appendix 3G notice dated 8 December 2025, confirming Ms Riley held all outstanding Performance Rights at that date. Two subsequent events affect this balance (see 'Subsequent events' above and are not reflected in this FY26 closing balance): a further 5,996,911 rights were issued on 3 July 2026, and 2,247,877 rights (the FY26 EIP tranche included in this balance) lapsed on 28 August 2026, taking Ms Riley's holding to 11,229,286 rights as at that date.

(ii) Mr Pentland was appointed a KMP on 8 December 2025 and held no Performance Rights prior to his FY26 grant.

REMUNERATION REPORT (AUDITED) CONTINUED

For the year ended 30 June 2026

Other transactions with key management personnel and their related parties

	Consolidated	
	30 June 2026 $	**30 June 2025 $**
The following transactions were entered into with close members of the family of Mr John Walstab:		
Salaries paid and payable	261,336	349,466

Terms and conditions of the transactions with close members of the family of KMP were based on terms approved by the Board.

Loans to directors and executives

There were no loans to the Executives and Non-Executive Directors during the financial year ended 30 June 2026.

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

On behalf of the directors

Peter Lacaze
Chairman, Nomination and Remuneration Committee

23 September 2026

AUDITOR'S INDEPENDENCE DECLARATION

For the year ended 30 June 2026

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 audit of the financial report of Paragon Care Limited and for the review of the selective sustainability information in the sustainability report for the financial year ended 30 June 2026, I declare to the best of my knowledge and belief, there have been:

a. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit and review;

b. No contraventions of any applicable code of professional conduct in relation to the audit and review; and

c. No non-audit services provided that contravene any applicable code of professional conduct in relation to the audit and review.

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

Ernst & Young

Ernst & Young

Kylie Bodenham
Partner
23 September 2026


59.66
4.60
97.50
60.01
38.86
3.51
49.35
77.54
50.09

Financial Statements

For the year ended 30 June 2026

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2026

		Consolidated	
	Note	**FY26 $'000**	**FY25 $'000**
Revenue			
Revenue	5	3,680,544	3,613,887
Cost of goods sold	5	(3,333,086)	(3,289,886)
Gross profit		**347,458**	**324,001**
Other income		4,915	281
Interest income		2,206	3,134
Expenses			
Warehousing and distribution expenses		(63,168)	(54,356)
Employee benefits expenses	6	(152,726)	(141,894)
Administration expenses	6	(87,869)	(38,224)
Depreciation and amortisation expenses	6	(37,271)	(29,833)
Finance costs	7	(35,218)	(33,172)
Other expenses		-	(4,476)
Profit/(loss) before income tax (expense)/benefit		**(21,673)**	**25,461**
Income tax (expense)/benefit	8	5,645	(4,887)
Profit/(loss) after income tax (expense)/benefit for the year attributable to the owners of Paragon Care Limited		**(16,028)**	**20,574**
Other comprehensive income/(loss)			
Items that will not be reclassified subsequently to profit or loss			
Actuarial gain on defined benefit plans, net of tax		(47)	(106)
Items that may be reclassified subsequently to profit or loss			
Hedges reserves, net of tax		(400)	(35)
Foreign currency translation		(19,361)	16,708
Other comprehensive income/(loss) for the year, net of tax		(19,808)	16,567
Total comprehensive income/(loss) for the year attributable to the owners of ParagonCare		**(35,836)**	**37,141**

		Cents	**Cents**
Basic earnings/(loss) per share	40	(0.97)	1.24
Diluted earnings/(loss) per share	40	(0.97)	1.24

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

STATEMENT OF FINANCIAL POSITION

As at year ended 30 June 2026

	Note	Consolidated FY26 $'000	Consolidated FY25 $'000
Assets			
Current assets			
Cash and cash equivalents	9	23,676	20,329
Trade and other receivables	10	370,727	401,538
Inventories	11	342,134	282,544
Derivative financial instruments	12	216	394
Income tax refund due	8	-	3,057
Other assets	13	47,083	49,551
Total current assets		**783,836**	**757,413**
Non-current assets			
Trade and other receivables	10	3,851	1,000
Other assets	13	6,834	10,147
Investment properties	14	1,139	1,678
Property, plant and equipment	16	55,001	31,189
Right-of-use assets	15	69,553	44,633
Goodwill and other intangible assets	17	449,715	395,474
Deferred tax asset	8	3,431	2,177
Total non-current assets		**589,524**	**486,298**
Total assets		**1,373,360**	**1,243,711**
Liabilities			
Current liabilities			
Trade and other payables	18	601,151	575,768
Contract liabilities	19	5,320	4,868
Borrowings	20	222,569	160,360
Lease liabilities	21	14,435	12,094
Make good provision		515	47
Derivative financial instruments	12	856	4,656
Employee benefits	22	14,631	13,405
Income tax payable	8	2,559	-
Vendor conditional payables	23	23,323	264
Total current liabilities		**885,359**	**771,462**
Non-current liabilities			
Contract liabilities	19	489	272
Borrowings	20	85,167	76,359
Lease liabilities	21	66,731	43,473
Make Good provision		5,288	4,187
Deferred tax liability	8	-	12,415
Employee benefits	22	1,803	1,849
Vendor conditional payables	23	32,648	3,852
Total non-current liabilities		**192,126**	**142,407**
Total liabilities		**1,077,485**	**913,869**
Net assets		**295,875**	**329,842**

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

STATEMENT OF FINANCIAL POSITION CONTINUED

As at year ended 30 June 2026

	Note	Consolidated FY26 $'000	Consolidated FY25 $'000
Equity			
Issued capital	24	328,488	328,488
Reserves	25	(713)	17,226
Accumulated losses		(31,900)	(15,872)
Total Equity		**295,875**	**329,842**

STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2026

Consolidated	Issued capital $'000	Reserves $'000	Accumulated losses $'000	Total equity $'000
Balance at 1 July 2024	328,488	(325)	(36,446)	291,717
Net profit after income tax expense for the year	-	-	20,574	20,574
Other comprehensive income for the year, net of tax	-	16,567	-	16,567
Total comprehensive income for the year	-	16,567	20,574	37,141
Transactions with owners in their capacity as owners:				
Share-based payments	-	984	-	984
Balance at 30 June 2025	**328,488**	**17,226**	**(15,872)**	**329,842**

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 year	-	-	(16,028)	(16,028)
Other comprehensive income/(loss) for the year, net of tax	-	(19,808)	-	(19,808)
Total comprehensive income/(loss) for the year	-	(19,808)	(16,028)	(35,836)
Transactions with owners in their capacity as owners:				
Share-based payments	-	1,869	-	1,869
Balance at 30 June 2026	**328,488**	**(713)**	**(31,900)**	**295,875**

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

STATEMENT OF CASH FLOWS

For the year ended 30 June 2026

	Note	FY26 $'000	FY25 $'000
		Consolidated	
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		4,096,324	3,919,189
Payments to suppliers and employees (inclusive of GST)		(4,030,615)	(3,886,917)
		65,709	32,272
Interest received		89	2,469
Interest and other finance costs paid		(29,783)	(30,035)
Interest paid on lease liabilities		(4,573)	(3,137)
Income taxes paid		(2,348)	(14,992)
Net cash from/(used in) operating activities	**38**	**29,094**	**(13,423)**
Cash flows from investing activities			
Cash consideration for the acquisition of business, net of cash acquired	34	(51,412)	(463)
Payments for property, plant and equipment		(30,579)	(11,691)
Payments for intangibles	17	(2,577)	(5,172)
Proceeds from disposal of property, plant and equipment		1,531	685
Net cash used in investing activities		**(83,037)**	**(16,641)**
Cash flows from financing activities			
Proceeds from borrowings	39	3,856,142	3,920,783
Repayment of borrowings	39	(3,783,405)	(3,880,626)
Repayment of lease liabilities	39	(13,314)	(11,003)
Net cash from financing activities		**59,423**	**29,154**
Net increase in cash and cash equivalents		5,480	(910)
Cash and cash equivalents at the beginning of the financial year		20,329	19,944
Net foreign exchange difference		(2,133)	1,295
Cash and cash equivalents at the end of the financial year	**9**	**23,676**	**20,329**

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2026

Note 1. General information

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

ParagonCare is a listed public company limited by shares, incorporated and domiciled in Australia whose shares are publicly traded on the Australian Securities Exchange ('ASX'). Its registered office and principal place of business is:

77-97 Ricketts Road
Mount Waverley
VIC 3149

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

The financial statements were authorised for issue in accordance with a resolution of directors on 23 September 2026. The directors have the power to amend and reissue the financial statements.

Note 2. Material accounting policy information

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

Basis of preparation

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

Historical cost convention

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

Change in accounting estimate

During the year, 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 year ended 30 June 2026 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.

Rounding of amounts

The Company is of a kind referred to in *Corporations Instrument 2026/183*, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

Functional and presentation currency

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

Going concern

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

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 30 June 2026

Current and non-current classification

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

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

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

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

Parent entity information

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

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of ParagonCare as at 30 June 2026 and the results of all subsidiaries for the year then ended.

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

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

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

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

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

Operating segments

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

Foreign currency translation

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

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 30 June 2026

Foreign operations

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

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

Income tax

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

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

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

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

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

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

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

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

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 30 June 2026

Cash and cash equivalents

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

Trade and other receivables

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

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

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

For the loans and other receivable, ECLs are recognised in two stages. For credit exposures where there has been a significant increase in credit risk since the initial recognition of the financial asset, the ECL is recognised on the basis of the lifetime expected credit losses, irrespective of the timing of the default (a lifetime ECL). When there has not been an increase in credit risk since initial recognition, the allowance for credit losses is recognised on the basis of 12-month expected credit losses (a 12-month ECL). 12-month ECL is the portion of lifetime expected credit losses that represent the expected credit losses that result from default events on a financial instrument that are possible within the 12 months after the reporting date. The Group considers a range of information when assessing whether the credit risk has increased significantly since initial recognition. This includes such factors as the identification of significant changes in external market indicators of credit risk, significant adverse changes in the financial performance or financial position of the counterparty, significant changes in the value of collateral, and past due information.

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

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

Expected credit loss assessment - balances due from the Infinity Group

The expected credit loss ('ECL') assessment of the balances due from Infinity Group is a significant area of estimation uncertainty and judgement. The assessment is based on directional, non-binding analysis prepared by Infinity Group's voluntary administrators, cross-checked by the Directors against the requirements of AASB 9. This analysis is preliminary and subject to change as the sale and administration process progresses. Actual recoveries may materially differ from current expectations, depending on the outcome of that process, which remains uncertain and dependent on factors outside the Group's control. Refer to note 10 for further detail.

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.

Customer acquisition costs

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

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

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

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 30 June 2026

Inventories

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

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

Financial assets at fair value through profit or loss

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

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

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

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

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

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

Investment properties

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

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

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

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

Property, plant and equipment

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

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

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

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 30 June 2026

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

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

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

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

Capital work-in-progress (WIP)

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

Right-of-use assets

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

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

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

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

Intangible assets

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

Goodwill

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

Website

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

Supplier contracts

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

Software development

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

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 30 June 2026

Impairment of non-financial assets

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

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

Trade and other payables

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

Contract liabilities

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

Borrowings

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

Finance costs

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

Lease liabilities

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

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

Make good provisions

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

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

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 30 June 2026

Provisions

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

Employee benefits

Short-term incentives

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

Short-term employee benefits

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

Other long-term employee benefits

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

Termination benefits

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

Incentive plans

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

Superannuation

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

Share-based payments

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

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 30 June 2026

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

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

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

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

Fair value measurement

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

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

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

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

Issued capital

Ordinary shares are classified as equity.

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

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

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

Dividends

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

Business combinations

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

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

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 30 June 2026

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

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

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

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

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

Earnings per share

Basic earnings per share

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

Diluted earnings per share

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

Revenue recognition

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

Revenue from contracts with customers

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 30 June 2026

Sale of goods

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

Service maintenance revenue

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

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

Extended warranty revenue

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

Community service obligation (CSO) income

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

Interest

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

Comparative financial information

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

New or amended Accounting Standards and Interpretations adopted

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

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

AASB 2026-1 Amendments to Australian Accounting Standards – Disclosures about Uncertainties in the Financial Statements.

Amends AASB 136 and AASB 137 to add additional illustrative examples to their accompanying guidance. The objective of the new examples is to illustrate how an entity applies the requirements of the Standards to report the effects of uncertainties in its financial statements. In particular, the examples demonstrate: a) in relation to AASB 136 – how an entity discloses information about the key assumptions it uses to determine the recoverable amounts of assets; and b) in relation to AASB 137 – how an entity might disclose information about plant decommissioning and site restoration obligations even if their effect on the carrying amount of the entity's plant decommissioning and site-restoration provision is immaterial.

AASB 2023-5 Amendments to Australian Accounting Standards – Lack of Exchangeability

The Standard amends AASB 121 and AASB 1 to require entities to apply a consistent approach to determining whether a currency is exchangeable into another currency and the spot exchange rate to use when it is not exchangeable.

New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Group for the annual reporting period ended 30 June 2026. The Group has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 30 June 2026

AASB 2024-3 Amendments to Australian Accounting Standards – Annual Improvements Volume 11
This standard is applicable to annual reporting periods beginning on or after 1 January 2026. This Standard amends:

(a) AASB 1 to improve consistency between paragraphs B5–B6 of AASB 1 and the requirements for hedge accounting in AASB 9 and improve the understandability of AASB 1;
(b) AASB 7 to: i) replace a cross-reference in paragraph B38 of AASB 7 to a deleted AASB 7 paragraph with a reference to AASB 13 Fair Value Measurement; and ii) improve consistency in the language used in AASB 7 with the language used in AASB 13;
(c) AASB 9 to: i) clarify how a lessee accounts for the derecognition of a lease liability when it is extinguished; and ii) address an inconsistency between AASB 9 and the requirements in AASB 15 in relation to the term 'transaction price'
(d) AASB 10 to amend paragraph B74 in relation to determining de facto agents of an entity; and
(e) AASB 107 to replace the term 'cost method' with 'at cost' as the term is no longer defined in Australian Accounting Standards.

AASB 2025-1 Amendments to Australian Accounting Standards – Contracts Referencing Nature-dependent Electricity
This standard is applicable to annual reporting periods beginning on or after 1 January 2026. This Standard amends AASB 7 and AASB 9 to reflect nature-dependent electricity contracts that entities use to secure their electricity supply from sources such as wind and solar power. The amendments:

(a) clarify the application of the 'own-use' criteria to nature-dependent electricity contracts;
(b) permit hedge accounting if these contracts are used as hedging instruments; and
(c) add new disclosure requirements to enable users of financial statements to better understand the effect of these contracts on an entity's financial performance and cash flows.

AASB18 Presentation and Disclosure in Financial Statements
This standard is applicable to annual reporting periods beginning on or after 1 January 2027 and replaces AASB 101 Presentation of Financial Statements. It will not affect the recognition or measurement of items in the financial statements but will introduce changes to their presentation and disclosure, including new categories and subtotals in the statement of profit or loss and other comprehensive income and additional disclosures for management-defined performance measures. The Group will adopt the standard from 1 July 2027. As at reporting date, the Group has not completed an assessment on the impact of the standard.

AASB 2025-4 Amendments to Australian Accounting Standards – Translation to a Hyperinflationary Presentation Currency
This standard is applicable to annual reporting periods beginning on or after 1 January 2027. This Standard amends AASB 121 and AASB 129 to clarify the translation procedures for an entity whose presentation currency is that of a hyperinflationary economy, in the following circumstances: a) the entity's functional currency is that of a non-hyperinflationary economy and it is translating its results and financial position into the currency of a hyperinflationary economy; and b) the entity is translating into the currency of a hyperinflationary economy the results and financial position of a foreign operation whose functional currency is that of a non-hyperinflationary economy.

AASB 2014-10 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to AASB 10 and AASB 128)
This standard is applicable to annual reporting periods beginning on or after 1 January 2028. Amends AASB 10 and AASB 128 to remove the inconsistency in dealing with the sale or contribution of assets between an investor and its associate or joint venture. A full gain or loss is recognised when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary. The mandatory application date of AASB 2014-10 has been amended and deferred to annual reporting periods beginning on or after 1 January 2028 by AASB 2024-4b.

AASB 2024-2 Amendments to Australian Accounting Standards - Classification and measurement of financial instruments
Amends AASB 9 Financial instruments to introduce an option to derecognise financial liabilities settled through electronic transfer before the settlement date, clarifies how contractual cash flows should be assessed for financial assets with environmental, social and governance (ESG) and similar features, includes additional guidance in respect of non-recourse features and contractually linked instruments and amends specific disclosure requirements. The Group is currently evaluating the expected impact of these amendments on the consolidated financial statements. The amendments are applicable to annual reporting periods beginning on or after 1 January 2026. As at reporting date, the Group has not completed an assessment on the impact of the standard.

Note 3. Critical accounting judgements, estimates and assumptions

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

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 30 June 2026

Allowance for expected credit losses

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

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

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

Expected credit loss assessment - balances due from the Infinity Group

The expected credit loss ECL assessment of the balances due from Infinity Group is a significant area of estimation uncertainty and judgement. The assessment is based on directional, non-binding analysis prepared by Infinity Group's voluntary administrators, cross-checked by the Directors against the requirements of AASB 9. This analysis is preliminary and subject to change as the sale and administration process progresses. Actual recoveries may materially differ from current expectations, depending on the outcome of that process, which remains uncertain and dependent on factors outside the Group's control. Refer to note 10.

Provision for impairment of inventories

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

Estimation of useful lives of assets

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

Impairment testing of goodwill and other indefinite life intangible assets

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

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

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

Income tax

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

Recovery of deferred tax assets

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

Lease term

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

Business combinations

As discussed in note 2, business combinations are initially accounted for on a provisional basis. Judgement is required in determining the acquirer, acquiree and consideration transferred. The fair value of assets acquired, liabilities and contingent liabilities assumed are initially

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 30 June 2026

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

Contingent consideration

The Group is required to assess the likelihood of performance-based earn-out conditions being met when determining the fair value of contingent consideration arising from business combinations. This involves significant judgement and estimation, particularly in relation to forecast financial performance of acquired businesses over the relevant earn-out periods. The fair value of contingent consideration is reassessed at each reporting date based on the latest available information and expectations of future performance.

Share-based payments

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

Note 4. Operating segments

Identification of reportable operating segments

The Group is organised into two operating segments: Australia/New Zealand ('ANZ') and Asia. The operating segments are based on the reports that are reviewed and used by the Chief Executive Officer/Managing Director (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 the 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 year ended 30 June 2026 there were no major customers generating over 10% of revenue for the Group (30 June 2025: none)

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 30 June 2026

Operating segment information

Consolidated - FY26	ANZ $'000	Asia $'000	Total $'000
Revenue			
Sales to external customers	3,520,447	160,097	3,680,544
Total revenue	**3,520,447**	**160,097**	**3,680,544**
Income/(expenses)			
Cost of goods sold	(3,240,331)	(92,755)	(3,333,086)
Warehousing and distribution expenses	(62,780)	(388)	(63,168)
Employee benefits expenses	(134,855)	(17,871)	(152,726)
Administration expenses	(70,348)	(17,521)	(87,869)
Other income	6,647	474	7,121
EBITDA	**18,780**	**32,036**	**50,816**
Depreciation and amortisation			(37,271)
Finance costs			(35,218)
Net loss before income tax benefit			**(21,673)**
Income tax benefit			5,645
Net loss after income tax benefit			**(16,028)**

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

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 30 June 2026

Geographical information

	Sales to external customers		Geographical non-current assets	
Consolidated - FY26	**FY26 $'000**	**FY25 $'000**	**FY26 $'000**	**FY25 $'000**
Australia	3,460,836	3,452,586	358,100	415,943
New Zealand	59,611	59,966	27,812	32,571
Asia	160,097	101,335	200,182	35,607
	3,680,544	**3,613,887**	**586,094**	**484,121**

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

Note 5. Revenue

5a - Revenue

Disaggregation of revenue

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

	Consolidated	
	FY26 $'000	**FY25 $'000**
Revenue from contracts with customers - Based on timing of revenue recognition		
Goods transferred at a point in time	3,652,287	3,580,132
Services transferred over time	28,257	33,755
	3,680,544	**3,613,887**

Geographical regions are disclosed in note 4.

5b - Cost of sales

	Consolidated	
	FY26 $'000	**FY25 $'000**
Cost of inventories sold	3,787,831	3,710,770
Supplier rebates	(450,893)	(417,224)
Other costs of goods sold	(3,852)	(3,660)
	3,333,086	**3,289,886**

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

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 30 June 2026

Note 6. Administration expenses

6a - Employee benefits expenses

	Consolidated	
	FY26 $'000	FY25 $'000
Salaries and wages	118,521	111,021
Superannuation	11,189	10,254
Other employee expenses	9,595	8,662
Contract staffing	12,012	11,750
Long service leave expenses	1,409	207
	152,726	**141,894**

6b - Administration expenses

	Consolidated	
	FY26 $'000	FY25 $'000
Management consulting fees	2,832	2,054
Professional fees	1,853	2,207
Information technology	8,001	7,320
Travel costs	4,718	4,077
Bad debts and allowance for expected credit losses (note 10)	38,265	(366)
Advertising and promotional	12,715	10,720
Other corporate costs	14,770	7,270
Insurance	4,715	4,942
	87,869	**38,224**

(i) Other corporate costs include an amount of $5,084k, which represents M&A activity costs and restructuring & integration costs.

6c - Depreciation and amortisation expenses

	Consolidated	
	FY26 $'000	FY25 $'000
Depreciation - Leasehold improvements	2,039	1,969
Depreciation - Plant and equipment	6,462	5,227
Depreciation - Fixtures and fittings	305	232
Depreciation - Motor vehicles	255	122
Depreciation - Computer equipment	562	457
Depreciation - Building	34	36
Depreciation - Right-of-use assets	15,096	11,836
Amortisation - Software development costs	2,869	3,130
Amortisation - Contracts	9,649	6,824
	37,271	**29,833**

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 30 June 2026

Note 7. Finance costs

	Consolidated	
	FY26 $'000	**FY25 $'000**
Interest on bank borrowings	22,960	22,821
Merchant and other finance charges	7,685	7,214
Interest on lease liabilities	4,573	3,137
	35,218	**33,172**

Note 8. Income tax

	Consolidated	
	FY26 $'000	**FY25 $'000**
Current income tax charge	8,371	6,468
Deferred income tax relating to temporary differences	(13,935)	(1,361)
Adjustment in respect of income and deferred tax of prior year		
- Current tax	(338)	900
- Deferred tax	257	(1,120)
Income tax (benefit) / expense	**(5,645)**	**4,887**
Reconciliation of income tax (benefit) / expense to accounting profit:		
Accounting profit/(loss) before income tax	(21,673)	25,461
Income tax at the Australian tax rate of 30% (2025: 30%)	(6,502)	7,638
Increase/(decrease) in income tax expense due to:		
Non-deductible expenses	1,625	1,308
Reset in tax base on entry into tax consolidated group	45	-
Recognition / derecognition of deferred tax assets / (liabilities)	354	(980)
Non-assessable income	(70)	(441)
Adjustment recognised for prior periods	(81)	(220)
Difference in tax rates	(2,498)	(2,204)
Withholding tax paid overseas	559	-
Unrecognised tax losses	815	-
Others	108	(214)
Income tax (benefit) / expense	**(5,645)**	**4,887**

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 30 June 2026

Deferred tax asset/liability

	Consolidated	
	FY26 $'000	FY25 $'000
Deferred tax asset/(liability) comprises temporary differences attributable to:		
Deferred tax asset		
Property, plant and equipment	7,521	7,845
Employee benefits	5,279	4,547
Accrued expenses	697	334
Lease liability	23,884	16,530
Inventories	363	458
Trade and other receivables	11,003	799
Trade payable	-	1
Foreign exchange gains/(losses)	308	1
Borrowing costs	130	173
Other assets	1,223	1,103
Transaction costs	461	800
Revenue losses	1,857	989
Derivative financial instruments	223	1,325
	52,949	**34,905**
Set-off of deferred tax assets and liabilities pursuant to set-off provisions	(49,518)	(32,728)
Deferred tax asset, net	3,431	2,177
Deferred tax liabilities		
Right of use asset	(19,763)	(12,980)
Property, plant and equipment	(121)	-
Intangibles	(29,634)	(32,018)
Derivative financial instruments	-	(145)
	(49,518)	**(45,143)**
Set-off of deferred tax assets and liabilities pursuant to set-off provisions	49,518	32,728
Deferred tax liability, net	-	(12,415)
Net deferred tax assets/(liabilities)	**3,431**	**(10,238)**
Movements:		
Opening balance	(10,238)	(12,360)
Credited to profit or loss	13,678	2,481
Others	-	(388)
Additions through business combinations (note 34)	(9)	29
Closing balance	**3,431**	**(10,238)**

	Consolidated	
	FY26 $'000	FY25 $'000
Current tax (assets)/liabilities		
Income tax payable/(income tax refund due)	2,559	(3,057)

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 30 June 2026

BEPS Pillar Two rules

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

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

The Group has assessed that the GloBE effective tax rate in each jurisdiction and determined that substantially all jurisdictions meet or exceed the minimum rate of 15 per cent. As a result, no material top-up tax liabilities have been identified for the year ending 30 June 2026, and no material additional income tax expense has been recognised in these financial statements.

Note 9. Cash and cash equivalents

	Consolidated	
	FY26 $'000	**FY25 $'000**
Current assets		
Cash and cash equivalents	**23,676**	**20,329**

Note 10. Trade and other receivables

	Consolidated	
	FY26 $'000	**FY25 $'000**
Current assets		
Trade receivables	368,115	342,969
Other receivables	30,962	47,085
Less: Allowance for expected credit losses	(29,851)	(1,538)
	369,226	**388,516**
Loan receivables – current	11,453	13,022
Less: Allowance for expected credit losses	(9,952)	-
	1,501	**13,022**
	370,727	**401,538**
Non-current assets		
Loan receivables – non-current	3,851	1,000
	374,578	**402,538**

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

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

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 30 June 2026

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

Movement in gross carrying amount and expected credit loss allowance

	FY26 $m	FY25 $m
Gross carrying amount	48.5	57.1
Expected credit loss allowance	(39.2)	(1.2)
Net carrying amount	9.3	55.9

Reconciliation of the expected credit loss allowance

	FY26 $m
Opening balance (1 July 2025)	1.2
ECL expense recognised	47.3
Reversal of ECL recognised (following receipt of the Administrators' updated analysis — see below)	(9.3)
Closing balance (30 June 2026)	39.2

The net ECL expense recognised in profit or loss for the year ended 30 June 2026 is $38.0 million (2025: $nil).

Basis of the 30 June 2026 assessment

On 7 August 2026, the Administrators issued an updated, directional and non-binding estimated outcome analysis to secured creditors (the 'EOA Report'). As the appointment of administrators and receivers occurred, and the conditions giving rise to impairment existed, prior to 30 June 2026, the Directors have treated the EOA Report as an adjusting subsequent event under AASB 110 Events after the Reporting Period, and have used it to determine the ECL allowance recognised as at 30 June 2026.

The updated EOA Report modelled six scenarios based on differing assumptions, including the proportion of pharmacy stores expected to complete sale, sale value adjustments for stores subject to unresolved lease negotiations, and completion timing (modelled between September and December 2026). The Report also modelled the impact of specific unresolved matters affecting individual creditors' claims (including the Group), including the priority ranking of tax liabilities and the validity of certain creditors' cross-collateralised security. Taken together, these scenarios indicated an estimated range of recovery to the Group of approximately $9 million to $13 million.

Consistent with the requirement in AASB 9, expected credit losses reflect an "unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes", the Directors have considered the full range of outcomes modelled by the Administrators. Having exercised judgement as to the relative likelihood of the scenarios modelled — having regard to matters including confirmed store closures, unresolved lease negotiations, the risk that other creditors may challenge the Administrators' modelled assumptions regarding claim priority and security ranking, and the way in which changes to those assumptions would flow through the proceeds available for distribution across a portfolio of stores each with differing security, lease and financing arrangements — the Directors' estimate of the recoverable amount is $9.3 million as at 30 June 2026, based on the scenarios modelled by the Administrators.

Key uncertainties and forward-looking statement

The recoverable amount recognised is a significant accounting estimate, involving considerable judgement. It is based on preliminary, non-binding analysis prepared by the Administrators, which remains subject to change. Key matters that could affect the ultimate recovery, in either direction, include:

- the final number of pharmacy stores that complete sale, and the sale price achieved for each;
- the timing of completion of the sale process;
- resolution of disputed matters between secured creditors, including creditor priority ranking, tax treatment, and the validity of certain cross-collateralised security arrangements; and
- finalisation of the Administrators' review of creditor claims and security positions, which remains ongoing.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 30 June 2026

The amount ultimately recovered by the Group may differ materially from the $9.3 million recognised at 30 June 2026, and the estimate will continue to be reassessed as the administration progresses and further information becomes available. Any further change will be recognised in profit or loss in the period in which it arises.

Furthermore, the Group holds personal guarantees from the directors of the entities comprising the Infinity Group in respect of the debt included in the claim amount. The Company intends to rigorously pursue recovery of any shortfall in proceeds from the relevant directors under these personal guarantees. No value has been attributed to potential recoveries under the personal guarantees in the assessment of the recoverable amount, pending the outcome of the recovery process.

Allowance for expected credit losses

In relation to the trade receivables, the Group has recognised a provision of $28.3 million (30 June 2025: reversal of $0.4 million) in profit or loss in respect of the expected credit losses for the year ended 30 June 2026.

In relation to the loans and other receivable, the Group has recognised a loss of $10.0 million (30 June 2025: $Nil) in profit or loss in respect of the expected credit losses for the year ended 30 June 2026.

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

	Expected credit loss rate		Gross carrying amount		Allowance for expected credit losses	
Consolidated	**FY26 %**	**FY25 %**	**FY26 $'000**	**FY25 $'000**	**FY26 $'000**	**FY25 $'000**
Not overdue	-	-	334,340	336,337	-	-
Past due 1 - 30 days	-	-	19,948	18,028	-	-
Past due 31 -120 days	1.40%	2.95%	9,953	43,849	140	1,292
Past due 121 days	79.11%	4.20%	50,140	5,862	39,663	246
			414,381	**404,076**	**39,803**	**1,538**

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

	Consolidated	
	FY26 $'000	**FY25 $'000**
Opening balance	1,538	2,083
Provision for impairment	38,390	(400)
Provision for impairment loss utilised	(125)	(145)
Closing balance	**39,803**	**1,538**

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 30 June 2026

Note 11. Inventories

	Consolidated	
	FY26 $'000	FY25 $'000
Current assets		
Finished goods - at the lower of cost and net realisable value	323,829	264,462
Stock in transit - at cost	18,305	18,082
	342,134	**282,544**

	Consolidated	
Movement in Inventory Obsolescence Provision	FY26 $'000	FY25 $'000
Balance at the start of the financial year	770	497
Movements during the year	1,331	273
Balance at the end of the financial year	**2,101**	**770**

The inventory obsolescence provision at 30 June 2026 excludes the allowance for obsolescence of stock held in Paragon Care Limited and its subsidiaries at reverse acquisition date (3 June 2024) as business combination accounting requires inventory to be recognised at fair value (i.e. net of obsolescence provision).

Note 12. Derivative financial instruments

	Consolidated	
	FY26 $'000	FY25 $'000
Current assets		
Interest rate swaps		
Foreign exchange contracts	216	394
Current liabilities		
Foreign exchange contracts	(856)	(4,656)
	(640)	**(4,262)**

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

In prior periods, the private Clifford Hallam business employed enhanced portfolio option structures to manage currency risk while allowing participation in favourable currency movements. The use of a portfolio approach does not meet the strict criteria for hedge accounting which resulted in all portfolio fair value changes being recognised immediately in profit or loss rather than being deferred in other comprehensive income.

Of the $4,262,000 net liability at 30 June 2025, $4,188,000 was the fair value of a portfolio of derivatives that did not qualify for hedge accounting. These contracts were settled in FY26 to profit or loss. Of the $640,000 net liability at 30 June 2026, all derivatives qualified for hedge accounting and changes in the fair value of these derivatives have been recognised in other comprehensive income.

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

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 30 June 2026

Note 13. Other assets

	Consolidated	
	FY26 $'000	**FY25 $'000**
Current assets		
Prepayments	6,858	8,415
Accrued rebates	34,141	39,994
Security deposits	1,661	810
Other current assets(i)	4,423	332
	47,083	**49,551**
Non-current assets		
Security deposits	2,329	2,240
Customer acquisition costs	4,505	3,233
Other non-current assets	-	4,674
	6,834	**10,147**
	53,917	**59,698**

(i) Other current assets include balances due from the Infinity Group of $4.3 million. Refer note 10 for details.

At 30 June 2026, the Group held term deposits of $3,233,000 (2025: $1,851,000) that are pledged as security against bank guarantees provided to landlords and other counterparties. These deposits are not available for use in the Group's day-to-day operations and are therefore classified as other financial assets rather than cash and cash equivalents.

Note 14. Investment properties

	Consolidated	
	FY26 $'000	**FY25 $'000**
Non-current assets		
Investment property- Freehold office building, Korea - at fair value	1,192	1,717
Less: Accumulated depreciation	(53)	(39)
	1,139	**1,678**
Reconciliation		
Reconciliation of the fair values at the beginning and end of the current and previous financial year are set out below:		
Opening fair value	1,678	1,711
Disposals	(216)	-
Exchange differences	-	3
FX translation	(308)	-
Revaluation decrements	(15)	(36)
Closing fair value	**1,139**	**1,678**

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 30 June 2026

Lessor commitments

	Consolidated	
	FY26 $'000	**FY25 $'000**
Minimum future lease commitments receivable but not recognised in the financial statements:		
1 year or less	28	45
Between 1 and 2 years	-	-
	28	**45**

Note 15. Right-of-use assets

	Consolidated	
	FY26 $'000	**FY25 $'000**
Non-current assets		
Right-of-use	113,429	73,926
Less: Accumulated depreciation	(43,876)	(29,293)
	69,553	**44,633**

Reconciliations

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

Consolidated	Buildings $'000	Motor Vehicles $'000	Office Equipment $'000	Materials Handling $'000	Total $'000
Balance at 30 June 2024	**38,408**	**307**	**91**	**5,029**	**43,835**
Additions	12,201	89	-	302	12,592
Disposals	(21)	-	-	(2)	(23)
Foreign exchange	69	(3)	-	(1)	65
Depreciation expense	(10,625)	(138)	(37)	(1,036)	(11,836)
Balance at 30 June 2025	40,032	255	54	4,292	44,633
Additions	33,252	240	-	3,628	37,120
Additions though business combinations (note 34)	158	-	-	-	158
Remeasurement	3,655	-	-	-	3,655
Disposals	(562)	(2)	-	-	(564)
Foreign exchange	(327)	(26)	-	-	(353)
Depreciation expense	(13,434)	(191)	(29)	(1,442)	(15,096)
Balance at 30 June 2026	**62,774**	**276**	**25**	**6,478**	**69,553**

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 30 June 2026

Note 16. Property, plant and equipment

	Consolidated	
	FY26 $'000	**FY25 $'000**
Non-current assets		
Land and buildings - at cost	744	-
Less: Accumulated depreciation	(11)	-
	733	**-**
Leasehold improvements - at cost	31,340	17,797
Less: Accumulated depreciation	(6,335)	(4,998)
	25,005	**12,799**
Plant and equipment - at cost	33,603	22,595
Less: Accumulated depreciation	(9,960)	(7,631)
	23,643	**14,964**
Fixtures and fittings - at cost	1,269	920
Less: Accumulated depreciation	(391)	(226)
	878	**694**
Motor vehicles - at cost	1,964	697
Less: Accumulated depreciation	(353)	(243)
	1,611	**454**
Computer equipment - at cost	1,943	1,614
Less: Accumulated depreciation	(804)	(660)
	1,139	**954**
Capital WIP - at cost	**1,992**	**1,324**
	55,001	**31,189**

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 30 June 2026

Reconciliations

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

Consolidated	Buildings $'000	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 2024	-	11,453	9,742	806	475	612	4,737	27,825
Additions	-	802	8,527	115	95	797	1,355	11,691
Additions through business combinations	-	8	68	1	19	2	-	98
Disposals	-	(350)	(297)	-	(38)	-	-	(685)
Exchange differences	-	32	206	4	25	-	-	267
Depreciation expense	-	(1,969)	(5,227)	(232)	(122)	(457)	-	(8,007)
Transfers in/(out)	-	2,823	1,945	-	-	-	(4,768)	-
Balance at 30 June 2025	**-**	**12,799**	**14,964**	**694**	**454**	**954**	**1,324**	**31,189**
Additions	-	13,765	13,497	353	336	697	1,931	30,579
Additions through business combinations (note 34)	781	93	2,597	164	1,167	55	-	4,857
Disposals	-	(5)	(632)	-	(54)	-	(624)	(1,315)
Exchange differences	(37)	(70)	(494)	(28)	(37)	(5)	(4)	(675)
Depreciation expense	(11)	(2,039)	(6,462)	(305)	(255)	(562)	-	(9,634)
Transfers in/(out)	-	462	173	-	-	-	(635)	-
Balance at 30 June 2026	**733**	**25,005**	**23,643**	**878**	**1,611**	**1,139**	**1,992**	**55,001**

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 30 June 2026

Note 17. Goodwill and other intangible assets

	Consolidated	
	FY26 $'000	FY25 $'000
Non-current assets		
Goodwill - at cost	333,423	264,854
Software - at cost	19,867	17,586
Less: Accumulated amortisation	(8,424)	(7,335)
	11,443	**10,251**
Brands and Licenses - at cost	18,207	18,619
Supplier contracts - at cost	99,771	106,981
Less: Accumulated amortisation	(13,939)	(7,469)
	85,832	**99,512**
Development costs WIP- at cost	810	2,238
	449,715	**395,474**

Reconciliations

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

Consolidated	Goodwill $'000	Supplier contracts $'000	Software $'000	Brands and licenses $'000	Development costs WIP $'000	Total $'000
Balance at 1 July 2024	260,485	99,398	10,423	18,328	576	389,210
Additions	-	100	3,410	-	1,662	5,172
Additions through business combinations	712	-	6	-	-	718
Disposals	-	-	(106)	-	-	(106)
Transfer to other assets	-	-	(115)	-	-	(115)
Exchange differences	3,657	6,602	(1)	291	-	10,549
Transfers in/(out)	-	236	(236)	-	-	-
Amortisation expense	-	(6,824)	(3,130)	-	-	(9,954)
Balance at 30 June 2025	**264,854**	**99,512**	**10,251**	**18,619**	**2,238**	**395,474**
Additions	-	-	2,083	-	494	2,577
Additions through business combinations (note 34)	74,082	1,346	61	-	-	75,489
Exchange differences	(5,513)	(5,377)	(6)	(412)	-	(11,308)
Transfers in/(out)	-	-	1,922	-	(1,922)	-
Amortisation expense	-	(9,649)	(2,868)	-	-	(12,517)
Balance at 30 June 2026	**333,423**	**85,832**	**11,443**	**18,207**	**810**	**449,715**

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 30 June 2026

Impairment testing

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

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

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

The recoverable amount of the CGUs with goodwill attributed to them has been determined by a value-in-use calculation using a discounted cash flow model, based on a 3-year projection period approved by management and extrapolated for a further 2 years, together with a terminal value. Based on the discounted cash flow projections, the recoverable amount of the CGU exceeds the carrying amount as at 30 June 2026.

Goodwill acquired through business combinations has been allocated to two groups of cash-generating units (CGUs) identified according to the business segments and geographic areas of operation. These CGUs represent the lowest level within the entity at which the goodwill is monitored for internal management purposes. At the completion of purchase price accounting, total Goodwill attributed to the ANZ CGU and tested for impairment was $237,251,000 and Asia $29,138,000.

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

EBITDA growth rate (average)	5.0%	(2025: 5.0%)
Pre-tax discount rate	9.0%-11.5%	(2025: 10.4%-11.3%)
Terminal growth rate	3.0%	(2025: 3.0%)

At 30 June 2026, the Group's market capitalisation was below the carrying amount of the Group's net assets, which was considered an external indicator of potential impairment in accordance with AASB 136 Impairment of Assets. Management has also considered the enterprise value, earnings multiples of comparable listed companies and the factors influencing the Group's share price and concluded that there are no other impairment indicators. Management has performed the impairment test to determine the recoverable amount of the CGUs and concluded that there is no impairment.

Acquisitions during the year

Goodwill arising on the business combinations amounting to $74,082,000 during the year is provisional and has not been allocated to a CGU or group of CGUs for impairment testing at 30 June 2026. Assessment was performed to determine if there were any indicators of impairment for this goodwill based on the scope of AASB136. Based on the work performed, management concluded there is no impairment.

Sensitivity

As disclosed in note 3, the Directors have made judgements and estimates in respect of impairment testing of goodwill. The calculations for discounted cash flow valuation of CGU's on a value-in-use basis were subject to sensitivity testing. Based on the results of the impairment assessment at 30 June 2026, the directors believe that any reasonable possible change in the key assumptions on which the estimates are based would not cause the carrying amount to exceed the recoverable amount of any CGU.

Brands and licences

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

Supplier contracts

Supplier contracts acquired through business combinations are recognised as intangible assets and amortised over their expected useful lives. They are tested for impairment annually, or more frequently where events or changes in circumstances indicate that they may be impaired. The amortisation expense for the current year includes an acceleration of amortisation for certain supplier contracts, reflecting an updated assessment of their useful life.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 30 June 2026

Note 18. Trade and other payables

	Consolidated	
	FY26 $'000	FY25 $'000
Current liabilities		
Trade payables	570,841	531,583
Goods and services tax payable	4,671	17,529
Other payables	25,639	26,656
	601,151	**575,768**

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

Note 19. Contract liabilities

	Consolidated	
	FY26 $'000	FY25 $'000
Current liabilities		
Contract liabilities	5,320	4,868
Non-current liabilities		
Contract liabilities	489	272
	5,809	**5,140**

Unsatisfied performance obligations

The aggregate amount of the transaction price allocated to the performance obligations that are unsatisfied at the end of the reporting period was $5,809,000 as at 30 June 2026 ($5,140,000 as at 30 June 2025) and is expected to be recognised as revenue in future periods as follows:

	Consolidated	
	FY26 $'000	FY25 $'000
Within 12 months	5,320	4,868
Beyond 12 months	489	272
	5,809	**5,140**

A total of $4,868,000 was recognised as revenue during the year (2025: $10,339,000).

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 30 June 2026

Note 20. Borrowings

	Consolidated	
	FY26 $'000	**FY25 $'000**
Current liabilities		
Bank loans	206,761	158,836
Capitalised debt transaction costs	(81)	(64)
Trade finance facility	14,445	-
Other loans	915	1,101
Hire purchase	529	487
	222,569	**160,360**
Non-current liabilities		
Bank loans	84,272	75,000
Capitalised debt transaction costs	(65)	(128)
Hire purchase	960	1,487
	85,167	**76,359**
	307,736	**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 FY26 $'000	Maturity	Interest Rate	Line Fee	Financial Covenants
Debtor Finance Facility	325,000	206,186	12/06/2028	BBSY + 3.05%	Nil	Nil
Asset Based Facility	75,000	75,000	12/06/2028	BBSY + 3.05%	Nil	Nil

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 30 June 2026

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.

Trade finance facility

Paragon (Thailand) Company Limited ('Paragon Thailand') (a wholly-owned subsidiary of the Consolidated Group) has 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 at any time with interest calculated on commercial terms. As at 30 June 2026, funds drawn down total USD $10.0 million ($14.4 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 of 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

ParagonCare New Zealand Limited ('Paragon New Zealand') (a wholly-owned subsidiary of the Consolidated Group) has 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 30 June 2026, funds were fully drawn down ($9.8 million) with repayments commencing from 13 months after drawdown date. The outstanding loan balance is included within 'bank loans'.

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 30 June 2026.

Undrawn financing limits

As at 30 June 2026, the Group has access to maximum undrawn financing limits of $138.7 million (30 June 2025: $187.2 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 30 June 2026 a further $19.8 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 30 June 2026, $1.5 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.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 30 June 2026

Financing arrangements

As at 30 June 2026 and 30 June 2025, the Group had access to the following lines of credit:

	Consolidated	
	FY26 $'000	**FY25 $'000**
Total facilities		
Bank loans	310,808	352,942
Trade finance facility	24,587	-
Other loans	1,148	1,101
Hire purchase	3,005	3,000
American Express facility	8,000	20,000
	347,548	**377,043**
Used at the reporting date		
Bank loans	291,033	233,836
Trade finance facility	14,445	-
Other loans	915	1,101
Hire purchase	1,489	1,974
American Express facility	-	-
	307,882	**236,911**
Unused at the reporting date		
Bank loans	19,775	119,106
Trade finance facility	10,142	-
Other loans	233	-
Hire purchase	1,516	1,026
American Express facility	8,000	20,000
	39,666	**140,132**

Bank Guarantees

As part of the arrangements with NAB and Scottish Pacific Business Finance Pty Ltd the Group has access to bank guarantees. As of 30 June 2026, the bank guarantees used were $11,616,650 (30 June 2025: $9,549,673) and predominantly relate to property leases held by the various landlords as security.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 30 June 2026

Note 21. Lease liabilities

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

	Consolidated	
	FY26 $'000	**FY25 $'000**
Current liabilities		
Lease liability	14,435	12,094
Non-current liabilities		
Lease liability	66,731	43,473
Lease liabilities included in the statement of financial position at 30 June	**81,166**	**55,567**

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

The maturity analysis for lease liabilities is as follows:

	Consolidated	
	FY26 $'000	**FY25 $'000**
Maturity analysis - contractual undiscounted cash flows		
Less than one year	19,101	14,514
One to five years	44,526	32,786
More than five years	42,490	21,887
Total undiscounted lease liabilities at 30 June	**106,117**	**69,187**

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

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 30 June 2026

Note 22. Employee benefits

	Consolidated	
	FY26 $'000	FY25 $'000
Current liabilities		
Annual leave	8,435	7,332
Long service leave	4,989	3,803
Superannuation	959	923
Other employee benefits	248	1,347
	14,631	**13,405**
Non-current liabilities		
Long service leave	1,803	1,849
	16,434	**15,254**

Amounts not expected to be settled within the next 12 months

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

Note 23. Vendor conditional payables

	Consolidated	
	FY26 $'000	FY25 $'000
Current liabilities		
Vendor conditional payables	23,323	264
Non-current liabilities		
Vendor conditional payables	32,648	3,852
	55,971	**4,116**

	Consolidated	
Movement in Vendor conditional payables	FY26 $'000	FY25 $'000
Balance as the start of the financial year	4,116	4,238
Additions through business combinations	51,923	463
Payments during the year	(297)	(585)
Unwinding of discount recognised as finance cost	898	-
Foreign exchange gain/(loss)	(669)	-
	55,971	**4,116**

The vendor conditional payable includes contingent consideration payable at 30 June 2026 of $3,493,000 to the vendor of shares in Quantum Hunex Korea Co Ltd, which was acquired via the reverse acquisition of ParagonCare. During the current year payments of $297,000 were made (2025: $585,000). Additional vendor conditional payables of $51,923,000 were recognised during the year from business combinations. Refer note 34.

Refer to note 27 for financial risk management.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 30 June 2026

Note 24. Issued capital

				Consolidated
	FY26 Shares	FY25 Shares	FY26 $'000	FY25 $'000
Ordinary shares - fully paid	**1,655,305,389**	**1,655,305,389**	**328,488**	**328,488**

Capital risk management

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

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

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

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

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

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

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

Note 25. Reserves

		Consolidated
	FY26 $'000	FY25 $'000
Foreign currency translation reserve	(2,935)	16,426
Hedging reserve	(453)	(53)
Share-based payments reserve	2,853	984
Actuarial reserves	(178)	(131)
	(713)	**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.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 30 June 2026

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, shareholders approved the issue of Performance Rights to Ms Carmen Riley under the ParagonCare Omnibus Equity Plan. These awards represent the long-term incentive (LTI) component of Ms Riley's remuneration for the financial years ending 30 June 2028, 2029, and 2030.

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 fair value of the performance rights was estimated using the Binomial valuation model. At the grant date the rights were valued based on a share price of $0.30, with a nil exercise price. The AASB 2 fair value applied for this grant was $0.2104 per right. An expected volatility of 34% was adopted, informed by historical share price movements and comparable companies. The risk-free interest rate applied was 4.28%, based on Australian Government bond yields with a term aligned to the life of the rights, and a dividend yield of 7.69% was assumed. The rights vest and expire on 1 July 2030, consistent with the terms of the LTIP. The NPBT performance hurdle is a non-market condition under AASB 2. Accordingly, it has not been factored into the fair value at grant date but will be reflected in the number of rights expected to vest. During the current period, share-based payment expense of $65,204 has been recognised.

On 13 April 2026, the Board of Directors approved the issue of Performance Rights to eligible employees under the ParagonCare Omnibus Equity Plan. These awards represent the long-term incentive (LTI) component of select employees remuneration for the financial years ending 30 June 2028, 2029, and 2030.

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 fair value of the performance rights was estimated using the Binomial valuation model. At the grant date the rights were valued based on a share price of $0.16, with a nil exercise price. The AASB 2 fair value applied for this grant was $0.1157 per right. An expected volatility of 36% was adopted, informed by historical share price movements and comparable companies. The risk-free interest rate applied was 4.73%, based on Australian Government bond yields with a term aligned to the life of the rights, and a dividend yield of 7.69% was assumed. The rights vest and expire on 1 July 2030, consistent with the terms of the LTIP. The NPBT performance hurdle is a non-market condition under AASB 2. Accordingly, it has not been factored into the fair value at grant date but will be reflected in the number of rights expected to vest. During the current period, share-based payment expense of $50,708 has been recognised.

Movements in reserves

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

Consolidated	Foreign currency translation reserve $'000	Hedge reserve $'000	Actuarial reserves $'000	Share-based payments reserve $'000	Total $'000
Balance at 1 July 2025	16,426	(53)	(131)	984	17,226
Foreign currency translation reserve	(19,361)	-	-	-	(19,361)
Hedge reserve	-	(400)	-	-	(400)
Share-based payments	-	-	-	1,869	1,869
Actuarial reserve	-	-	(47)	-	(47)
Balance at 30 June 2026	**(2,935)**	**(453)**	**(178)**	**2,853**	**(713)**

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 30 June 2026

Note 26. Dividends

Dividends

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

Franking credits

	Consolidated	
	FY26 $'000	FY25 $'000
Franking credits available for subsequent financial years based on a tax rate of 30%	26,821	30,252

The above amounts represent the balance of the franking account as at the end of the financial year, adjusted for:

- franking credits that will arise from the payment of the amount of the provision for income tax at the reporting date
- franking debits that will arise from the payment of dividends recognised as a liability at the reporting date
- franking credits that will arise from the receipt of dividends recognised as receivables at the reporting date

Note 27. Financial risk management

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

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

Market risk

Foreign currency risk

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

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

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

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

The Group uses foreign currency forwards to manage its exposure to foreign currency risk. Under the Group's policy, foreign currency forwards are designated as hedges of highly probable forecast transactions. The Group manages its exposures to foreign currencies via these derivative financial instruments on a net portfolio basis.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 30 June 2026

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

	Consolidated	
	FY26 $'000	FY25 $'000
Forward exchange contracts		
Net Buy foreign currency:		
AUD to USD	18,192	-
AUD to EUR	3,758	-
AUD to GBP	985	-
AUD to JPY	944	-
NZD to USD	6,112	7,912
NZD to Euro	604	580
Net Sell foreign currency:		
EUR to AUD	-	(2,003)
USD to AUD	-	(869)
Foreign currency options		
Net buy foreign currency:		
AUD to USD	-	11,231
	30,595	**16,851**

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

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

	Assets		Liabilities	
Consolidated	FY26 $'000	FY25 $'000	FY26 $'000	FY25 $'000
United States dollar	2,279	524	15,997	13,727
European Euro	17	2	1,178	304
New Zealand dollar	2,926	2,736	1,026	815
Chinese Renminbi	13	20	-	-
South Korea Won	3,029	1,998	3,793	2,190
Thai Baht	3,656	6,982	1,101	256
Philippines Peso	249	760	43	18
Pounds Sterling	49	-	110	37
Japanese Yen	926	1,695	494	169
Vietnamese Dong	699	219	2,981	1,831
Hong Kong Dollar	917	-	3,901	-
Singapore Dollar	1,681	-	196	-
Indonesian Rupiah	404	-	2	-
Malaysian Ringgit	599	-	1,001	-
	17,444	**14,936**	**31,823**	**19,347**

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 30 June 2026

The Group had net liabilities denominated in foreign currencies of $14,379,000 (assets of $17,444,000 less liabilities $31,823,000) (30 June 2025: net liabilities of $4,411,000 (assets of $14,936,000 less liabilities of $19,347,000)) as at 30 June 2026. Based on this exposure, had the Australian dollars strengthened by 10% / weakened by 10% against these foreign currencies with all other variables held constant, the Group's profit before tax for the year would have been as follows:

	AUD strengthened by 10%		AUD weakened by 10%	
Consolidated - FY26	**Effect on profit before tax**	**Effect on equity**	**Effect on profit before tax**	**Effect on equity**
United States dollar	1,372	(1,059)	(1,372)	1,059
European Euro	116	(274)	(116)	274
New Zealand dollar	(190)	(190)	190	190
Chinese Renminbi	(1)	(1)	1	1
South Korea Won	76	76	(76)	(76)
Thai Baht	(256)	(256)	256	256
Philippines Peso	(21)	(21)	21	21
Pounds Sterling	6	(92)	(6)	92
Japanese Yen	(43)	(138)	43	138
Vietnamese Dong	206	206	(206)	(206)
Hong Kong Dollar	222	222	(222)	(222)
Singapore Dollar	(21)	(21)	21	21
Indonesian Rupiah	(60)	(60)	60	60
Malaysian Ringgit	30	30	(30)	(30)
	1,436	**(1,578)**	**(1,436)**	**1,578**

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

The percentage change is the expected overall volatility of the significant currencies, which is based on management's assessment of reasonable possible fluctuations taking into consideration movements over the last 12 months each year and the spot rate at each reporting date. The actual foreign exchange gain for the year ended 30 June 2026 was $1,301,198 (30 June 2025: $96,321 gain).

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 30 June 2026

Price risk

The Group is not exposed to any significant price risk.

Interest rate risk

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

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

	Consolidated	
	FY26 $'000	FY25 $'000
Financial assets		
Cash and cash equivalents (interest bearing)	23,676	20,329
Security Deposits	3,233	1,851
	26,909	**22,180**

	Consolidated	
	FY26 $'000	FY25 $'000
Financial Liabilities		
Interest bearing liabilities - variable rate (current)	221,205	158,836
Interest bearing liabilities - variable rate (non-current)	84,272	75,000
	305,477	233,836
Net exposure to cash flow interest rate risk	**278,568**	**211,656**

For the Group borrowings outstanding, totalling $307,736,000 (30 June 2025: $236,719,000) are principal and interest payment loans. Further, at 30 June 2026 $1,489,000 of hire purchase facility and $915,000 of other loans bear a fixed interest rate. The Group has bank borrowings outstanding subject to variable interest rates of $305,477,000 (30 June 2025: $233,836,000). An official increase/decrease in interest rates of 100 basis points (30 June 2025: 100 basis points) would have an adverse/favourable effect on profit before tax of $3,055,000 (30 June 2025: $2,338,000) per annum. The percentage change is based on the expected volatility of interest rates using market data and analysts forecasts.

Credit risk

Credit risk is managed on a Group basis. Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables and committed transactions. The Group manages credit risk arising from its bank and financial institution exposures by placing funds and entering into financial instruments with reputable banks and financial institutions, taking into account their creditworthiness and the nature and level of the Group's exposure. For customers, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. The compliance with credit limits by customers is regularly monitored by line management.

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 30 June 2026

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

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

Liquidity risk

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

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

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

Contractual maturities of financial liabilities

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

	Less than 1 year $'000	One to Five years $'000	More than 5 Years $'000	Total contractual cash flows $'000
Year ended 30 June 2026				
Trade and other payables (note 18)	596,480	-	-	596,480
Borrowings (variable rate) (note 20)	228,079	89,796	-	317,875
Borrowings (fixed rate) (note 20)	1,558	1,013	-	2,571
Lease liabilities (note 21)	17,541	46,086	42,490	106,117
Derivative financial instruments (note 12)	30,595	-	-	30,595
Vendor conditional payables (note 23)	24,460	35,287	1,053	60,800
Total contractual undiscounted payments	**898,713**	**172,182**	**43,543**	**1,114,438**
Year ended 30 June 2025				
Trade and other payables (note 18)	558,239	-	-	558,239
Borrowings (variable rate) (note 20)	164,621	85,339	-	249,960
Borrowings (fixed rate) (note 20)	1,717	1,629	-	3,346
Lease liabilities (note 21)	14,514	32,786	21,887	69,187
Derivative financial instruments (note 12)	4,656	-	-	4,656
Vendor conditional payables (note 23)	264	4,545	-	4,809
Total contractual undiscounted payments	**744,011**	**124,299**	**21,887**	**890,197**

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 30 June 2026

Note 28. Fair value measurement

Fair value hierarchy

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

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

Consolidated - 30 June 2026	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Assets				
Derivative financial instruments	-	216	-	216
Total assets	**-**	**216**	**-**	**216**
Liabilities				
Derivative financial instruments	-	856	-	856
Vendor conditional payables	-	-	55,971	55,971
Total liabilities	**-**	**856**	**55,971**	**56,827**

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 30 June 2026

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% to 5.81% (30 June 2025: 4.33%)

As at 30 June 2026, the total unpaid vendor conditional payable amounts to $56.0 million (30 June 2025: $4.1 million) of which $23.3 million (30 June 2025: $0.3 million) is expected to be paid within the next twelve months. Of this total unpaid vendor conditional payable, $51.7 million was recognised in FY26. The provisional fair value of vendor conditional payable relating to acquisitions in FY26 is calculated on the expected future cash outflows and is a performance-based payment. Refer note 34 for details.

Note 29. Key management personnel disclosures

Compensation

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

	Consolidated	
	FY26 $'000	**FY25 $'000**
Short-term employee benefits	2,424,124	2,971,164
Termination benefits	195,928	220,017
Post-employment benefits	130,613	128,501
Long-term benefits	30,285	38,388
Share-based payments	1,823,895	1,108,119
	4,604,845	**4,466,189**

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 30 June 2026

Note 30. Remuneration of auditors

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

	Consolidated	
	FY26	**FY25**
Fees for audit services - Ernst & Young		
Fees for audit of the statutory financial statements of the parent covering the Group	1,642,000	1,296,900
Fees for the sustainability assurance	155,000	-
	1,797,000	**1,296,900**
Fees for other services - Ernst & Young		
Tax compliance	146,181	237,000
Tax advisory services	48,226	15,000
	194,407	252,000
	1,991,407	**1,548,900**
Fees for audit services - Ernst & Young overseas member firms		
Fees for audit of the statutory financial statements of controlled entities	**222,824**	**123,650**

Note 31. Contingent liabilities

The Directors are not aware of any contingent assets or contingent liabilities as at 30 June 2026 (30 June 2025: Nil).

Note 32. Commitments

Capital expenditure contracted for at the reporting date but not recognised as liabilities in the financial statements was $0.7 million (2025: nil), comprising commitments for property, plant and equipment expected to be incurred within the next 12 months.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 30 June 2026

Note 33. Related party transactions

Parent entity
Paragon Care Limited is the parent entity.

Subsidiaries
Interests in subsidiaries are set out in note 35.

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

Transactions with related parties
The following transactions occurred with related parties:

	Consolidated	
	30 June 2026 $	**30 June 2025 $**
The following transaction with close members of the family of Mr John Walstab: Salaries paid to related parties	261,336	349,466

Terms and conditions of the transactions with close members of the family of KMP were based on terms approved by the Board.

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

Note 34. Business combinations

a. Acquisition of Somnotec Group
On 28 October 2025, ParagonCare 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 AASB 3 Business Combinations ('AASB 3').

As at 30 June 2026, 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 manufacturers across APAC.

The values identified in relation to the acquisition are provisional as at 30 June 2026. Thus, the net assets acquired may need to be subsequently adjusted, with a corresponding adjustment to the provisional goodwill. The identification and 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

For the year ended 30 June 2026

Purchase consideration	$'000
Cash paid	16,152
Contingent consideration liability (vendor conditional payable) – at fair value (provisional)	6,659
Total consideration	**22,811**

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. The maximum undiscounted amount of contingent consideration payable under the acquisition agreement is $7.3 million, should the relevant EBITDA targets be achieved. Information necessary to complete the valuation, relating to conditions that existed at the acquisition date, is not yet available.

Accordingly, the amount recognised remains provisional.

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	1,559
Trade and other receivables	9,504
Inventories	10,055
Property, plant and equipment	1,583
Trade and other payables	(6,606)
Contract Liabilities	(782)
Borrowings	(207)
Net assets acquired	**15,106**
Goodwill on acquisition (provisional)	7,705
Representing: Fair value of consideration (refer note above)	**22,811**

Revenue and profit contribution

From the date of acquisition (15 December 2025), Somnotec Group contributed sales of $18.2 million and profit before tax of $1.6 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 $17.5 million and loss before tax would have been lower by $1.1 million.

Transaction costs

Transaction costs of $1.3 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

For the year ended 30 June 2026

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 $7.3 million. The transaction has been assessed to be a business combination under AASB 3.

AHP supplies 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 is 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.

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

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

Identifiable assets and liabilities acquired	Final fair value $'000
Trade and other receivables	756
Inventories	1,322
Other assets	122
Intangible assets	657
Trade and other payables	(479)
Employee benefits	(66)
Deferred tax liability	(160)
Net assets acquired	**2,152**
Goodwill on acquisition	5,163
Fair value of consideration	**7,315**

Revenue and profit contribution

From the date of acquisition (2 July 2025) up to 31 December 2025, AHP contributed sales of $4.6 million and profit before tax of $0.1 million to the Group's results. During H2, the acquired business was integrated into the Group's existing operations. As a result of the integration of the acquired business's operations, systems, customers and cost base into the Group, it is impracticable to separately identify the revenue and profit or loss of the acquiree for the full year. Accordingly, the Group has not disclosed the post-acquisition revenue and profit or loss of the acquiree as required by AASB 3.B64(q)(i). 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.

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.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 30 June 2026

c. Acquisition of Haju Medical

On 30 November 2025, ParagonCare Asia Pte. Ltd (formerly named ParagonCare Singapore Pte. Ltd), a wholly-owned subsidiary of Paragon Care Limited entered into an agreement for the proposed acquisition of 100% of the issued shares in PT Haju Medical Indonesia and Insightof Co., Ltd, (collectively 'Haju Medical').

On 1 April 2026, the Group completed the acquisition of Haju Medical. The transaction has been assessed to be a business combination under AASB 3 Business Combinations ('AASB 3').

Haju Medical is a leading provider of medical aesthetic services and technology in the Indonesian market. Established in 2014, Haju has consistently supported Indonesian clinics and dealers by providing marketing materials, product information and workshops led by respected aesthetic doctors and experts from South Korea. Additionally, Haju operates a buying house in South Korea to secure the best possible aesthetics products for export to Indonesia.

The acquisition will accelerate the Group's strategy of establishing a comprehensive Asian footprint, enabling ParagonCare to service OEM manufacturers across the entire APAC region. Haju is highly complementary to the business in Thailand, as well as the emerging aesthetics businesses in ANZ, the Philippines, Vietnam and Japan.

The values identified in relation to the acquisition are provisional as at 30 June 2026. 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.

Purchase consideration	$'000
Cash paid	26,190
Contingent consideration liability (vendor conditional payable) – at fair value (provisional)	36,423
Total consideration	**62,613**

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. The maximum undiscounted amount of contingent consideration payable under the acquisition agreement is $40.0 million, should the relevant EBITDA targets be achieved. Information necessary to complete the valuation, relating to conditions that existed at the acquisition date, is not yet available. Accordingly, the amount recognised remains provisional.

Identifiable assets and liabilities acquired	Provisional fair value $'000
Cash and cash equivalents	2,617
Trade and other receivables	6,085
Inventories	9,447
Other assets	605
Property, plant and equipment	1,788
Trade and other payables	(4,340)
Deferred tax Liabilities	(93)
Contract liabilities	(146)
Income tax payable	(209)
Net assets acquired	**15,754**
Goodwill on acquisition (provisional)	46,859
Representing: Fair value of consideration (refer note above)	**62,613**

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 30 June 2026

Revenue and profit contribution

From the date of acquisition (1 April 2026), Haju Medical contributed sales of $10.1 million and profit before tax of $4.6 million to the Group's results. The results of Haju Medical are reported within the Asia segment.

If the acquisition had occurred on 1 July 2025, the Group's revenue would have increased by $28.8 million and loss before tax would have been lower by $11.5 million.

Transaction costs

Transaction costs of $0.9 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 Haju Medical with those of the Group. The goodwill is not deductible for income tax purposes.

d. Acquisition of Pacific Medical

On 6 February 2026, ParagonCare Asia Pte. Ltd (formerly named ParagonCare Singapore Pte. Ltd), a wholly-owned subsidiary of Paragon Care Limited entered into an agreement for the acquisition of 100% of the issued shares in Pacific Medical (Hong Kong) Company Limited (PMC HK) and MD Medical Logistics & Services Limited (MDM HK). Within the same SPA, PMC (ANZ) Pty Ltd (PMG ANZ) was acquired by Clifford Hallam Healthcare Pty Limited (collectively 'Pacific Medical').

Pacific Medical (PMC) is a Hong Kong–based medical products distributor and healthcare solutions provider that focuses on bringing innovative medical devices, equipment, and treatment technologies to the Hong Kong and Macau market. Over the past 24 years, they have built strong and lasting relationships with key customers, as well as an extensive distribution network throughout the region. PMC has a proven track record of successfully launching niche products and continues to strive for excellence in all aspects of their business. PMG ANZ has executed distribution agreements and is scheduled to commence commercial operations during the first half of FY27.

The acquisition will accelerate the Group's strategy of building a complete Asian footprint. PMC is a contract logistics business, very similar to the PGC Australian contract logistics business, as well as some OEM agreements. The main product groups are Interventional Cardiology and Oncology.

The values identified in relation to the acquisition are provisional as at 30 June 2026. Thus, the net assets acquired may need to be subsequently adjusted, with a corresponding adjustment to the provisional goodwill. The identification and finalisation of the fair values of assets acquired and liabilities assumed will be completed within 12 months of the acquisition date, at the latest.

Purchase consideration	$'000
Cash paid	3,343
Contingent consideration liability (vendor conditional payable) – at fair value	8,041
Total consideration	**11,384**

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 30 June 2026

Contingent consideration – PMG HK and MDM HK

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. The maximum undiscounted amount of contingent consideration payable under the acquisition agreement is $5.5 million, should the relevant EBITDA targets be achieved. Information necessary to complete the valuation, relating to conditions that existed at the acquisition date, is not yet available. Accordingly, the amount recognised remains provisional.

Contingent consideration – PMG ANZ

Contingent consideration is payable based on 50% of the Gross Margin generated from new distribution agreements originated by PMG and signed before 1 July 2026. The contingent consideration is payable annually following the end of each calendar year ending 31 December 2026, 31 December 2027 and 31 December 2028 and is subject to the achievement of the relevant Gross Margin targets. The maximum undiscounted amount of contingent consideration payable under the arrangement is HKD $70 million (AUD $12.9 million).

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	4,752
Trade and other receivables	3,578
Inventories	852
Other assets	975
Property, plant and equipment	859
Trade and other payables	(10,194)
Contract liabilities	(152)
Net assets acquired	**670**
Goodwill on acquisition (provisional)	10,714
Representing: Fair value of consideration (refer note above)	**11,384**

Revenue and profit contribution

From the date of acquisition (6 February 2026), Pacific Medical contributed sales of $12.6 million and loss before tax of $0.2 million to the Group's results. The results of PMC HK and MDM HK are reported within the Asia segment. The results of PMG ANZ will be reported within the ANZ segment from the commencement of operations.

If the acquisition had occurred on 1 July 2025, the Group's revenue would have increased by $21.3 million and loss before tax would have been higher by $0.1 million.

Transaction costs

Transaction costs of $0.5 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 Pacific Medical with those of the Group. The goodwill is not deductible for income tax purposes.

The values identified in relation to these acquisitions are provisional as at 30 June 2026. Thus, the net assets acquired may need to be subsequently adjusted, with a corresponding adjustment to the provisional goodwill. The identification and finalisation of the fair values of assets acquired and liabilities assumed will be completed within 12 months of the acquisition dates, at the latest.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 30 June 2026

e. Other business combinations

During the year, the Group acquired control of a number of other businesses. The acquisitions were individually immaterial to the Group and have therefore been aggregated for disclosure purposes.

Purchase consideration	$'000
Cash paid	7,542
Contingent consideration liability – at fair value (provisional)	800
Total consideration	**8,342**

The contingent consideration is to be paid over 2 years (with annual payments commencing after 3 months of acquisition) and is subject to minimum EBITDA targets being achieved. The maximum undiscounted amount of contingent consideration payable under the acquisition agreement is $0.8 million, should the relevant EBITDA targets be achieved. Information necessary to complete the valuation, relating to conditions that existed at the acquisition date, is not yet available. Accordingly, the amount recognised remains provisional.

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	202
Trade and other receivables	1,591
Inventories	3,579
Other assets	75
Property, plant and equipment	773
Right-of-use assets	72
Intangible assets	689
Deferred tax assets	85
Trade and other payables	(1,039)
Employee benefits	(1,074)
Borrowings	(429)
Lease liabilities	(82)
Net assets acquired	**4,442**
Goodwill on acquisition (provisional)	3,900
Representing: Fair value of consideration (refer note above)	**8,342**

Revenue and profit contribution

From the date of acquisition, the acquired businesses' contributed sales of $7.3 million and profit before tax of $0.4 million to the Group's results. The results of the other acquired businesses are reported within the ANZ segment.

If the acquisitions had occurred on 1 July 2025, the Group's revenue would have increased by $14.8 million and loss before tax would have been lower by $0.5 million.

Transaction costs

Transaction costs of $0.5 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 the acquisitions with those of the Group. The goodwill is not deductible for income tax purposes.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 30 June 2026

Note 35. Interests in subsidiaries

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

		Ownership interest	
Name	Principal place of business /Country of incorporation	FY26 %	FY25 %
Paragon Care Limited	Australia	100%	100%
ParagonCare Group Management Services Pty Ltd[i]	Australia	100%	100%
ParagonCare Group Australia Pty Ltd[i]	Australia	100%	100%
ParagonCare Group Holding Company Pty Ltd[i]	Australia	100%	100%
CH2 Holdings Pty Limited[i]	Australia	100%	100%
CH2 Operations Pty Limited[i]	Australia	100%	100%
Clifford Hallam Healthcare Pty Limited[i]	Australia	100%	100%
Cottman Australia Pty Ltd[i]	Australia	100%	100%
LJ Cottman (WA) Pty Ltd[i]	Australia	100%	100%
Surgical Buyers Australia Pty Ltd[i]	Australia	100%	100%
Medtek Pty Ltd[i]	Australia	100%	100%
REM Systems Pty Ltd[i]	Australia	100%	100%
Meditron Pty Ltd[i]	Australia	100%	100%
Western Biomedical Pty Ltd[i]	Australia	100%	100%
Designs For Vision Holdings Pty Ltd[i]	Australia	100%	100%
Designs For Vision (Aust) Pty Ltd[i]	Australia	100%	100%
Designs For Vision Pty Ltd[i]	Australia	100%	100%
Electro Medical Group Pty Ltd[i]	Australia	100%	100%
Midas Software Solutions Pty Ltd[i]	Australia	100%	100%
Immulab Pty Ltd[i]	Australia	100%	100%
Insight Surgical Pty Ltd[i]	Australia	100%	100%
Medtech Solutions Pty Ltd[i]	Australia	100%	100%
Surgical Specialties Holdings Pty Ltd[i]	Australia	100%	100%
Surgical Specialties Group Pty Ltd[i]	Australia	100%	100%
Surgical Specialties Pty Ltd[i]	Australia	100%	100%
Therapy Specialties Pty Ltd[i]	Australia	100%	100%
Pergamon Technologies Pty Ltd[i]	Australia	100%	100%
Immuno Pty Ltd[i]	Australia	100%	100%
Labgear Australia Pty Ltd[i]	Australia	100%	100%
Paragon Medical Pty Ltd[i]	Australia	100%	100%
Paragon LG Pty Ltd[i]	Australia	100%	100%
Scanmedics Pty Ltd[i]	Australia	100%	100%
Lovell Surgical Supplies International Pty Ltd[i]	Australia	100%	100%

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 30 June 2026

Name	Principal place of business /Country of incorporation	Ownership interest FY26 %	Ownership interest FY25 %
Lovell Surgical Supplies Pty Ltd(i)	Australia	100%	100%
Lovell Surgical Solutions Pty Ltd(i)	Australia	100%	100%
Total Communications (Australia) Pty Ltd(i)	Australia	100%	100%
Quantum Health Group Limited(i)	Australia	100%	100%
Quantum Energy Technologies Pty Ltd(i)	Australia	100%	100%
Quantum Healthcare Australia Pty Ltd(i)	Australia	100%	100%
Medishop Pty Ltd(i)	Australia	100%	100%
Quantum Healthcare Pty Ltd(i)	Australia	100%	100%
Specialist Medical Supplies Pty Ltd(i)	Australia	100%	100%
AHP Dental & Medical Pty Ltd(i)(ii)	Australia	100%	-
Fisher Biotec Pty Ltd(i)(v)	Australia	100%	-
PMC (ANZ) Pty Ltd(i)(vi)	Australia	100%	-
Designs for Vision Ltd	New Zealand	100%	100%
Immuno Ltd	New Zealand	100%	100%
Paragon Medical Ltd	New Zealand	100%	100%
ParagonCare Group New Zealand Management Services Ltd	New Zealand	100%	100%
ParagonCare Group New Zealand Ltd	New Zealand	100%	100%
Quantum Healthcare NZ Ltd	New Zealand	100%	100%
REM Systems Ltd	New Zealand	100%	100%
Therapy Specialties Ltd	New Zealand	100%	100%
Surgical Specialties (NZ) Ltd(i)	New Zealand	100%	100%
Quantum Energy Technologies (Suzhou) Co Ltd	China	100%	100%
Suzhou Sheerdrop Wine Co Ltd	China	100%	100%
Quantum Healthcare Hong Kong Limited	Hong Kong	100%	100%
Quantum Holdings Co. Ltd	Korea	100%	100%
Quantum Hunex Korea Co. Ltd	Korea	100%	100%
Paragoncare Korea Co. Ltd	Korea	100%	100%
Insightof Co., Ltd(vii)	Korea	100%	-
Quantum Health Philippines, Inc	Philippines	100%	100%
Somnotec Philippines Inc(iv)	Philippines	100%	-
ParagonCare Viet Nam Co., Ltd.	Vietnam	100%	100%
ParagonCare (Thailand) Company Limited	Thailand	100%	100%
ParagonCare Japan Co. Ltd	Japan	100%	100%
ParagonCare Asia Pte Ltd(iii)	Singapore	100%	-
ParagonCare Singapore Pte Ltd(iv)	Singapore	100%	-
ParagonCare Healthcare Sdn Bhd(iv)	Malaysia	100%	-

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 30 June 2026

		Ownership interest	
Name	Principal place of business /Country of incorporation	FY26 %	FY25 %
PT Somnotec Indonesia(iv)	Indonesia	100%	-
PT Haju Medical Indonesia(vii)	Indonesia	100%	-
Pacific Medical (Hong Kong) Company Limited(vi)	Hong Kong	100%	-
MD Medical Logistics & Services Limited(vi)	Hong Kong	100%	-
Transpacific Medical Co. Ltd(vii)	Hong Kong	100%	-

(i) These controlled entities are a party to a Deed of Cross Guarantee of ParagonCare. Refer note 37 for further information.
(ii) Acquired 2 July 2025
(iii) Incorporated 14 September 2025
(iv) Acquired 14 December 2025
(v) Acquired 31 January 2026
(vi) Acquired 6 February 2026
(vii) Acquired 1 April 2026

Note 36. Parent entity information

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

	Company	
	FY26 $'000	FY25 $'000
Profit/(loss) after income tax	4,678	(9,387)
Total comprehensive profit/(loss)	**(1,485)**	**(9,387)**

	Company	
	FY26 $'000	FY25 $'000
Total current assets	167,288	145,802
Total non-current assets	374,510	404,881
Total assets	541,798	550,683
Total current liabilities	5,534	9,582
Total non-current liabilities	-	5,221
Total liabilities	5,534	14,803
Total equity	**536,264**	**535,880**

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

The parent entity has provided guarantees in respect of the indebtedness of certain subsidiaries under financing facilities with a commercial bank. The guarantees comprise:

- a guarantee of the full indebtedness of the revolving credit facility agreement with a commercial bank for a total facility limit of NZ $12.0 million. Refer note 20.
- a guarantee of up to USD 10 million in respect of the trade finance facility with a commercial bank. Refer note 20.

At 30 June 2026, the guarantees remained in place. No provision has been recognised in respect of these guarantees as the Group does not consider it probable that the guarantees will be called upon.

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

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 30 June 2026

Contingent liabilities

The parent entity had no contingent liabilities as at 30 June 2026 and 30 June 2025.

Capital commitments - Property, plant and equipment

The parent entity had no capital commitments for property, plant and equipment as at 30 June 2026 and 30 June 2025.

Material accounting policy information

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

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

Note 37. Deed of cross guarantee

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

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

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

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 30 June 2026

The statement of profit or loss and other comprehensive income and statement of financial position for the Closed Group are disclosed below.

Statement of profit or loss and other comprehensive income

	FY26 $'000	FY25 $'000
Revenue		
Sales to external customers	3,460,836	3,452,586
Total revenue	**3,460,836**	**3,452,586**
Cost of goods sold	**(3,200,105)**	**(3,196,433)**
Gross Profit	**260,731**	**256,153**
Other income	22,962	3,414
Expenses		
Warehousing and distribution expenses	(61,202)	(52,688)
Administration expenses	(225,449)	(179,127)
Finance costs	(31,938)	(32,801)
	(318,589)	**(264,616)**
Profit/(loss) before income tax expense	**(34,896)**	**(5,049)**
Income tax benefit/(expense)	13,327	776
Profit/(loss) after income tax expense	**(21,569)**	**(4,273)**

Statement of Financial Position

	FY26 $'000	FY25 $'000
Assets		
Current assets		
Cash and cash equivalents	9,231	6,329
Trade and other receivables	324,935	367,503
Inventories	265,151	235,294
Derivative financial instruments	99	394
Income tax refund due	1,764	6,925
Other Assets	39,920	34,466
Total current assets	**641,100**	**650,911**
Non-current assets		
Trade and other receivables	-	1,000
Other assets	10,931	9,585
Equity investments	101,120	85,307
Property, plant and equipment	40,387	23,261
Right-of-use assets	63,880	40,695
Goodwill and other intangible assets	337,147	341,699
Deferred tax asset	1,424	-
Total non-current assets	**554,889**	**501,547**
Total assets	**1,195,989**	**1,152,458**

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 30 June 2026

	FY26 $'000	FY25 $'000
Liabilities		
Current liabilities		
Trade and other payables	554,669	547,283
Contract liabilities	1,917	2,763
Borrowings	197,359	159,261
Lease liabilities	12,177	10,615
Derivative financial instruments	839	4,328
Employee benefits	13,900	11,350
Vendor conditional payables	780	264
Total current liabilities	**781,641**	**735,864**
Non-current liabilities		
Contract liabilities	489	272
Borrowings	85,167	76,358
Lease liabilities	69,293	45,306
Employee benefits	1,481	1,503
Vendor conditional payables	9,328	3,389
Deferred tax liability	-	12,415
Total non-current liabilities	**165,758**	**139,243**
Total liabilities	**947,399**	**875,107**
Net assets	**248,590**	**277,351**
Total equity	**248,590**	**277,351**

During the year ended 30 June 2026, ParagonCare filed an Assumption Deed with ASIC whereby the following entities joined ParagonCare's Closed Group:

- Fisher Biotec Pty Ltd
- PMC (ANZ) Pty Ltd
- Paragon LG Pty Ltd
- AHP Dental & Medical Pty Ltd

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 30 June 2026

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

	Consolidated	
	FY26 $'000	FY25 $'000
Profit/(loss) after income tax (expense)/benefit for the year	(16,028)	20,574
Adjustments for:		
Depreciation and amortisation	37,271	29,833
Share based payment	1,869	984
Allowance for expected credit losses	38,265	(545)
Provision for obsolete inventory	(1,481)	201
Unrealised loss on derivatives	(3,597)	4,573
Other	1,624	1,068
Finance Income	(2,206)	(3,134)
Finance costs	35,218	33,172
Decrease/(increase) in trade receivables	5,217	(51,716)
Decrease/(increase) in inventories	(38,191)	(10,139)
Decrease/(increase) in deferred tax assets	(13,668)	(2,075)
Decrease/(increase) in other assets	5,883	(8,767)
Increase/(decrease) in trade payables	9,176	21,020
(Decrease)/increase in provision for income tax	5,675	(8,029)
Increase/(decrease) in other payables	(1,606)	(6,248)
Increase/(decrease) in provisions and employee benefits	(60)	(3,492)
Interest received	89	2,469
Interest paid	(34,356)	(33,172)
Net cash from/(used in) operating activities	**29,094**	**(13,423)**

Note 39. Changes in liabilities arising from financing activities

Consolidated	Borrowings $'000	Lease liability $'000	Total $'000
Balance at 1 July 2024	196,562	54,490	251,052
Amounts received	3,920,783	-	3,920,783
New leases	-	12,079	12,079
Amounts repaid	(3,880,626)	(11,002)	(3,891,628)
Balance at 30 June 2025	236,719	55,567	292,286
Amounts received	3,856,142	-	3,856,142
New leases	-	38,703	38,703
Amounts repaid	(3,783,405)	(13,022)	(3,796,427)
Liabilities acquired through business combinations	636	227	863
Amortisation of capitalised borrowing costs	47	-	47
FX movement	(2,403)	(309)	(2,712)
Balance at 30 June 2026	**307,736**	**81,166**	**388,902**

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 30 June 2026

Note 40. Earnings per share

	Consolidated	
	FY26 $'000	**FY25 $'000**
Profit/(loss) after income tax attributable to the owners of ParagonCare	**(16,028)**	**20,574**

	Consolidated	
	FY26 $'000	**FY25 $'000**
	Number	**Number**
Weighted average number of ordinary shares used in calculating basic earnings/(loss) per share	1,655,305,389	1,655,305,389
Weighted average number of ordinary shares used in calculating diluted earnings/(loss) per share*	**1,655,305,389**	**1,656,649,765**

* All of the potential dilutive instruments are anti-dilutive in FY26 as the Group is in a loss position.

	Cents	**Cents**
Basic earnings/(loss) per share	(0.97)	1.24
Diluted earnings/(loss) per share	(0.97)	1.24

Note 41. Events after the reporting period

On-market share purchase by Employee Share Trust ('EST')

On 16 September 2026, the Company announced that it has instructed Pacific Custodians Pty Limited, as trustee for the ParagonCare Employee Share Trust ('Trust'), to acquire 23,900,401 fully paid ordinary shares in ParagonCare on market for the purposes of satisfying the future vesting and granting of securities under the Company's Employee Incentive Plan.

On-market share buy back

On 16 September 2026, the Company announced that it will be undertaking an on-market buy-back of up to 82,765,269 fully paid ordinary shares ('Share Buy-Back').

Other than the Infinity Group developments (note 10) and Performance Rights issued to Ms Riley on 3 July 2026, being the third and final (FY27) tranche under her original FY25 – FY27 EIP offer, no matter or circumstance has arisen since 30 June 2026 that has significantly affected, or may significantly affect, the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

CONSOLIDATED ENTITY DISCLOSURE STATEMENT

For the year ended 30 June 2026

Entity name	Entity type	Place formed /Country of incorporation	Ownership interest %	Tax residency
Paragon Care Limited	Body corporate	Australia	-	Australia
ParagonCare Group Management Services Pty Ltd	Body corporate	Australia	100%	Australia
ParagonCare Group Australia Pty Ltd	Body corporate	Australia	100%	Australia
ParagonCare Group Holding Company Pty Ltd	Body corporate	Australia	100%	Australia
CH2 Holdings Pty Limited	Body corporate	Australia	100%	Australia
CH2 Operations Pty Limited	Body corporate	Australia	100%	Australia
Clifford Hallam Healthcare Pty Limited	Body corporate	Australia	100%	Australia
Cottman Australia Pty Ltd	Body corporate	Australia	100%	Australia
LJ Cottman (WA) Pty Ltd	Body corporate	Australia	100%	Australia
Surgical Buyers Australia Pty Ltd	Body corporate	Australia	100%	Australia
Medtek Pty Ltd	Body corporate	Australia	100%	Australia
REM Systems Pty Ltd	Body corporate	Australia	100%	Australia
Meditron Pty Ltd	Body corporate	Australia	100%	Australia
Western Biomedical Pty Ltd	Body corporate	Australia	100%	Australia
Designs For Vision Holdings Pty Ltd	Body corporate	Australia	100%	Australia
Designs For Vision (Aust) Pty Ltd	Body corporate	Australia	100%	Australia
Designs For Vision Pty Ltd	Body corporate	Australia	100%	Australia
Electro Medical Group Pty Ltd	Body corporate	Australia	100%	Australia
Midas Software Solutions Pty Ltd	Body corporate	Australia	100%	Australia
Immulab Pty Ltd	Body corporate	Australia	100%	Australia
Insight Surgical Pty Ltd	Body corporate	Australia	100%	Australia
Medtech Solutions Pty Ltd	Body corporate	Australia	100%	Australia
Surgical Specialties Holdings Pty Ltd	Body corporate	Australia	100%	Australia
Surgical Specialties Group Pty Ltd	Body corporate	Australia	100%	Australia
Surgical Specialties Pty Ltd	Body corporate	Australia	100%	Australia
Therapy Specialties Pty Ltd	Body corporate	Australia	100%	Australia
Pergamon Technologies Pty Ltd	Body corporate	Australia	100%	Australia
Immuno Pty Ltd	Body corporate	Australia	100%	Australia
Labgear Australia Pty Ltd	Body corporate	Australia	100%	Australia
Paragon Medical Pty Ltd	Body corporate	Australia	100%	Australia
Paragon LG Pty Ltd	Body corporate	Australia	100%	Australia
Scanmedics Pty Ltd	Body corporate	Australia	100%	Australia
Lovell Surgical Supplies International Pty Ltd	Body corporate	Australia	100%	Australia
Lovell Surgical Supplies Pty Ltd	Body corporate	Australia	100%	Australia
Lovell Surgical Solutions Pty Ltd	Body corporate	Australia	100%	Australia
Total Communications (Australia) Pty Ltd	Body corporate	Australia	100%	Australia
Quantum Health Group Limited	Body corporate	Australia	100%	Australia
Quantum Energy Technologies Pty Ltd	Body corporate	Australia	100%	Australia

CONSOLIDATED ENTITY DISCLOSURE STATEMENT CONTINUED

For the year ended 30 June 2026

Entity name	Entity type	Place formed /Country of incorporation	Ownership interest %	Tax residency
Quantum Healthcare Australia Pty Ltd	Body corporate	Australia	100%	Australia
Medishop Pty Ltd	Body corporate	Australia	100%	Australia
Quantum Healthcare Pty Ltd	Body corporate	Australia	100%	Australia
Specialist Medical Supplies Pty Ltd	Body corporate	Australia	100%	Australia
AHP Dental & Medical Pty Ltd	Body corporate	Australia	100%	Australia
Fisher Biotec Pty Ltd	Body corporate	Australia	100%	Australia
PMC (ANZ) Pty Ltd	Body corporate	Australia	100%	Australia
ParagonCare Group New Zealand Management Services Ltd	Body corporate	New Zealand	100%	New Zealand
ParagonCare Group New Zealand Ltd	Body corporate	New Zealand	100%	New Zealand
Paragon Medical Ltd	Body corporate	New Zealand	100%	New Zealand
Designs for Vision Ltd	Body corporate	New Zealand	100%	New Zealand
REM Systems Ltd	Body corporate	New Zealand	100%	New Zealand
Surgical Specialties (NZ) Ltd	Body corporate	New Zealand	100%	New Zealand
Therapy Specialties Ltd	Body corporate	New Zealand	100%	New Zealand
Immuno Ltd	Body corporate	New Zealand	100%	New Zealand
Quantum Healthcare NZ Ltd	Body corporate	New Zealand	100%	New Zealand
Quantum Energy Technologies (Suzhou) Co Ltd	Body corporate	China	100%	China
Suzhou Sheerdrop Wine Co Ltd	Body corporate	China	100%	China
Quantum Healthcare Hong Kong Limited	Body corporate	Hong Kong	100%	Hong Kong
Quantum Holdings Co. Ltd	Body corporate	Korea	100%	Korea
Quantum Hunex Korea Co. Ltd	Body corporate	Korea	100%	Korea
Paragoncare Korea Co. Ltd	Body corporate	Korea	100%	Korea
Insightof Co., Ltd	Body corporate	Korea	100%	Korea
ParagonCare (Thailand) Company Limited	Body corporate	Thailand	100%	Thailand
ParagonCare Viet Nam Co. Ltd	Body corporate	Vietnam	100%	Vietnam
ParagonCare Japan Co. Ltd	Body corporate	Japan	100%	Japan
Quantum Health Philippines, Inc	Body corporate	Philippines	100%	Philippines
Somnotec Philippines Inc.	Body corporate	Philippines	100%	Philippines
ParagonCare Asia Pte Ltd	Body corporate	Singapore	100%	Singapore
ParagonCare Singapore Pte Ltd	Body corporate	Singapore	100%	Singapore
ParagonCare Healthcare Sdn Bhd	Body corporate	Malaysia	100%	Malaysia
PT Somnotec Indonesia	Body corporate	Indonesia	100%	Indonesia
PT Haju Medical Indonesia	Body corporate	Indonesia	100%	Indonesia
Pacific Medical (Hong Kong) Company Limited	Body corporate	Hong Kong	100%	Hong Kong
MD Medical Logistics & Services Limited	Body corporate	Hong Kong	100%	Hong Kong
Transpacific Medical Co. Ltd	Body corporate	Hong Kong	100%	Hong Kong

DIRECTORS' DECLARATION

For the year ended 30 June 2026

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

1. In the opinion of the directors:

    a) the financial statements and notes of the Company and its subsidiaries (collectively the Group) are in accordance with the *Corporations Act 2001*, including:

        (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2026 and of its performance for the year ended on that date; and

        (ii) complying with the *Corporations Act 2001*, the Australian Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements:

    b) the financial statements and notes also comply with the International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 2 to the financial statements.

    c) the consolidated entity disclosure statement required by section 295(3A) of the *Corporations Act 2001* is true and correct; and

    d) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and

    e) at the date of this declaration, there are reasonable grounds to believe that the members of the Extended Closed Group will be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the deed of cross guarantee described in note 37 to the financial statements; and

2. This declaration has been made after receiving the declarations required to be made to the directors by the chief executive officer and chief financial officer in accordance with section 295(4)(e) of the *Corporations Act 2001* for the financial years ended 30 June 2026.

For and on behalf of the Board

Peter Lacaze
Chairman

23 September 2026

Auditor's Report

For the year ended 30 June 2026

INDEPENDENT AUDITOR'S REPORT

to the members of Paragon Care Limited

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

Report on the audit of the financial report

Opinion

We have audited the financial report of Paragon Care Limited ('the Company') and its subsidiaries (collectively 'the Group'), which comprises the consolidated statement of financial position as at 30 June 2026, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes to the financial statements, including material accounting policy information, the consolidated entity disclosure statement and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

a. Giving a true and fair view of the consolidated financial position of the Group as at 30 June 2026 and of its consolidated financial performance for the year ended on that date; and

b. Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

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

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

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

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

INDEPENDENT AUDITOR'S REPORT

to the members of Paragon Care Limited

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Recoverability assessment of balances due from the Infinity Pharmacy Group ('Infinity Group')

Why significant	How our audit addressed the key audit matter

As at 30 June 2026, the Group has a balance of $48.5 million due from the Infinity Pharmacy Group ('Infinity Group') which is past due in accordance with contractual payment terms. The total outstanding balance of $48.5 million comprises trade and other receivables (note 10) and other current assets (note 13) of $44.2 million and $4.3 million, respectively.
 	
The Group has recognised an expected credit loss ('ECL') allowance of $39.2 million in respect of the balances due from the Infinity Group, resulting in a net carrying amount of $9.3 million.
 	
Commencing December 2025, Voluntary Administrators (the 'Administrators') were appointed to Infinity Group and receivers were separately appointed to a significant number of Infinity Group entities. The Administrators continued a formal sale and restructuring process throughout the year, under which the majority of Infinity Group's pharmacy businesses are being sold to third-party purchasers.
 	
To assess the recoverability of the balances due from the Infinity Group, the Directors evaluated the latest available Estimated Outcome Analysis (the 'EOA Report') shared by the Administrators with secured creditors (of which the Group is identified as one) to assess the ECL allowance to be recognised against the balances due from the Infinity Group. Accordingly, an ECL expense of $38.0 million has been recognised in the statement of profit or loss and other comprehensive income for the year ended 30 June 2026.
 	
The recoverability of balances due from the Infinity Group is a key audit matter due to the level of estimation uncertainty and judgment that is required in estimating the ECL allowance.
 	
Disclosure in relation to the balances due from the Infinity Group is included in Note 10 of the consolidated financial report.
	▸ With the involvement of our valuation and corporate restructuring specialist, we:
	  ▸ Inquired with management and assessed the recovery actions taken during the year to recover the outstanding balances owed by the Infinity Group.
	  ▸ Inquired with the Group's external legal counsel to understand the status of the administration.
	  ▸ Inspected correspondence and analysis, including the EOA report, shared by the Administrators with the secured creditors of the Infinity Group (of which the Group is identified as one).
	  ▸ Assessed the reasonableness of management's ECL estimate by evaluating the key assumptions used, being: the number of pharmacy stores to be sold, the anticipate proceeds from those sales available to meet secured creditor liabilities; the timing of completion of the sales; and other in-progress matters affecting the priority of the Group's claim.
	  ▸ Performed sensitivity analysis on key inputs considered in the ECL assessment.
	▸ We assessed the appropriateness of the disclosures included in Note 10 against the requirements of Australian Accounting Standards.

INDEPENDENT AUDITOR'S REPORT

to the members of Paragon Care Limited

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

The directors are responsible for the other information. The other information comprises the information included in the Group's 2026 annual report, but does not include the financial report and our auditor's report thereon and the Group's Sustainability Report.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon in this auditor's report, with the exception of the Remuneration Report and our related assurance opinion. We have issued a separate auditor's report on selective sustainability information included in the Sustainability Report.

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

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial report

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

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

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

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

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

Auditor's responsibilities for the audit of the financial report

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

INDEPENDENT AUDITOR'S REPORT

to the members of Paragon Care Limited

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

- Plan and perform the Group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the Group financial report. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the Group audit. We remain solely responsible for our audit opinion.

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

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

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

INDEPENDENT AUDITOR'S REPORT

to the members of Paragon Care Limited

Shape the future
with confidence

Report on the audit of the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2026.

In our opinion, the Remuneration Report of Paragon Care Limited for the year ended 30 June 2026, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

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

Ernst & Young

Ernst & Young

K Bodenham

Kylie Bodenham
Partner

Melbourne
23 September 2026

Consolidated Sustainability Report

For the year ended 30 June 2026

DIRECTORS' DECLARATION

For the year ended 30 June 2026

In the opinion of the directors of Paragon Care Limited (the Group), we state that the Group has taken reasonable steps to ensure that the substantive provisions of the sustainability report of the Group for the financial year ended 30 June 2026, as presented on pages 135 to 145, are in accordance with the *Corporations Act 2001* (the Act), including:

a) Complying with Australian Sustainability Reporting Standard AASB S2 Climate-related Disclosures, and any further requirements determined under section 296C(2) of the *Corporations Act 2001*; and
b) Containing the climate statement disclosures required by section 296D of the *Corporations Act 2001*.

This declaration is made in accordance with a resolution of the board of directors pursuant to section 296A(6) of the *Corporations Act 2001*, as modified by section 1707C(2).

On behalf of the board

Peter Lacaze
Director

23 September 2026

CONSOLIDATED SUSTAINABILITY REPORT

For the year ended 30 June 2026

Basis of preparation

Paragon Care Limited (referred to hereafter as the 'ParagonCare', 'Consolidated Group', or ' the Group') is pleased to present its sustainability report for the year ended 30 June 2026. This report should be read in conjunction with the Consolidated Group's 30 June 2026 financial statements presented in this annual report.

ParagonCare is an ASX-listed healthcare distribution, manufacturing and services business operating across Australia, New Zealand and Asia. Its business model is centred on sourcing, manufacturing, distributing and servicing a broad portfolio of healthcare products, including pharmaceuticals, medical consumables, capital equipment, specialty devices, diagnostics, laboratory products and related technology solutions. The Group generates value through its direct operations by connecting healthcare manufacturers and suppliers with hospitals, pharmacies, aged care providers, laboratories, primary care providers and other healthcare customers through its product portfolio, logistics capability, technical expertise and service network. The Group value chain involves the following activities:

- Upstream activities involving the sourcing of medical equipment, devices, pharmaceuticals and consumables from global original equipment manufacturers and suppliers.
- Core operations comprising distribution, manufacturing and service delivery across Australia, New Zealand and Asia, including warehousing and logistics, installation and maintenance services, technical support and technology-enabled services.
- Downstream activities involving sales, marketing and customer relationship management with hospitals, pharmacies, aged and primary care providers, complementary medicine retailers, laboratories and other healthcare clients.

Statement of compliance

This sustainability report presents the climate-related disclosures of the Group for the year ended 30 June 2026. The Group has prepared its sustainability report in accordance with the requirements of the *Corporations Act 2001* (Cth) and the Australian Sustainability Reporting Standard AASB S2 Climate-related disclosures (AASB S2) issued by the Australian Accounting Standards Board (AASB).

No transactions, other events or conditions have occurred since the end of the reporting period up to the date of authorisation of this sustainability report that are required to be disclosed.

First time adoption of Australian Sustainability Reporting Standards

The Group has adopted Australian Sustainability Reporting Standards for the first time. The Group has elected to apply the relief available upon initial adoption of AASB S2, which allows it not to disclose comparative information or Scope 3 Greenhouse Gas (GHG) emissions in this sustainability report.

Reporting Boundary

This sustainability report is prepared for the same reporting entity that is reported on in the general purpose financial statements.

Key judgements and uncertainties

The Group has identified the following key judgements in the preparation of this sustainability report:

- Identifying the scope of the value chain, resources, relationships, dependencies, and impacts upon which the Group relies.
- The determination of which climate-related risks and opportunities could reasonably affect the Group's prospects and are therefore addressed in this report. This assessment included the consideration of qualitative and quantitative information, information needs of users of the report and industry guidance.
- Estimation of current and anticipated financial effects of climate-related risks and opportunities.
- Uncertainty associated with climate scenario analysis is explored further on the resilience assessment section of the report.

CONSOLIDATED SUSTAINABILITY REPORT CONTINUED

For the year ended 30 June 2026

Governance

Board roles and responsibilities

The Board is responsible for the overall strategic direction, financial management and corporate governance of the Group. Its role is to protect and optimise the Group performance and build sustainable value for shareholders, in accordance with the duties and obligations imposed by law, the Group's Constitution and the Board Charter. The Board operates within a framework of prudent and effective controls that enables risks and opportunities, including climate-related risks and opportunities, to be assessed and managed.

The Audit & Risk Committee (ARC) assist the Board in discharging its oversight responsibilities in respect to risk assessment, risk management strategies and monitoring. The ARC is responsible for reviewing enterprise risk management as well as emerging risk areas, including climate-related risks and opportunities, as described in the ARC's Charter.

The ARC receives reporting from management regarding risk management activities and emerging risks at least every six months. The ARC performs a formal annual review of the Group Risk Management Policy and Enterprise Risk Register, including climate-related risks and opportunities where identified. Following this annual review, the ARC provides an update to the Board for review and approval.

Climate-related skills and experience

Under the Group's Nomination and Remuneration Committee (NRC) Charter, the NRC supports the Board in reviewing director competencies, succession planning and Board performance. The Board considers that its directors collectively have the skills, experience and diversity required to discharge their responsibilities and support the Group's strategy. While the Board's skills matrix does not include a discrete category labelled 'climate-related risks and opportunities', the Board has assessed that the skills and experience needed to oversee the Group's climate-related strategies are captured within its broader existing competencies. In particular, the Board considers that its collective capability in strategy and leadership, risk and compliance oversight, critical and innovative thinking, and health, safety, social and environmental responsibility – each disclosed in the skills matrix in the 2026 Corporate Governance Statement – equips it to oversee management's assessment of, and response to, climate-related risks and opportunities.

Strategy, risk management and decision-making

Climate-related risks and opportunities are considered by the Board as part of its oversight of the Group's strategy, risk management framework and major business decisions. Climate-related matters are assessed within the Group's broader enterprise risk management processes and are considered alongside other strategic, operational, financial and regulatory risks.

In overseeing strategy, the Board considers the potential impacts of climate-related risks and opportunities on the Group's operations, supply chain, customers, infrastructure and long-term business resilience, where relevant. Climate-related risks and opportunities will be considered into the evaluation of major transactions, capital investments and business acquisition opportunities when the climate-related impacts are material.

The Board reviews management's assessment of climate-related risks through the Group's risk management framework and considers whether existing controls, mitigation measures and strategic initiatives remain appropriate. Where relevant, the Board considers the appropriate balance between addressing climate-related risks and opportunities and achieving broader business objectives, including maintaining operational resilience, delivering customer outcomes, meeting regulatory requirements and contractual obligations, and allocating capital efficiently.

Governance of climate strategy and targets

ParagonCare has not adopted any climate-related targets and as a result climate-related performance metrics are not incorporated into remuneration arrangements. The Board may review the appropriateness of incorporating climate-related targets and associated remuneration frameworks as the Group's climate strategy and reporting capabilities continue to mature.

Management roles and responsibilities

Management supports oversight of climate-related risks and opportunities through delegation structures led by the Chief Executive Officer and Chief Financial Officer. Executive leadership roles cover key operational areas across the organisation.

This oversight is supported by management-level processes, including formal delegation of authority frameworks that define decision-making responsibilities and limits. The Board and the ARC oversee these matters through regular reporting from the executive team.

Management's oversight of climate-related risks and opportunities is integrated with existing governance, risk management, finance, operational, procurement and business continuity functions across the Group. Management uses the following policies, controls and processes to support oversight:

- ParagonCare's risk management and business continuity framework supports the identification, assessment, treatment, monitoring and reporting of risks across the Group, including climate-related risks where relevant. Oversight of the framework rests with the Board, while management is responsible for identifying risks, maintaining risk registers and reporting on risk management activities.
- Climate-related risks identified through the risk management process are assessed and managed using the same risk governance framework, reporting processes and internal controls applied to other enterprise risks. Relevant information is incorporated into risk registers, business planning activities and periodic management reporting. Responsibility for implementing climate-related controls and mitigation actions is allocated to the relevant operational and functional leaders, with oversight provided through existing management reporting structures.

CONSOLIDATED SUSTAINABILITY REPORT CONTINUED

For the year ended 30 June 2026

Risk Management

The Group's risk management and business continuity framework, based on the principles of AS/NZS ISO 31000:2018, establishes the processes used to identify, assess, treat, monitor and report risks across the business. The framework is integrated into the Group's governance, planning and reporting processes and applies to strategic, operational and emerging risks. Risk identification is undertaken periodically and as part of planning processes, considering changes in strategic objectives, services and the operating environment.

During the reporting period, the Group engaged an external consultant to support its first formal climate-related risks and opportunity assessment. This process included desktop research, benchmark analysis and consideration of publicly available climate-related scenarios, including those published by the Intergovernmental Panel on Climate Change (IPCC) and the Network for Greening the Financial System (NGFS). The assessment used the Group's existing risk management framework criteria to assess climate-related risks, opportunities and identify controls.

Risks are assessed by Management and identified risk owners, considering the likelihood, consequence and effectiveness of existing controls. Risks are evaluated against defined criteria across categories such as business impact, reputation, people, health and safety, financial, regulatory and environmental, IT systems, procurement and supply, and production. Each risk is assigned an inherent and residual risk rating.

Climate-related risks will be prioritised within the same enterprise risk management framework applied to enterprise business risks. This means they will be assessed and prioritised relative to other risks based on likelihood, consequence, control effectiveness and inherent and residual risk rating, rather than through a separate standalone methodology.

Climate-related risks will be integrated into the Group's risk management framework during the reporting period 2026-2027 so they are subject to the same monitoring, reporting and oversight processes as other risks. The framework requires ongoing monitoring of risks and controls, with review timing linked to the level of risk. Very high risks are reviewed monthly, high and medium risks quarterly, and low risks annually by management.

Risk reporting (or risk register) supports communication of risk management activities, monitor compliance with risk appetite tolerances and track the status of treatment plans. A formal annual review of the risk register is undertaken by the ARC as described in the Governance section of the report.

Strategy

Climate-related Risks and Opportunities

Climate change presents both risks and opportunities for the Group that could reasonably be expected to affect the entity's prospects. These impacts include physical risks arising from acute and chronic changes in climate, as well as transition risks and opportunities associated with the shift to a lower carbon economy, including regulatory change, and stakeholder expectations. The Climate-related risks and opportunities identified by the group are summarised in the following page.

Changes to financial position, performance and cashflows

The Group uses climate-related scenarios to assess changes to financial position, performance and cashflows. The Group considered two climate scenarios, assessed against a base case scenario. Impacts for physical risks are primarily informed by the NGFS Current Policies scenario (high warming scenario), while impacts for transitional risks are primarily informed by NGFS Net Zero scenario (low warming scenario). Refer to section below for current and anticipated financial effects and climate resilience section for further information on scenarios and assumptions used. Potential impacts are assessed to inform exposure in the absence of mitigation or adaptation measures.

No climate-related risks or opportunities have been identified that pose a significant risk of requiring a material adjustment to the reported values of assets and liabilities within the next annual reporting period.

Concentration of risks and opportunities

Operations are concentrated at major facilities, particularly Keysborough, Willawong and Eastern Creek distribution centres and Mount Waverley manufacturing operations. Disruptions at these sites from heat, storms, flooding, power outages or other acute weather events could affect warehousing, manufacturing, servicing and continuity of supply.

Because a significant portion of revenue relates to pharmaceutical distribution in Australia, risks are concentrated where climate impacts could affect supplier continuity, regulatory expectations, transport reliability or demand for critical pharmaceutical products.

Time horizons for climate-related reporting

The Group defines the time horizons within this report based on when the climate-related risks and opportunities could reasonably be expected to occur and aligning with business and strategy processes. As of the end of the reporting period the following time horizons were identified:

- Short-term: 1 year - aligning with annual budget cycle
- Medium term: 1 to 5 years: aligning with strategic planning cycles (e.g. medium-term business planning)
- Long term: More than 5 years - this horizon accounts for plausible changes in physical risk and transition scenarios between 2032 and 2050.

CONSOLIDATED SUSTAINABILITY REPORT CONTINUED

For the year ended 30 June 2026

Risk and time horizon	Effect on business model and value chain	Effect on strategy and decision making
Physical risk: Extreme weather events disrupting supply chains and healthcare system resilience ParagonCare may experience operational disruptions, increased cost volatility and supply chain instability if acute or chronic physical climate impacts affect raw material availability, supplier processing capacity or national transport networks, reducing the Group's ability to reliably source and distribute medical products across Australia. **Time horizon:** Medium to long	As the Group relies on global suppliers and transport networks to source and distribute medical products to Australia, climate-related disruptions could increase procurement and logistics costs, reduce supply reliability and affect customer fulfilment. Over time, this may require ParagonCare to strengthen supplier resilience, diversify sourcing arrangements, enhance inventory and logistics planning, and consider the climate resilience of key suppliersand distribution partners.	ParagonCare's diversified supplier base, inventory planning and access to alternative distribution partners and transport modes reduce reliance on any single supplier or route, supporting flexibility during supply chain disruptions. Operational resilience is further supported by the ability to reallocate products across warehouses, access short-term storage, and maintain insurance, business continuity and disaster recovery plans.
Physical risk: Extreme weather events and sustained temperature increases disrupting own operations. Increased frequency and intensity of extreme weather events and sustained temperature increase may place strain on ParagonCare's clinical manufacturing processes, temperature-controlled inventory storage and distribution systems. This could result in higher operating costs, operational disruption and reduced revenue where extreme heat affects the Group's ability to store and deliver time-sensitive, temperature-controlled pharmaceuticals and blood reagents. **Time horizon:** Medium to long	As the Group relies on controlled operating conditions to manufacture, store and deliver pharmaceuticals and blood reagents, extreme weather events could increase energy, refrigeration, maintenance and logistics requirements, and may affect product integrity, service continuity and customer fulfilment. Over time, this may require further investment in climate-controlled infrastructure, backup power, equipment maintenance, inventory planning and temperature-controlled logistics to maintain operational resilience and protect revenue from time-sensitive healthcare products.	ParagonCare maintains back-up power, tested climate-control systems and maintenance programs at key temperature-controlled and manufacturing sites to support operational continuity and product integrity. Energy is supplied through diversified grid operators, although the Group remains exposed to climate-related energy regulation and potential changes in energy availability or costs. Reliable temperature control and timely distribution are particularly important for products with short-useful lives, such as red blood cell reagents, which are manufactured on a four-week cycle and shipped immediately.
Transitional risk: Changes to healthcare climate-related transition policy ParagonCare may face changes to its product portfolio, procurement requirements and operating model as climate-related healthcare policy increasingly responds to rising climate-related illness and health system resilience needs. This may require ParagonCare to adapt its products, supply chains and distribution capabilities to meet evolving expectations for climate- resilient healthcare solutions. **Time horizon:** Long term	ParagonCare's business model and value chain may be affected as healthcare policy and customer expectations increasingly prioritise climate-resilient products. This may require the Group to adjust its product portfolio, procurement criteria and supplier engagement processes to source products and services that support health system resilience and respond to climate-related illness. It may also require changes to inventory planning, distribution capability, product evaluation and customer engagement to meet evolving requirements.	Paragon Care's diversified supplier base and broad product portfolio provide flexibility to respond to evolving healthcare policy, regulation and changing health system demand. The Group has developed strong supplier relationships over many years, which supports access to suppliers that can adapt their products, services and supply arrangements as climate-related healthcare requirements continue to evolve. Given the long-term nature of this risk, Paragon Care's current strategic response is to monitor policy developments, customer requirements and supplier capability over time.

CONSOLIDATED SUSTAINABILITY REPORT CONTINUED

For the year ended 30 June 2026

Risk and time horizon	Effect on business model and value chain	Effect on strategy and decision making
Transitional risk: Increased energy costs and decarbonisation requirements Paragon Care may face reduced demand, increased compliance obligations and higher operating costs if climate-related procurement policy, customer decarbonisation requirements, carbon-pricing mechanisms, energy system transition risks, affect its own operations, suppliers or broader value chain, and the Group is unable to adapt its operations, product offering or reporting processes accordingly. **Time horizon:** Medium term	ParagonCare's business model and value chain may be affected by its ability to decarbonise its own operations and the pace at which suppliers reduce emissions and provide lower-emissions products and services. If suppliers are unable to decarbonise or meet evolving climate-related procurement expectations, ParagonCare may face constraints in adapting its product offering, maintaining market competitiveness and meeting customer requirements. Decarbonising our own operations requires capital investment and closer engagement with suppliers, and distribution partners to manage energy and fuel efficiency.	ParagonCare is currently reviewing opportunities to improve resource efficiency across its operations, with a focus on reducing energy consumption and improving waste management practices. These activities are expected to support the Group's broader response to transition risks by helping to identify practical initiatives that may reduce operating costs, emissions and resource use over time. Future measurement of Scope 3 emissions may inform group initiatives regarding engagement with suppliers.
Transitional opportunity: emissions reduction through resource efficiency measures The Group has identified an opportunity to reduce GHG emissions and operating costs through resource efficiency measures, including lower energy use and increased renewable electricity usage through engagement with landlords and direct generation (where feasible). This opportunity may also support competitiveness and revenue growth over time where customers increasingly prefer lower-emissions suppliers and products. **Time horizon:** medium term	Paragon Care's business model and value chain may benefit from improved resource efficiency across its operations, including lower energy use, improved refrigerant management and more efficient equipment. These initiatives may reduce Scope 1 and 2 emissions, lower operating costs and support customer expectations for lower-emissions suppliers over time. Delivering relevant initiatives will depend on collaboration with employees, landlords, fleet management providers and other suppliers, together with further analysis of options such as solar electricity generation and waste diversion.	Paragon Care has not established a formal climate transition plan; however, it has identified site-level efficiency initiatives to be managed through its ISO 14001 Environmental Management System and operational processes. These initiatives include behavioural energy-efficiency controls, air-conditioning optimisation, lighting and sensor upgrades, efficient equipment procurement. The Group has also gathered information for a refrigerant asset register and intends to monitor top-ups and leaks. Ageing or high-GWP equipment will be reviewed for replacement with more efficient alternatives where technically and financially feasible, with replacement decisions integrated into normal maintenance and improvement planning.

CONSOLIDATED SUSTAINABILITY REPORT CONTINUED

For the year ended 30 June 2026

Current and anticipated financial effects

Current financial effects

No current financial impacts have been identified for climate-related risks and opportunities.

Anticipated financial effects

- The Group may be affected by supply-chain disruptions that increase product costs, as well as higher input prices associated with value-chain investment in low-carbon manufacturing and transport. Depending on future climate change developments and associated policies, the estimated decrease in gross profit ranges from 0.8% to 2.9% in the short term, 0.7% to 1.1% in the medium term and 0.1% to 2.96% in the long term.
- Revenue may be affected in different ways, including through increased demand for climate-related healthcare products and reduced demand for non-essential products. Under a forward-looking assumption that revenue decreases are aligned with 10% of Gross Domestic Product (GDP) impacts, the estimated decrease in revenue ranges from 0.26% to 0.28% in the short term, 0.5% to 0.7% in the medium term and 1.1% to 1.5% in the long term, compared with the baseline assumptions. This estimate is an assumption based on external climate scenarios and is subject to a high degree of uncertainty. Actual outcomes will depend on evolving physical climate risks and their implications for climate-related illness, life expectancy and healthcare demand, as well as the nature, timing and scale of future government policy and health system responses.
- ParagonCare has not yet established a formal transition plan and, accordingly, has not identified the future capital and operating expenditure that may be required to reduce resource consumption. As its emissions management and environmental improvement processes mature, Paragon Care will assess the funding required to pursue identified opportunities and the associated cost savings. At this stage, these opportunities have not been identified as having a quantifiable financial effect.

Climate resilience

The Group conducted scenario analysis to assess the resilience of its strategy and business model using the same time horizons as the climate risk and opportunity assessment. The scenario analysis process commenced during the reporting period, covering the Group's operations and value chain.

Scenarios selected

Two scenarios were considered in accordance with the *Corporations Act 2001* requirements, considering both transition and physical risks. The analysis also included a baseline scenario.

- Scenario 1: High warming scenario – the increase of global average temperature well exceeds 2°C, referencing data from the IPCC (SSP2-4.5/C6), the NGFS Current Policies, and the International Energy Agency (IEA) Current Policies scenario.
- Scenario 2: Low warming scenario – the increase of global average temperature is limited to 1.5°C aligning with the latest international agreement on climate change, referencing data from the IPCC (SSP1-1.9/C1), the NGFS Net Zero by 2050 scenario, and the IEA Net Zero emissions by 2050.
- Baseline scenario: established a common starting point for the analysis and enabled the organisation to assess how climate-related risks and opportunities may differ under both high-warming and low-warming futures. It also includes low-uncertainty trends and drivers expected to occur across both scenarios.

Relevance of scenarios selected:

The scenarios used are climate-related frameworks designed to assess the risks associated with climate change and the transition to a lower-carbon economy. These scenarios are directly relevant for evaluating the resilience of our strategy and business model over different time horizons arising from both climate change physical impacts and policy or stakeholder driven pressure to reduce carbon emissions.

CONSOLIDATED SUSTAINABILITY REPORT CONTINUED

For the year ended 30 June 2026

Assumptions	High warming scenario: temperature increase of approximately 2.5°C to 3°C	Low warming scenario: temperature increase limited to 1.5°C
Scenario overview	ParagonCare operates in an environment where action on climate is slow with no additional policy changes in Australia or globally and limited development in technology. Emissions stabilise in 2030 and then experience slow declines to 2050 failing to meet global commitments under the Paris agreement and resulting in projected warming by 2050 of up to 3°C. This leads to increasing frequency and severity of extreme weather events increasingly impacting communities and economies globally.	Strong global climate action and coordinated policy responses shape a dynamic operating environment for ParagonCare. Climate policies tighten across major markets, technology development accelerates and healthcare climate ambition becomes widespread limiting climate impacts on communities and the economy. These conditions drive a market shift toward energy efficient, low emission products.
Healthcare demand and funding	Healthcare demand under the high-warming scenario is expected to shift towards essential medicines, critical consumables and frontline healthcare products as climate-related illness and system costs increase. As government funding becomes more focused on climate-resilient and essential care, revenue growth may moderate relative to the base case. Reflecting this shift, revenue is projected to decrease by 0.26% by FY2027, 0.50% by FY2032 and 1.35% by FY2050 compared with the base case following NGFS Current policies GDP trajectories.	Healthcare demand remains broadly stable under the low warming scenario, supported by continued demand for essential healthcare products and services. As healthcare funding and procurement requirements evolve, ParagonCare adapts to changing customer expectations and maintains its market position, resulting in revenue remaining aligned to current forecasts. Measured deployment of AI improves planning and service continuity across the healthcare system.
Supply chain disruption	Physical climate impacts may increase disruption across pharmaceutical manufacturing, transport and distribution networks, placing pressure on the availability and cost of medicines and consumables. More frequent transport interruptions, supplier disruption, production constraints and drought-related water scarcity may increase procurement costs, with impacts reflected in reduced gross profit. Based on NGFS Current Policies inflationary impacts, gross profit is projected to decrease by 0.8% in FY2027, 1.1% in FY2032 and 2.9% by FY2050 compared with the base case. These impacts reflect higher procurement costs and supply chain disruption under the high-warming scenario.	Strong international climate policy and coordination improve supplier resilience and manufacturing reliability, maintaining disruption at manageable levels across pharmaceutical supply chains. Improved water efficiency and resource management help maintain water availability, reducing production constraints that may otherwise affect pharmaceutical manufacturing.
Energy transition and security	Rising temperatures may place increasing pressure on electricity network reliability, creating additional challenges for temperature-controlled storage and cold-chain logistics. Freight and electricity costs may increase relative to current trends; however, based on external data, these increases are expected to remain within manageable levels. Stock adjustments, as a percentage of cost of sales, are assumed to increase from 0.09% in 2030 to 0.18% by 2050, reflecting increased disruption risk and potential product spoilage. This impact is already reflected in the gross profit impacts disclosed above.	Globally coordinated carbon pricing and stronger climate policies are expected to accelerate decarbonisation across energy systems and healthcare supply chains. During the transition, investment in lower-emissions infrastructure and increasing supplier requirements may place upward pressure on operating costs. As a result, gross profit is assumed to decrease by 2.9% in FY2027 and 0.8% in FY2032, before recovering to base case levels by FY2050 as the transition matures, cleaner energy systems become more established and operational resilience improves. A carbon price has been applied to Scope 1 and Scope 2 emissions in this scenario to reflect the potential expenditure required to decarbonise ParagonCare's own operations or obtain carbon credits. Emissions are projected in line with revenue growth over the assessment period. Carbon-related costs are estimated to be approximately $nil in FY2027, $2.0 million in FY2032 and $4.5 million in FY2050. However, this expenditure may decrease over time as emissions reduction initiatives are implemented and as the electricity grid and fleet suppliers decarbonise.

CONSOLIDATED SUSTAINABILITY REPORT CONTINUED

For the year ended 30 June 2026

Key Uncertainties

Significant areas of uncertainty considered in the assessment of climate resilience include:

- The frequency, severity and financial consequences of physical climate-related impacts, including extreme weather events and supply chain disruption. The timing and magnitude of these impacts remain uncertain and may differ materially from the assumptions applied in the scenarios. NGFS Current Policies inflation data has been used to illustrate the potential financial impacts under the high warming scenario.
- Future policy responses to climate-related illness and health hazards, and associated healthcare procurement requirements. The timing, design and extent of policy and market changes remain uncertain and may influence demand for products and operating costs. NGFS GDP assumptions have been used to illustrate the potential demand-related impacts.
- The magnitude of transition-related cost pressures across ParagonCare's value chain, including changes in product costs, freight costs, electricity prices and carbon pricing. The extent of these impacts will depend on future policy settings, technology deployment, supplier responses and the pace of global decarbonisation. NGFS Net Zero 2050 inflation and electricity price assumptions have been used to illustrate the potential impacts under the low warming scenario.
- Future emissions profile of ParagonCare and its value chain, including the cost and effectiveness of emissions reduction initiatives, availability of lower-emissions technologies and future carbon prices. These factors may materially influence future transition-related expenditure. NGFS Net Zero 2050 carbon price assumptions have been used to assess potential carbon-related costs.

Resilience of our strategy and business model

ParagonCare's scenario analysis indicates that its strategy and business model remain resilient under both the low-warming and high-warming scenarios, reflecting the essential nature of the healthcare products and services supplied by the Group. Revenue is expected to remain stable across both scenarios, indicating that climate-related risks are more likely to affect profitability through cost pressures, supply chain disruption, procurement costs and transition-related expenditure than through a material reduction in underlying demand.

Under the low-warming scenario, transition-related costs create short- to medium-term pressure on profitability as carbon pricing, decarbonisation requirements and supplier expectations increase operating and procurement costs. However, these impacts are expected to reduce over time as supply chains adapt, renewable energy becomes more available, suppliers decarbonise and operating conditions become more stable. This indicates that ParagonCare's strategy and business model are capable of absorbing the costs associated with an orderly transition without requiring significant changes to the Group's core activities, although continued operational efficiency and emissions reduction initiatives will remain important.

Under the high-warming scenario, near-term impacts are lower, but financial impacts increase over time as physical climate risks become more severe. These impacts are expected to arise primarily through increased supply chain disruption, higher procurement costs, pressure on temperature-controlled logistics and potential changes in healthcare demand and funding. The results indicate that ParagonCare's long-term resilience is more dependent on maintaining supply chain flexibility, managing procurement and logistics costs, protecting product integrity and adapting to changing healthcare system requirements.

While both scenarios remain financially viable, the analysis suggests that an orderly transition pathway results in lower long-term financial impacts than a future characterised by increasing physical climate disruption. Accordingly, continued focus on supplier engagement, supply chain resilience, inventory and logistics planning, operational efficiency and emissions management is expected to support the resilience of ParagonCare's strategy and business model under a range of climate futures.

Ability to redeploy, repurpose, upgrade or decommission existing assets

ParagonCare has not identified a need to redeploy, repurpose or decommission existing assets based on the climate scenario analysis. Climate-related responses are expected to focus on upgrading equipment to more efficient alternatives where technically and financially feasible, through normal maintenance, procurement and improvement planning.

Effect of investments in climate-related mitigation, adaptation and opportunities for climate resilience

No material climate-related mitigation, adaptation or resilience expenditure has been incurred during the reporting period. Future expenditure in relation to climate mitigation, adaptation and resilience such as reducing own emissions, disciplined procurement and supplier engagement practices could support operational efficiency, ability to manage potential cost increases, continuity of supply and ultimately meeting customer requirements.

CONSOLIDATED SUSTAINABILITY REPORT CONTINUED

For the year ended 30 June 2026

Metrics and Targets

Greenhouse Gas (GHG) emissions

Description	FY26 (t CO2e)	% of Total
Scope 1 GHG emissions	1,054	16%
Scope 2 GHG emissions	5,371	84%
Total Scope 1 and 2 GHG emissions (location-based method)	6,425	100%

Basis of preparation

The Group measured GHG emissions in accordance with the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (2004) (GHG Protocol). All figures are presented in units of metric tonnes of CO2 equivalent (tCO2e)

Organisational boundary

The organisational boundary is determined using the financial control approach, this approach was selected as it closely aligns emissions reporting with financial reporting practices. The organisational boundary comprises the Group's wholly owned subsidiaries. The Group has no joint ventures, associates or non-incorporated investments.

Scope 1 emissions: Mobile combustion

Mobile combustion related to GHG emissions from the combustion of fuel in company-owned or controlled sources.

Source of emissions	Measurement method	Inputs and key assumptions
Combustion of liquid fuels in vehicles	Fuel-based method	Fuel consumption data is primarily sourced from fuel card reports. Where fuel consumption data is not available, consumption is estimated using distance travelled and vehicle-specific fuel efficiency assumptions. Management considers these assumptions to be reasonable and representative of actual operating conditions during the reporting period
Combustion of gaseous fuels in vehicles and other machinery	Fuel-based method	Fuel consumption data is sourced from the general ledger and supplier invoices.

Emission factors are sourced from the Australian National Greenhouse Accounts (NGA) 2025 for both Australian and international entities

Scope 1 emissions: Stationary combustion

Stationary combustion related to the GHG emissions from the combustion of fuel in stationary sources.

Source of emissions	Measurement method	Inputs and key assumptions
Petroleum-based oils and lubricants	Fuel-based method	Lubricant consumption data was sourced from fuel cards.

Emission factors are sourced from the Australian National Greenhouse Accounts (NGA) 2025 for both Australian and international entities

CONSOLIDATED SUSTAINABILITY REPORT CONTINUED

For the year ended 30 June 2026

Scope 1 emissions: Fugitive

Fugitive emissions arise from the leakage of HFCs and PFCs from equipment, such as refrigeration units and air conditioning systems.

Source of emissions	Measurement method	Inputs and key assumptions
Refrigerators, cool rooms and freezers	Emission-factor based approach	Primary data for cool rooms and freezers, comprising of type of asset, refrigerant type and refrigerant charge. Where primary data was not available, estimation of units, refrigerant type and volume have been used.
Air-conditioning	Emission-factor based approach	Primary data comprising of type of asset, refrigerant type and refrigerant charge was sourced. Where data was not available estimations of reporting days, floor space, applicable global warming potential and premises type was used.

The IPCC sixth assessment report (AR6) which provides the latest Global Warming Potential Values. Annual leakage rates are sourced from the Australian National Greenhouse Accounts (NGA) 2025 and NGER (Measurement) Determination 2008 Section 4.102.

Scope 2 emissions: Purchased electricity

Scope 2 related to indirect GHG emissions from the consumption of purchased electricity by assets operated by the Group.

Source of emissions	Measurement method	Inputs and key assumptions
Purchased electricity	Location-based method	Primary data, comprising actual electricity consumption, is obtained from supplier invoices. Where primary data is unavailable, estimated electricity usage is provided.

Emission factors are sourced from the Australian National Greenhouse Accounts (NGA) 2025 for Australian entities. For international operations, jurisdiction-specific emission factors were applied based on the location of each entity.

CONSOLIDATED SUSTAINABILITY REPORT CONTINUED

For the year ended 30 June 2026

Other climate-related metrics

Metric	Definition	Amount	Percentage
Assets or business activities vulnerable to climate-related physical risk	Majority of the Group's operations occur in Australia; the group may experience physical impacts at strategic sites.	66,307 sqm of the Group's total 76,396 sqm of sites are in Australia.	87% of total site area.
Assets or business activities vulnerable to climate-related transition risk	The Group has identified climate-related transition risks that may affect activities across its value chain, including manufacturing processes that rely on fossil fuel-powered equipment, purchased grid electricity and third-party logistics fleets.	The Group does not currently identify a significant proportion of its owned assets as vulnerable to climate-related transition risk.	N/A
Assets or business activities aligned with climate-related opportunities	ParagonCare is currently exploring initiatives to reduce emissions and does not currently have assets or business activities fully operational that align with climate-related opportunities.	N/A	N/A
Capital expenditure, financing or investment deployed towards climate-related risks and opportunities	ParagonCare is currently exploring initiatives and has not deployed capital, financing or investment during the reporting period	N/A	N/A
Carbon Price	The Group does not apply an internal carbon price in its decision-making processes. A carbon price was used for scenario analysis purposes as noted in the resilience section of the report.	Under the IEA Net Zero Emissions, the carbon price for advanced economies is projected to reach USD \$140 per tonne of CO_2e by 2030, increasing to USD \$250 by 2050.	N/A

Climate-related targets

The Group has not yet established internal targets related to climate objectives and is not currently subject to a legal requirement to do so. The Group continues to monitor evolving regulatory requirements and industry practice to inform future initiatives.

INDEPENDENT AUDITOR'S REVIEW REPORT - SUSTAINABILITY

to the members of Paragon Care Limited

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

Conclusion

We have conducted a review of the following information in the Sustainability Report of Paragon Care Limited ('the Company') and its subsidiaries (collectively 'the Group') for the year ended 30 June 2026 (the 'selective sustainability information') as required by Australian Standard on Sustainability Assurance ASSA 5010 *Timeline for Audits and Reviews of Information in Sustainability Reports under the Corporations Act 2001* issued by the Auditing and Assurance Standards Board (AUASB):

Selective sustainability information	Criteria: Reporting requirement of AASB S2 Climate-related Disclosures (AASB S2) (including related general disclosures required by Appendix D)	Location in Sustainability Report
Governance	Paragraph 6	Page 136
Strategy (risks and opportunities)	Subparagraphs 9(a), 10(a) and 10(b)	Risk and time horizon column on pages 138 – 139: Risks and opportunity description and risk type
Scope 1 and 2 emissions	Subparagraphs 29(a)(i)(1) to (2) and 29(a)(ii) to (v)	Pages 143 – 144: Scope 1 & 2 emissions

The requirements of AASB S2 identified in the table above form the criteria relevant to the selective sustainability information and apply under Division 1 of Part 2M.3 of the *Corporations Act 2001* (the Act).

We have not become aware of any matter in the course of our review that makes us believe that the selective sustainability information specified in the table above does not comply with Division 1 of Part 2M.3 of the *Corporations Act 2001*.

Basis for conclusion

Our review has been conducted in accordance with Australian Standard on Sustainability Assurance ASSA 5000 *General Requirements for Sustainability Assurance Engagements* (ASSA 5000) issued by the AUASB. Our review includes obtaining limited assurance about whether the selective sustainability information is free from material misstatement.

In applying the relevant criteria, we note that subsection 296C(1) of the Act includes a requirement to comply with AASB S2.

Our conclusion is based on the procedures we have performed and the evidence we have obtained in accordance with ASSA 5000. The procedures in a review vary in nature and timing from, and are less in extent than for, an audit. Consequently, the level of assurance obtained in a review is substantially lower than the assurance that would have been obtained had an audit been performed. See the *Summary of the Work performed* section of our report.

INDEPENDENT AUDITOR'S REVIEW REPORT - SUSTAINABILITY

to the members of Paragon Care Limited

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Our responsibilities under ASSA 5000 are further described in the *Auditor's responsibilities* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the Act and the ethical requirements of *APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* issued by the Accounting Professional & Ethical Standards Board Limited (November 2018 incorporating all amendments to June 2024) (the Code) that are relevant to reviews of the selective sustainability information of public interest entities in Australia. We have also fulfilled our other ethical responsibilities in accordance with these requirements and the Code.

Our firm applies Australian Standard on Quality Management ASQM 1 *Quality Management for Firms that Perform Audits or Reviews of Financial Reports and Other Financial Information or Other Assurance or Related Services Engagements*, which requires the firm to design, implement and operate a system of quality management, including policies and procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements.

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

Other information

The directors of the Company are responsible for the other information. The other information comprises the Company's Annual Report but does not include the selective sustainability information and our review report thereon.

Our conclusion on the selective sustainability information does not cover the other information and we do not express any form of assurance conclusion thereon in this review report. We have issued a separate auditor's report on the Financial Report and the Remuneration Report

In connection with our review of the selective sustainability information, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the selective sustainability information, or our knowledge obtained when conducting the review, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities for the selective sustainability information

The directors of the Company are responsible for:

- The preparation of the selective sustainability information in accordance with the Act; and
- Designing, implementing and maintaining such internal control necessary to enable the preparation of the selective sustainability information, in accordance with the Act that is free from material misstatement, whether due to fraud or error.

INDEPENDENT AUDITOR'S REVIEW REPORT - SUSTAINABILITY

to the members of Paragon Care Limited

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Inherent limitations

Greenhouse gas emissions quantification is subject to significant measurement uncertainty, which arises because of incomplete scientific knowledge used to determine emissions factors and the values needed to combine emissions of different gases. The comparability of sustainability information between entities and over time may be affected by inconsistencies in the methods to estimate or measure those emissions, due to different, but acceptable, methods applied.

Auditor's responsibilities

Our objectives are to plan and perform the review to obtain limited assurance about whether the selective sustainability information, defined in the *Conclusion* section of our report, is free from material misstatement, whether due to fraud or error, and to issue a review report that includes our conclusion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence decisions of users taken on the basis of the selective sustainability information.

As part of a review in accordance with ASSA 5000, we exercise professional judgement and maintain professional scepticism throughout the engagement. We also:

- Perform risk assessment procedures, including obtaining an understanding of internal control relevant to the engagement, to identify and assess the risks of material misstatements, whether due to fraud or error, at the disclosure level but not for the purpose of providing a conclusion on the effectiveness of the entity's internal control.

- Design and perform procedures responsive to assessed risks of material misstatement at the disclosure level. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Summary of the work performed

A review is a limited assurance engagement and involves performing procedures to obtain evidence about the selective sustainability information. The nature, timing and extent of procedures selected depend on professional judgement, including the assessed risks of material misstatement at the disclosure level, whether due to fraud or error.

In conducting our review, the procedures we performed included, but were not limited to:

- Considered the completeness of the Group's assessment of climate-related risks and opportunities

- Conducted interviews with key personnel to understand the process for collecting, collating and reporting the selective sustainability information during the reporting period

- Read minutes of relevant committees to understand matters discussed and decisions made with respect to climate-related disclosures

INDEPENDENT AUDITOR'S REVIEW REPORT - SUSTAINABILITY

to the members of Paragon Care Limited

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- Assessed the appropriateness of the reporting boundaries applied
- Undertook analytical review procedures to support the reasonableness of the selective sustainability information
- Evaluated the appropriateness of emission factors applied in the greenhouse gas emission processes
- Agreed the selective sustainability information disclosures made in the report with the underlying records
- Evaluated the presentation and disclosure of the selective sustainability information against the requirements of AASB S2

Ernst & Young

Ernst & Young

Kylie Bodenham
Partner

Melbourne
23 September 2026

Shareholder Information

For the year ended 30 June 2026

SHAREHOLDER INFORMATION

For the year ended 30 June 2026

Additional Information

In accordance with ASX Listing Rules the shareholder information set out below is current as at 16 September 2026.

Top 20 Holders

The 20 largest holders of fully paid ordinary shares as at 16 September 2026 were:

	No. of Shares	%
DAVID KEITH COLLINS & CHERIE MARIA MILLAR <Collins Millar Family>	477,507,317	28.85
PETER ANDREW LACAZE & DIANNE MAREE LACAZE <Lacaze Family>	472,507,317	28.55
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	154,059,591	9.31
MR JOHN ANDREW WALSTAB	122,956,314	7.43
J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	51,159,373	3.09
BNP PARIBAS NOMINEES PTY LTD	30,053,279	1.82
FIRST SAMUEL LTD ACN 086243567	16,989,331	1.03
BNP PARIBAS NOMINEES PTY LTD	11,556,350	0.70
PHILLIP GRAHAM SIDNEY PTY LTD	7,551,728	0.46
CITICORP NOMINEES PTY LIMITED	6,510,667	0.39
WALSTAB PTY LIMITED	6,000,454	0.36
SNOWBALL FIDUCIARY PTY LTD	5,329,000	0.32
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 2	4,751,141	0.29
DIXSON TRUST PTY LIMITED	4,506,994	0.27
MRS SANDRA JOAN MCDONALD & MR ANDREW MCDONALD	4,502,524	0.27
RATHVALE PTY LIMITED	4,152,250	0.25
MR RICHARD ALBARRAN	3,942,129	0.24
MR DREW TOWNSEND	3,942,128	0.24
JMT INVESTMENT GROUP VIC PTY LTD	3,900,000	0.24
MR RICHARD ALBARRAN - A/C 2	3,760,288	0.23
	1,395,638,175	**84.30**

Distribution Schedule

The distribution of fully paid ordinary shareholders as at 16 September 2026 was as follows:

Fully Paid Ordinary Shares

Range	Total holders	No. of shares	% Units
100,001 and over	456	1,590,619,830	96.09
10,001 to 100,000	1,587	53,924,865	3.26
5,001 to 10,000	731	5,603,404	0.34
1,001 to 5,000	1,726	4,798,841	0.29
1 to 1,000	964	358,449	0.02
	5,464	**1,655,305,389**	**100.00**

SHAREHOLDER INFORMATION CONTINUED

For the year ended 30 June 2026

Substantial shareholders

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

Substantial Shareholder	No. of Shares	%
David Keith Collins & Cherie Maria Millar <Collins Millar Family>	477,507,317	28.85
Peter Andrew Lacaze & Dianne Maree Lacaze <Lacaze Family>	472,507,317	28.55
Mr John Walstab	145,591,185	8.80
State Street Australia Ltd ACF Australian Ethical Investment	113,704,436	6.87

Unmarketable Parcels

There were 2,265 shareholders holding less than a marketable parcel of $500 worth of shares, based on the closing market price on 16 September 2026 of $0.135 per share.

Fully Paid Ordinary Shares	Holders	No. of shares	% of issue shares
Holdings less than a marketable parcel	2,265	3,231,835	0.20

Restricted Securities

There are currently no restricted securities on issue.

On-market Buy Back

On 16 September 2026, the Company announced that it will be undertaking an on-market buy-back of up to 82,765,269 fully paid ordinary shares ('Share Buy-Back').

Voting Rights

Fully paid ordinary shares

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

Other securities

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

Annual General Meeting

The 2026 Annual General Meeting will be held on Wednesday, 18 November 2026 at 1.00pm (Melbourne time). Further details relating to the meeting will be advised in the Notice of Meeting to be sent to all Shareholders and released to ASX immediately upon despatch.

In accordance with rule 3.5(c) of the Company's constitution, the Closing Date for Nomination of Director is Wednesday, 7 October 2026. Any nomination must be received in writing no later than 5.00pm (Melbourne time) on Wednesday, 7 October 2026 at the Company's Registered Office.

CORPORATE DIRECTORY

30 June 2026

Directors	**Peter Lacaze** - Chairman **Carmen Riley** - Chief Executive Officer and Managing Director **David Collins** - Executive Director **Peter Egglestone** - Non-Executive Director **John Walstab** - Non-Executive Director
Company secretary	Michael Sapountzis
Registered office and principal place of business	77-97 Ricketts Road Mount Waverley VIC 3149 Telephone: (03) 8833 7800 Facsimile: (03) 8833 7890
Share register	Link Market Services Limited Level 13, Tower 4, 727 Collins Street Melbourne VIC 3000 Telephone:1300 554 474 Facsimile: (02) 9287 303 Website: www.linkmarketservices.com.au
Auditor	Ernst & Young 8 Exhibition Street Melbourne VIC 3000 Website: www.ey.com
Solicitors	Baker McKenzie 181 William Street Melbourne 3000
Bankers	Scottish Pacific Business Finance Pty Ltd
Stock exchange listing	ParagonCare shares are listed on the Australian Securities Exchange (ASX code: PGC)
Website	www.paragoncare.com.au
Corporate Governance Statement	The Directors and management are committed to conducting the business of ParagonCare in an ethical manner and in accordance with the highest standards of corporate governance. ParagonCare has adopted and has substantially complied with the ASX Corporate Governance Principles and Recommendations (Fourth Edition) ('Recommendations') to the extent appropriate to the size and nature of its operations. The Company's FY26 Corporate Governance Statement, which sets out the corporate governance practices that were in operation during the financial year and identifies and explains any Recommendations that have not been followed, which is approved at the same time as the Annual Report, can be found at: **https://paragoncare.com.au/corporate-governance**

We sincerely thank our valued customers and trusted suppliers for your continued support and partnership.

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

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Paragon Care Limited