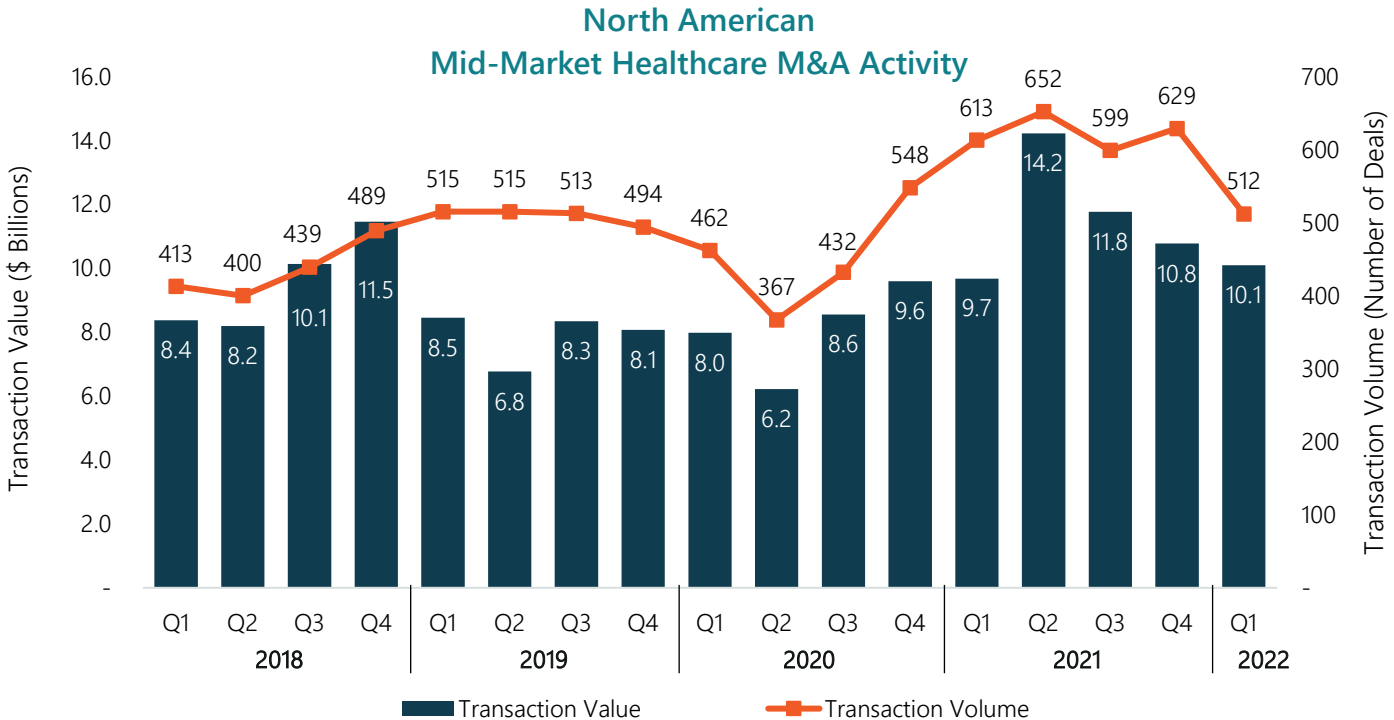


Healthcare Services

Quarterly Update | Q1 2022





Source: Capital IQ. Data as of March 31, 2022

Above noted mid-market M&A activity includes disclosed transactions not exceeding a total transaction value of \$500 million. All figures are in CAD.

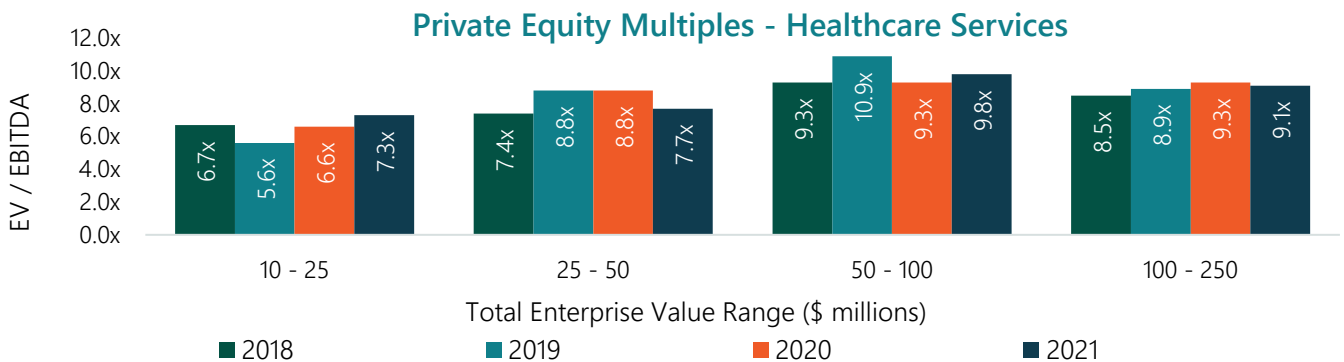
Canadian Transactions
48

Canadian Transaction Value
\$1.3 billion
(107.9% vs. Q4 2021)

US Transaction Value
\$8.9 billion
(-32.4% vs. Q4 2021)

US Transactions
464

Healthcare merger and acquisition activity in the first quarter of 2022 exceeded \$10.1 billion in disclosed transaction value across 512 deals in Canada and the US. The average deal size among disclosed transactions was \$91.6 million, an increase from \$84.6 million in the fourth quarter of 2021. In Canada, the top healthcare sub-sectors for deal activity in the quarter were pharmaceuticals (23%), drug retail (21%), healthcare services (17%) and healthcare technology (17%). Together, these sub-sectors accounted for over 78% of total Canadian healthcare deal volume. During the 2021 period, EV/EBITDA multiples (based on private equity transactions listed below) for the healthcare services industry averaged 8.5x across all transactions. For lower mid-market transaction values (\$10-25 million range), the EV/EBITDA multiple averaged 7.3x.



Source: GF Data. Data as of February 2022.

Select Recent M&A Transactions

FENGATE

has provided growth capital to



Closed	November 19, 2021
Transaction Value	Not disclosed
TEV/EBITDA	Not disclosed
Location (Vendor)	Burlington, ON

MNP
CORPORATE FINANCE INC.

MNP Corporate Finance Inc. provided quality of earnings services to Grace Clinics Corporation.

- **Fengate** is a leading alternative investment manager focused on infrastructure, private equity and real estate strategies.
- **GraceMed** has become a recognized leader in the fields of plastic and cosmetic surgery, dermatology, and medical aesthetics in Canada.
- The new investment partnership with Fengate will provide GraceMed with additional growth capital and strategic support.

CO-OP

has acquired

beacon
PHARMACY

Closed	December 31, 2021
Transaction Value	Not disclosed
TEV/EBITDA	Not disclosed
Location (Vendor)	Calgary, AB

MNP
CORPORATE FINANCE INC.

MNP Corporate Finance Inc. acted as exclusive financial advisor to Beacon Pharmacy in structuring and negotiating this transaction.

- **Beacon Pharmacy** is a privately owned group of two pharmacies based in Calgary, AB.
- **Calgary Co-op** is one of North America's largest retail co-operative associations with over 400,000 members. Calgary Co-op owns and operates retail food, pharmaceutical, petroleum, home healthcare, liquor, and cannabis outlets throughout Calgary and surrounding communities.

Neighbourly
Pharmacy

has acquired

Rubicon
PHARMACIES

Announced	March 10, 2022
Transaction Value	\$435 million
TEV/EBITDA	11.15x
Location (Vendor)	Various

- **Neighbourly Pharmacy Inc.** (TSX: NPLY), Canada's largest and fastest growing network of independent pharmacies, entered into a definitive agreement to acquire Rubicon Pharmacies Canada Inc. for \$435 million on March 10, 2022.
- **Rubicon** operates over 100 pharmacies, generally located in rural towns and cities throughout Western Canada.
- Upon completion of this acquisition, Neighbourly will have added over 140 locations over its last four quarters. The new Neighbourly network consists of over 270 locations across Canada.

Industry Overview

Pharmacies and Drug Stores in Canada

The pharmacy and drug store industry includes the retailing of prescription and over-the-counter medications, health and beauty items, toiletries, and consumable goods directly to consumers.

Industry Glance

2021 Revenue

\$47.2B

Annual Growth 2016 – 2021

1.1%

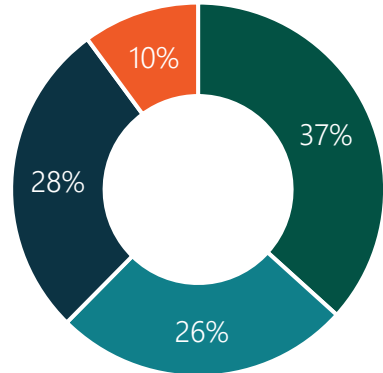
Projected Annual Growth 2021 – 2026

1.9%

Number of Businesses in 2021

6,759

Products and Services Segmentation (2021)



- Prescriptions pharmaceuticals
- Personal and beauty products
- Non-prescription pharmaceuticals
- Other

Dentistry in Canada

The dental services industry in Canada comprises establishments of licensed dentists primarily engaged in the private or group practice of general or specialized dentistry or dental surgery.

Industry Glance

2021 Revenue

\$17.0B

Annual Growth 2016 – 2021

0.9%

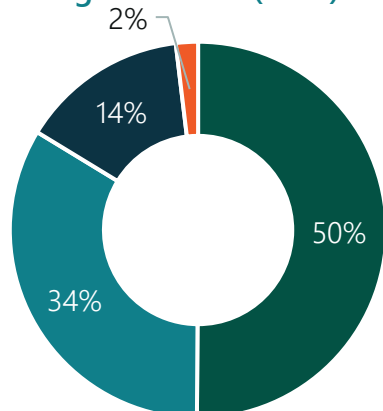
Projected Annual Growth 2021 – 2026

2.4%

Number of Businesses in 2021

29,152

Products and Services Segmentation (2021)



- Non-surgical intervention services
- Visits and consultations
- Oral surgery
- Other

Macroeconomic Indicators

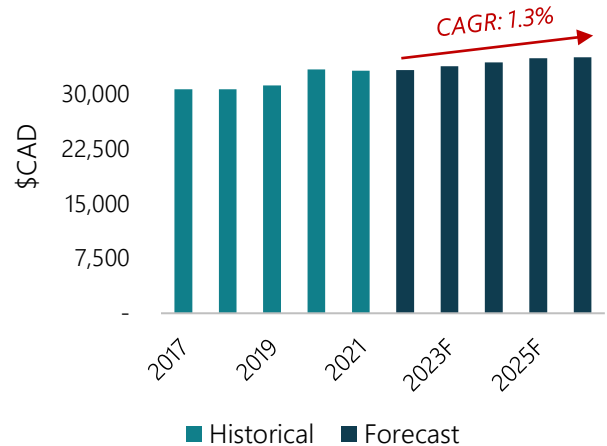
The healthcare industry is affected by a number of key macroeconomic growth drivers. Below, we highlight total public and private healthcare expenditure, per capita disposable income, the aging population in Canada, and national unemployment rates.

Over the next five years, many operators in the Canadian pharmacies and drug stores industry will likely exhibit growth as they expand the scope of their preventative health services. This expansion will likely include providing injections and vaccinations, prescribing medications for patients with minor ailments and providing laboratory services. Industry revenue is forecast to grow an annualized 1.9% to \$51.8 billion over the five years to 2026 as the burgeoning elderly population increases demand for prescriptions to address their chronic illnesses. Lastly, the COVID-19 (coronavirus) pandemic is not expected to affect the industry's performance in the long term and may even boost pharmaceutical sales due to increasing health consciousness across Canada.

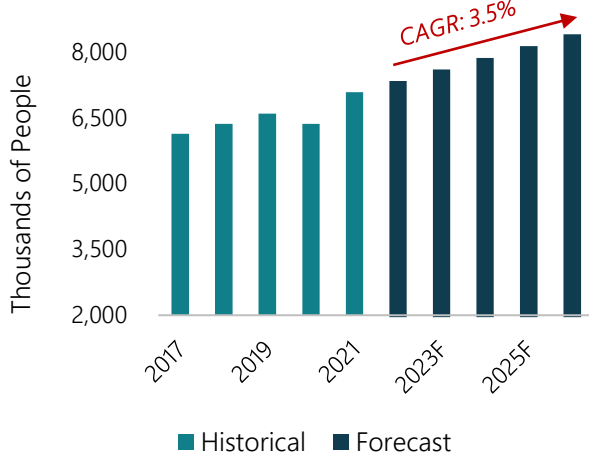
Total Health Expenditure - Canada



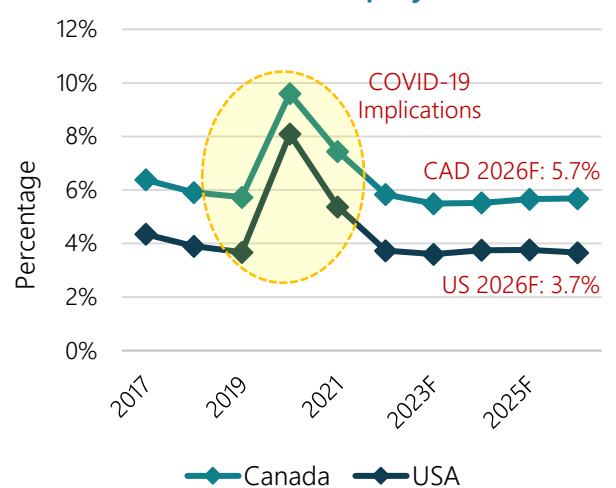
Per Capita Disposable Income - Canada



Population Aged Over 65 - Canada



National Unemployment Rate

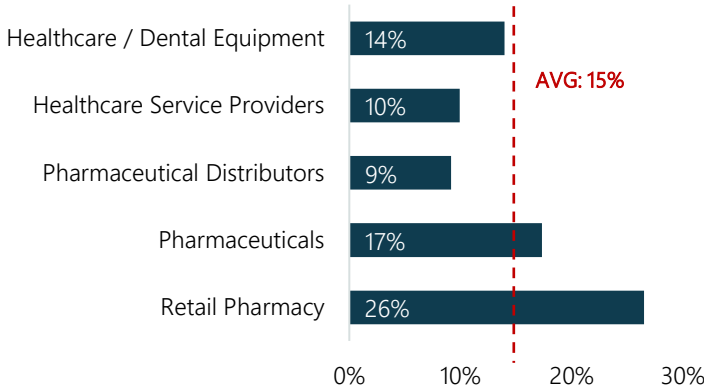


Source: IBISWorld Business Environment Reports.
"F" indicates forecast. "CAGR" indicates compound annual growth rates.

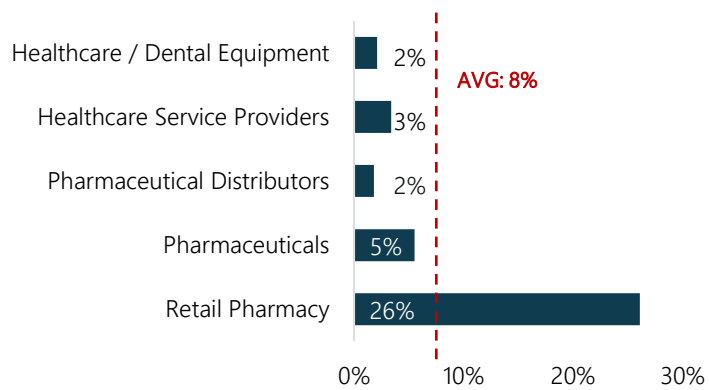
Public Comparable Analysis

Growth, Margins & Multiples

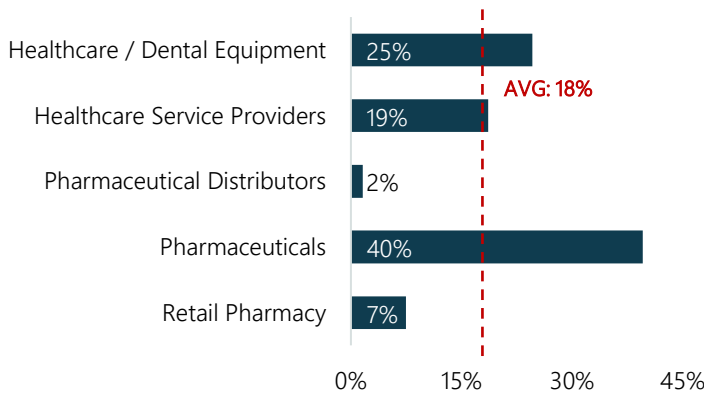
LTM Revenue Growth



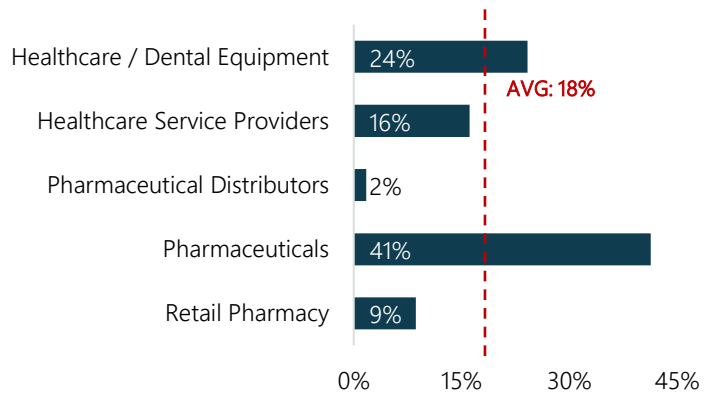
NTM Revenue Growth



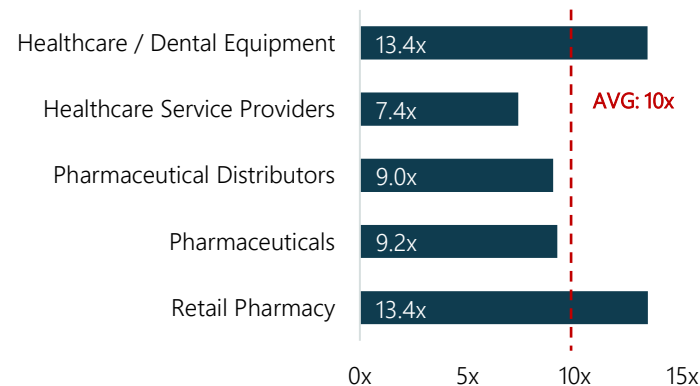
LTM EBITDA Margin



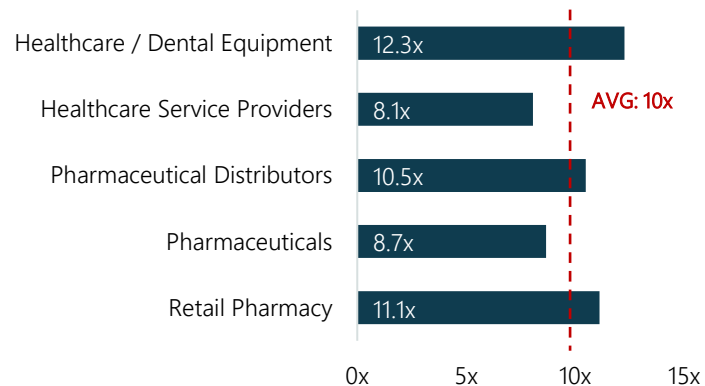
NTM EBITDA Margin



LTM EV/EBITDA



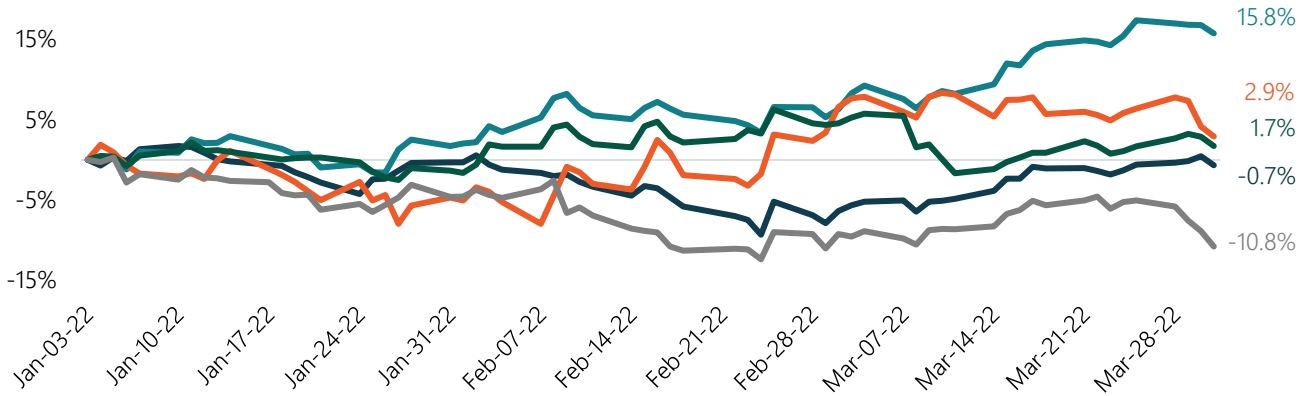
NTM EV/EBITDA



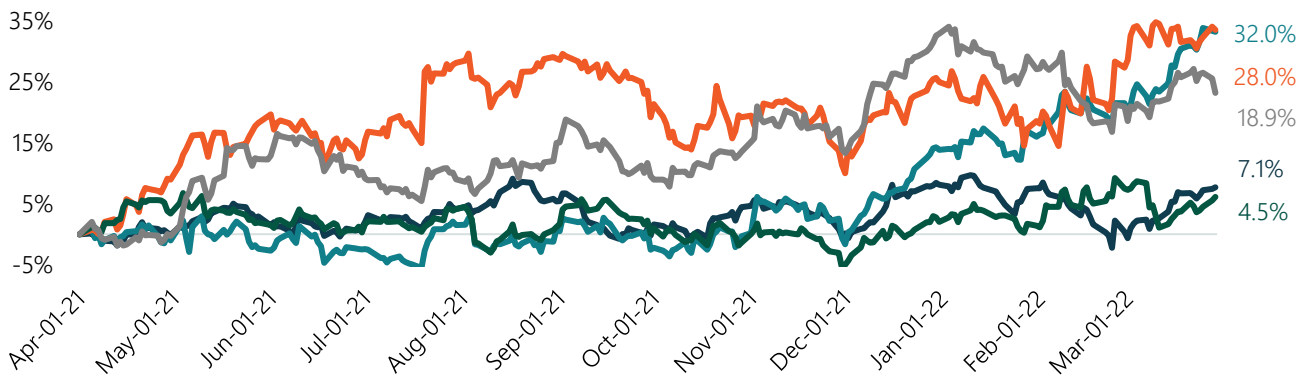
Public Comparable Analysis

Performance Analysis

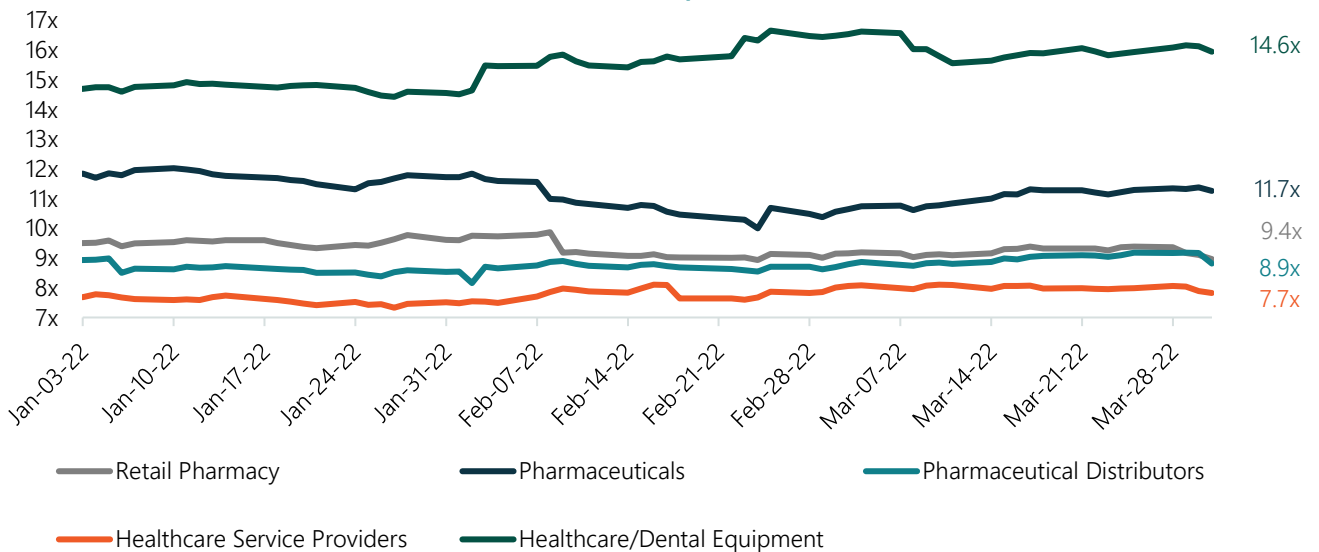
Healthcare Peer Group Share Price Performance – Q1



Share Price Performance – LTM



Historical LTM EV/EBITDA – Q1



Source: Capital IQ. Data as of March 31, 2022.
Further details provided on page 8.
"LTM" refers to last twelve months.

Public Comparable Analysis

Trading Multiples & Operating Statistics

We have selected a group of publicly traded healthcare entities for this high-level analysis. These public companies help act as a proxy for the industry and provide strong industry context.

Company	Market Capitalization	Enterprise Value	LTM Operating Figures				NTM Consensus Estimates			Valuation	
			Revenue	Revenue Growth	EBITDA	EBITDA Margin	Revenue Growth	EBITDA Margin	NTM EV/EBITDA	LTM EV/EBITDA	LTM EV/REV
Retail Pharmacy											
CVS Health Corporation	\$165,844	\$245,471	\$368,146	8.6%	\$27,203	7.4%	5.2%	6.4%	9.9x	9.1x	0.7x
Rite Aid Corporation	\$592	\$8,393	\$31,228	2.4%	\$1,614	5.2%	(4.6%)	1.7%	15.8x	5.3x	0.3x
CareRx Corporation	\$255	\$350	\$263	61.9%	\$20	7.6%	47.0%	10.8%	8.4x	17.6x	1.3x
Neighbourly Pharmacy Inc.	\$1,004	\$1,110	\$398	44.4%	\$39	9.9%	83.2%	12.3%	12.3x	28.1x	2.8x
Median	\$798	\$4,751	\$15,813	26.5%	\$827	7.5%	26.1%	8.6%	11.1x	13.4x	1.0x
Mean	\$41,924	\$63,831	\$100,009	29.3%	\$7,219	7.5%	32.7%	7.8%	11.6x	15.1x	1.3x
Pharmaceuticals											
Johnson & Johnson	\$581,841	\$585,765	\$118,671	13.6%	\$41,681	35.1%	5.5%	35.7%	13.2x	14.2x	5.0x
Merck & Co., Inc.	\$258,931	\$292,133	\$61,634	17.3%	\$24,453	39.7%	16.8%	41.7%	9.8x	12.1x	4.8x
Pfizer Inc.	\$363,452	\$376,666	\$102,869	95.2%	\$42,151	41.0%	31.9%	46.1%	6.3x	9.1x	3.7x
Viartis Inc.	\$16,430	\$44,605	\$22,635	49.7%	\$7,867	34.8%	(3.9%)	34.9%	5.9x	5.7x	2.0x
Bausch Health Companies Inc.	\$10,260	\$38,235	\$10,673	5.1%	\$4,225	39.6%	1.0%	41.3%	8.7x	9.2x	3.6x
Median	\$258,931	\$292,133	\$61,634	17.3%	\$24,453	39.6%	5.5%	41.3%	8.7x	9.2x	3.7x
Mean	\$246,183	\$267,481	\$63,297	36.2%	\$24,076	38.0%	10.3%	40.0%	8.8x	10.1x	3.8x
Pharmaceutical Distributors											
Walgreens Boots Alliance, Inc.	\$48,279	\$100,284	\$172,257	8.8%	\$13,799	8.0%	(4.1%)	4.5%	12.9x	7.4x	0.6x
McKesson Corporation	\$57,252	\$64,533	\$325,239	8.2%	\$5,259	1.6%	(2.0%)	2.0%	10.3x	12.4x	0.2x
AmerisourceBergen Corporation	\$40,395	\$46,861	\$279,801	13.6%	\$4,483	1.6%	8.2%	1.5%	10.7x	10.6x	0.2x
Cardinal Health, Inc.	\$19,613	\$22,716	\$216,761	9.5%	\$3,426	1.6%	5.6%	1.4%	7.1x	6.7x	0.1x
Median	\$44,337	\$55,697	\$248,281	9.1%	\$4,871	1.6%	1.8%	1.7%	10.5x	9.0x	0.2x
Mean	\$41,385	\$58,599	\$248,514	10.0%	\$6,742	3.2%	1.9%	2.3%	10.2x	9.3x	0.3x
Healthcare Service Providers											
HCA Healthcare, Inc.	\$94,498	\$141,443	\$74,350	14.0%	\$17,252	23.2%	3.6%	21.0%	8.8x	8.3x	1.9x
Universal Health Services, Inc.	\$13,949	\$19,633	\$15,998	9.4%	\$2,598	16.2%	6.3%	13.9%	8.4x	7.7x	1.2x
Tenet Healthcare Corporation	\$11,720	\$33,727	\$24,658	10.5%	\$5,121	20.8%	1.6%	17.5%	7.8x	6.7x	1.4x
Community Health Systems, Inc.	\$1,922	\$17,998	\$15,652	4.9%	\$2,582	16.5%	3.2%	14.7%	7.6x	7.1x	1.2x
Median	\$12,835	\$26,680	\$20,328	9.9%	\$3,859	18.6%	3.4%	16.1%	8.1x	7.4x	1.3x
Mean	\$30,522	\$53,200	\$32,665	9.7%	\$6,888	19.2%	3.7%	16.8%	8.1x	7.4x	1.4x
Healthcare/Dental Equipment & Supplies											
Becton, Dickinson and Company	\$94,570	\$113,940	\$25,219	9.5%	\$6,832	27.1%	(1.3%)	28.0%	16.5x	16.9x	4.6x
Baxter International Inc.	\$48,712	\$67,942	\$16,178	9.5%	\$3,982	24.6%	23.7%	24.2%	14.1x	17.3x	4.3x
DENTSPLY SIRONA Inc.	\$13,369	\$15,783	\$5,380	27.2%	\$1,334	24.8%	2.1%	24.2%	11.9x	12.0x	3.0x
Henry Schein, Inc.	\$14,932	\$17,866	\$15,892	22.6%	\$1,514	9.5%	4.4%	8.9%	12.3x	12.1x	1.2x
Patterson Companies, Inc.	\$3,945	\$4,616	\$8,195	13.9%	\$353	4.3%	0.3%	5.3%	10.6x	13.4x	0.6x
Median	\$14,932	\$17,866	\$15,892	13.9%	\$1,514	24.6%	2.1%	24.2%	12.3x	13.4x	3.0x
Mean	\$35,105	\$44,029	\$14,173	16.5%	\$2,803	18.1%	5.8%	18.1%	13.1x	14.3x	2.7x

Source: Capital IQ. Data as of March 31, 2022.

"LTM" refers to last twelve months. "NTM" refers to next twelve months.

About Us



MNP Corporate Finance (MNPCF) has a dedicated team of over 100 M&A and due diligence professionals across Canada. MNPCF works with clients in virtually all industries as they prepare, plan and execute transactions.

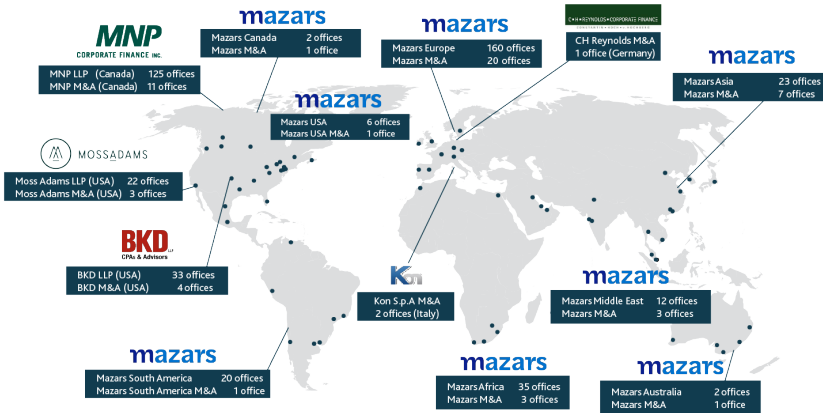
Our typical transactions range in value between \$3 million and \$300 million.

Local and International Reach

MNP is a participating firm within Praxity, a unique global alliance of independent accounting/advisory firms created to answer global business needs. As a member of Praxity, we are able to offer access to corporate finance, accounting and tax advisory services worldwide. We are also affiliated with Corporate Finance Cross Border, which consists of 250+ M&A professionals in more than 30 countries.



CFxBorder - Global reach with local relationships
Our corporate finance team through CFxBorder consists of 250 plus M&A professionals in more than 30 countries



Services

- Divestitures
- Acquisitions
- Debt Financing
- Due Diligence
- Transaction Advisory Services

Recently Closed Deals (National)

About Us

Deal Experience

Since our inception, our team has advised on hundreds of transactions, in a wide range of industries with diverse enterprise values. In the past eight years alone we have completed over 200 transactions worth over \$3.5 billion (not including due diligence engagements).

Industry Experience

- Food & Beverage
- Retail & Distribution
- Manufacturing
- Agriculture
- Automotive
- Materials
- Health Care
- Pharmaceutical
- Transportation
- Construction
- Software
- Financial Services
- Technology
- Energy
- Oilfield Services
- Real Estate

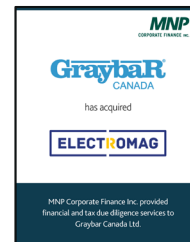
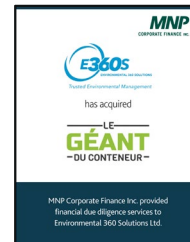
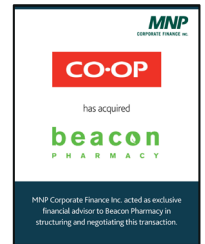
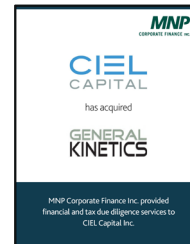
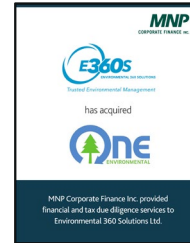
Hands-on Approach

Current M&A transactions require a hands-on approach from start to finish including the active engagement of senior resources. Our senior resources are dedicated to our clients and are available as necessary and appropriate. We keep our clients regularly informed of the engagement status, issues we are encountering, successes and overall progress.

Integrated Service Offering

We draw on the vast experience and deep specialist knowledge network of our partners locally, nationally and internationally as specialty issues arise, such as pre-transaction tax planning, transaction structuring, estate planning, valuation, due diligence, performance improvement and risk management.

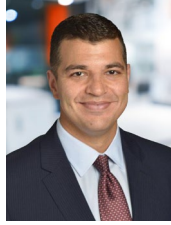
Recently Closed Deals (National)



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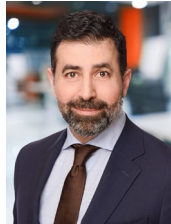
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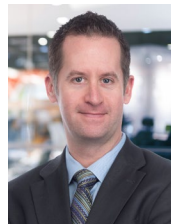


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