



# Q2 2021 Earnings Call

August 10, 2021



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*All dollar figures are in Canadian dollars unless otherwise stated.*



# David Murphy

President & Chief Executive Officer

# Q2 2021: Continued Execution on our Growth Strategy

Another quarter of strong growth in revenue and Adjusted EBITDA

+

Closed two acquisitions and announced largest to date



# Q2 2021 Financial Highlights

## From Continuing Operations

(+/- compared to Q2 2020)

(millions)	Q2 2021	
Revenue	\$49.7	<b>+25%</b>
Adjusted EBITDA	\$4.3	<b>+54%</b>
Adjusted EBITDA Margin	8.7%	<b>+160bps</b>

- Average beds serviced of 53,184: **+27%** vs Q2/20
- Growth driven primarily by Remedy's acquisition (Q2/20), as well as SmartMeds (Q2/21)
- Adjusted EBITDA includes quarterly contribution of >\$3.0 M in annualized cost savings from Remedy's acquisition
- Minimal contribution from Rexall LTC acquisition

Bed count continues to increase as occupancy levels improve but has not yet returned to pre-pandemic levels

# SmartMeds: Another High-Quality Tuck-In Acquisition

- Added 2,400 beds
- Strengthened market position in Ontario
- Excellent reputation as a leader in innovation, quality, and customer service

Closed April 1, 2021

Expected to contribute annualized run-rate revenue of \$13 M and Adjusted EBITDA of \$1.5 M before any integration synergies

Q2 financial contribution in line with expectations

# Rexall: Partial Acquisition of a Portion of LTC Pharmacy Business

- Added ~4,000 beds in Ontario & Northern Alberta
- Included fulfilment centre in Sudbury

Closed June 21, 2021

Expected to contribute annualized run-rate revenue of ~\$14 M & nominal Adjusted EBITDA prior to any integration synergies

9 days contribution to Q2 results

# Medical Pharmacies Acquisition: Our Largest & Most Significant to Date

April 19, 2021: Definitive Agreement to  
Acquire LTC Division of Medical Pharmacies

- Will add ~36,000 beds, serviced through 18 centres in Ontario & Western Canada
- Further expands Canada's largest national platform
- Expected to contribute run-rate annualized revenue of ~\$150 M & Adjusted EBITDA of \$10-12 M
- Further strengthens best-in-class offering, while enhancing growth opportunities

- Consideration:
  - \$70 M cash
  - 1 M CareRx common shares
- Financing:
  - \$63.3 M private placement
  - \$39 M incremental debt (and concurrent refinancing of existing senior and subordinated credit facilities)
- Expected to be immediately accretive to earnings upon closing
- Closing expected by mid-September 2021

Expected to generate minimum cost  
savings synergies of \$5.0 M

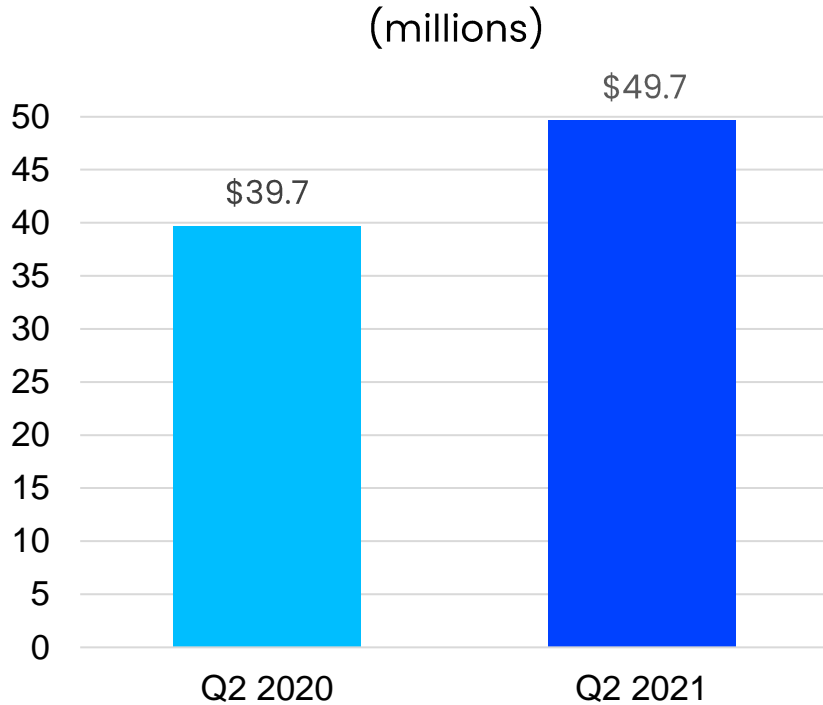




# Andrew Mok

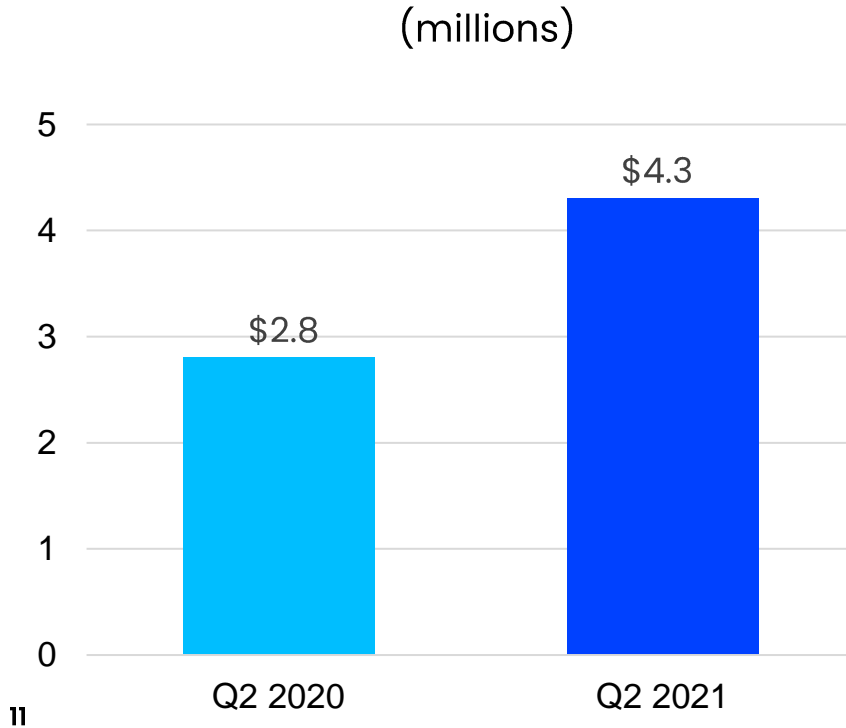
Chief Financial Officer

# Q2 2021 Financial Results | Revenue



- 25% year-over-year growth
- Growth driven primarily by Remedy's acquisition (Q2/20), as well as SmartMeds (Q2/21)
- Only nine days of contribution from Rexall acquisition

# Q2 2021 Financial Results | Adjusted EBITDA



- 54% year-over-year growth
- Includes quarterly contribution of >\$3.0 M in annualized cost saving synergies
- Growth driven primarily by Remedy's acquisition, as well as SmartMeds
- SmartMeds contribution in line with expectations

# Balance Sheet

(millions except ratio)

At Jun. 30/21

Cash	\$11.4
Net Debt <sup>1</sup>	\$47.8
Net Debt to Adjusted EBITDA <sup>2</sup>	2.8x

- Completed a bought private placement (subscription receipts) for gross proceeds of \$63.3 M (held in escrow until closing of MPGL transaction)
- Entered into binding commitment letters with lenders to refinance existing credit facilities: \$60 M in new facilities concurrent with closing of MPGL transaction
  - Net \$39 M incremental debt
  - May 19: Increased principal amount outstanding under the existing Yorkville Facility by \$6.0 M (part of \$39 M incremental debt) and amended certain terms
  - Will be used to repay existing senior credit facility and a portion of cash consideration for MPGL acquisition/transaction costs
- Q2/21 cash flow impacted by a number of one-time items

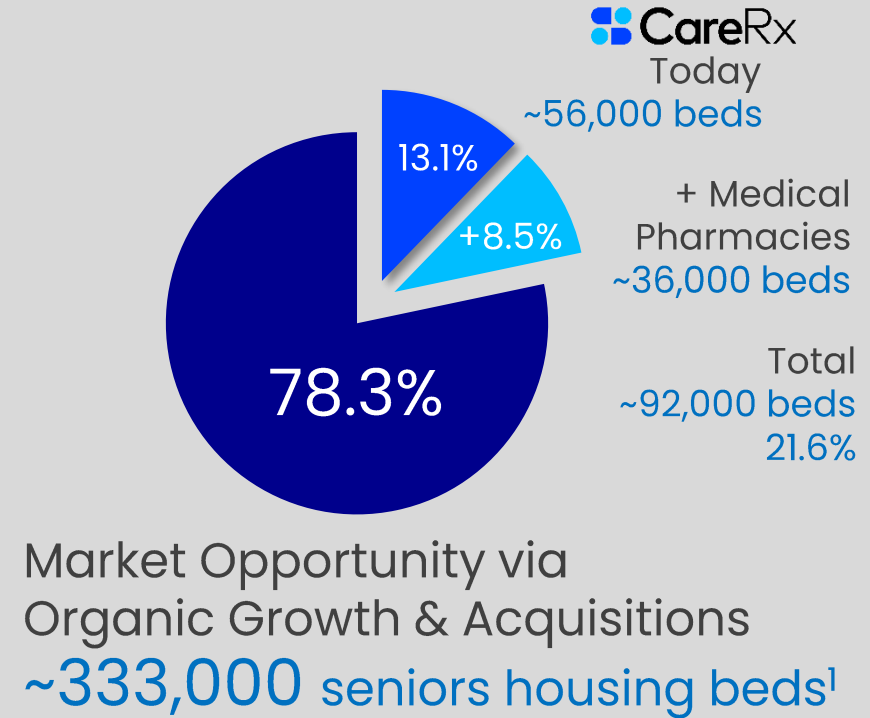


# David Murphy

President & Chief Executive Officer

# A New Baseline for Continued Growth

- Positioned to benefit from increased scale and enhanced capabilities
- Will continue to aggressively pursue organic growth
- Natural consolidator in a highly fragmented market:
  - Strong pipeline of opportunities



1. Other bed opportunities available, including group homes, corrections facilities and other congregate living settings.

Better positioned than ever to continue to execute on acquisitions and organic growth in what remains a highly fragmented market

# Questions



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