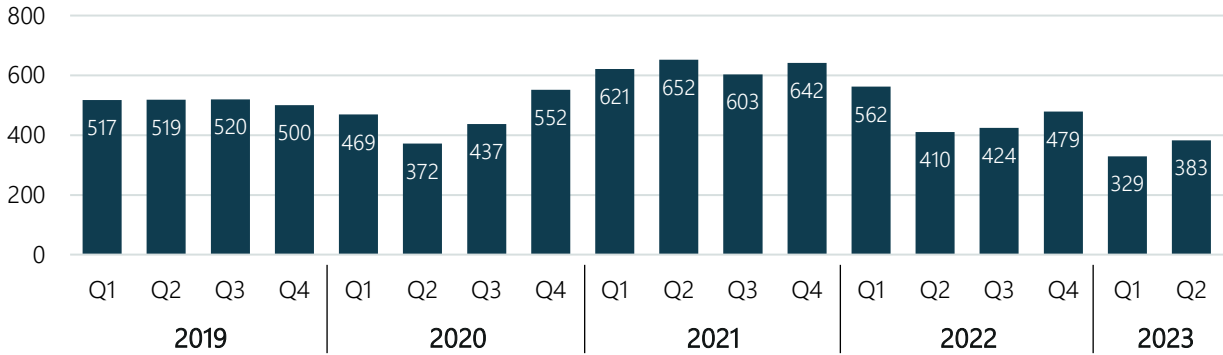


Healthcare Services

Quarterly Update | Q2 2023



North American Mid-Market Healthcare M&A Activity (Transaction Count)



Source: Capital IQ. Data as of June 30, 2023.

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

Canadian Transactions

40

Canadian Transaction Value

\$0.6 billion

(148.9% vs. Q1 2023)

U.S. Transaction Value

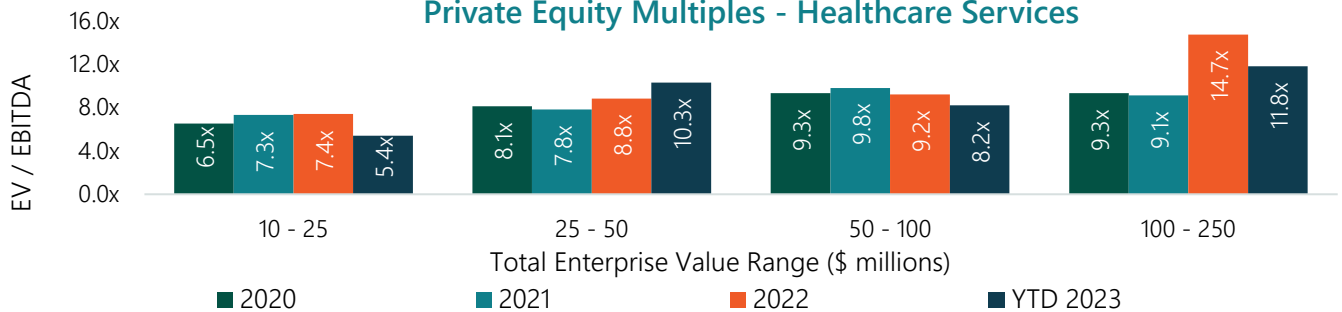
\$4.2 billion

(-12.5% vs. Q1 2023)

U.S. Transactions

343

Private Equity Multiples - Healthcare Services



Source: GF Data. Data as of May 2023.

Healthcare merger and acquisition (M&A) activity in Q2 2023 exceeded \$4.8 billion in disclosed transaction value across 383 deals in Canada and the United States (U.S.). The average deal size among disclosed transactions was \$54 million, a decrease from \$67.2 million in Q1 2023.

In Canada, the top healthcare sub-sectors for deal activity in the quarter were healthcare services (23%), drug retail (15%), biotechnology (15%) and pharmaceuticals (13%).

During the YTD 2023, healthcare multiples cooled on markedly lower year-over-year volume. Some of the concern is attributed to corporate performance, increased macro-economic uncertainty (inflation, labor availability, persisting supply chain issues, and the prospect of a recession), and increased borrowing charges / interest rates.

During the YTD 2023, EV/EBITDA multiples for the healthcare services industry averaged 9.5x across all transactions. For lower mid-market transaction values (\$10-25 million range), the EV/EBITDA multiple averaged 5.4x.

Alberta seeing 'crisis' in veterinarian staff shortages, emergency animal care ¹

- **July 11, 2023:** Edmonton animal rescue group describes 'unbelievable' shortage of vet services.
 - Pet owners and veterinarians worldwide are raising concerns about the scarcity of veterinary professionals, a problem that has been further magnified by the COVID-19 pandemic. They emphasize that urgent measures are required to address this issue and provide short-term relief.
-

Big Pharma dealmaking recovers with \$85bn M&A splurge ²

- **June 11, 2023:** In the first five months of the year, pharmaceutical and biotech companies invested a substantial \$85 billion in acquisitions, signifying a remarkable rebound in the industry.
 - The significant increase in M&A is evident when comparing it to the \$35.6 billion in deals during the same period in 2022 and \$49.1 billion the year before. This surge is primarily driven by the substantial cash reserves accumulated by big pharmaceutical companies during the pandemic.
 - Pfizer, Merck, and Sanofi have taken the lead in the M&A revival this year, as they have made headlines by announcing multi-billion dollar acquisitions. This comes as dealmaking across other market sectors has fallen sharply due to rising interest rates and tightening bank lending.
-

B.C. pharmacists set to treat minor ailments, prescribe contraceptives starting June 1 ³

- **May 31, 2023:** Pharmacists in British Columbia (B.C.) will have more responsibilities, starting June 1, in an effort to improve access for those without a family doctor and ease the stress on an overburdened health system.
 - The College of Pharmacists of B.C. says 75 percent of eligible community pharmacists have completed the training required to diagnose and prescribe medications for 21 minor ailments like acne, shingles, or urinary tract infections, as well as prescribe contraception.
 - Health Minister, Adrian Dix says the new services will make it easier and faster for patients to get medication and take the pressure off nurses and doctors who can focus on those with more complex needs.
 - The association says the province is one of the last in Canada to give pharmacists the ability to prescribe for minor ailments but one of the first to allow them to prescribe contraception.
-

Source 1: <https://www.cbc.ca/news/canada/edmonton/alberta-seeing-crisis-in-veterinarian-staff-shortages-emergency-animal-care-1.6902128>

Source 2: <https://www.ft.com/content/e03d746c-e74c-4e95-8d12-d1edef2880d7>

Source 3: <https://www.cbc.ca/news/canada/british-columbia/bc-pharmacists-new-responsibilities-1.6861353>

Market Update

Select Recent M&A Transactions



has acquired



Closed	April 12, 2023
Transaction Value	Not disclosed
TEV/EBITDA	Not disclosed
Location (Vendor)	Pouce Coupe, B.C.

- **FGC Health** owns, operates, and services independent pharmacies, medical clinics, home health care, and ambulatory care services.
- **RNN Medical Division** provides emergency medical services via its Mobile Treatment Centres.
- **MNP Corporate Finance Inc.** acted as exclusive financial advisor to RNN Medical Division in structuring and negotiating this transaction.



has acquired



Closed	May 8, 2023
Transaction Value	\$63.4MM
TEV/EBITDA	Not disclosed
Location (Vendor)	Montreal, QC

- **Valence Discovery** develops a platform using artificial intelligence to streamline pharmaceutical R&D. It focuses on preclinical toxicology.
- **Recursion Pharmaceuticals, Inc.** operates as a clinical-stage biotechnology company. By combining advancements in biology, chemistry, automation, data science, and engineering, the company aims to streamline the process of drug discovery and make it more efficient and industrialized.

Neighbourly Announces Agreements to Acquire 10 Pharmacies During the Quarter ²

- **May 25, 2023:** Neighbourly Pharmacy Inc. (TSX: NBLY) (Neighbourly), one of Canada's largest and fastest-growing network of independent pharmacies, announced that it has entered into a binding agreement to acquire three pharmacies in Ontario from a single seller.
- **June 6, 2023:** Neighbourly announced that it has entered into a binding agreement to acquire seven pharmacies from a single seller, five of them located in Saskatchewan and two in British Columbia.
- Upon completion of these acquisitions, Neighbourly's network will comprise a total of 294 locations across Canada.

Source 1: Capital IQ. Data as of June 30, 2023.

Source 2: <https://investors.neighbourlypharmacy.ca/news/news-details/2023/Neighbourly-Announces-Agreement-to-Acquire-Seven-Pharmacies-in-Western-Canada/default.aspx>

<https://investors.neighbourlypharmacy.ca/news/news-details/2023/Neighbourly-Announces-Agreement-to-Acquire-Three-Pharmacies-in-Ontario/default.aspx>

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

2022 Revenue

\$54.1 billion

Annual Growth 2018 – 2023

0.5%

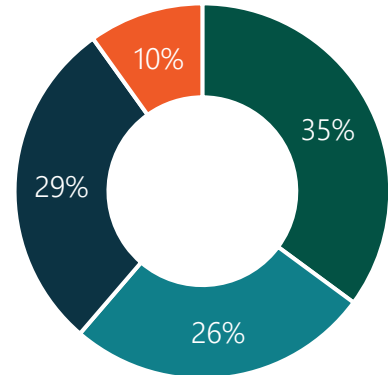
Projected Annual Growth 2023 – 2028

2.2%

Number of Businesses in 2023

11,661

Products and Services Segmentation (2023)



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

Dentists in Canada

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

Industry Glance

2022 Revenue

\$19.6 billion

Annual Growth 2017 – 2022

2.0%

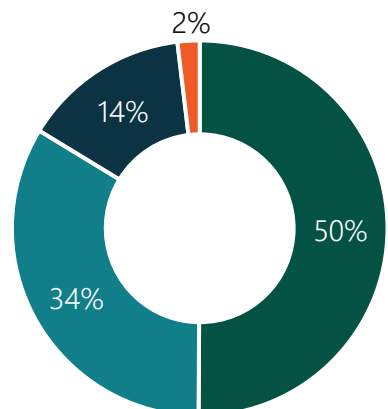
Projected Annual Growth 2022 – 2027

1.2%

Number of Businesses in 2022

28,607

Products and Services Segmentation (2022)



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

Industry Overview

Veterinarian Services in Canada

The veterinarian services industry in Canada is comprised of veterinarians who provide medical, dental, and surgical treatments for animals. This industry also includes companies that provide laboratory and diagnostic testing for veterinary practitioners.

Industry Glance

2022 Revenue

\$6.5 billion

Annual Growth 2017 – 2022

3.6%

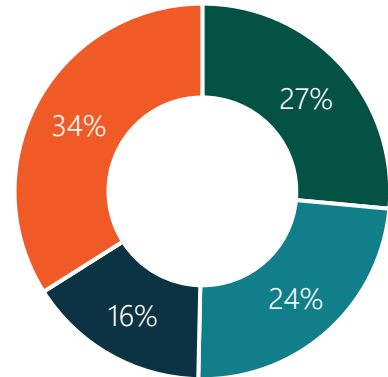
Projected Annual Growth 2022 – 2027

1.0%

Number of Businesses in 2022

5,790

Products and Services Segmentation (2022)



- Non-surgical procedures
- Routine exams
- Laboratory and diagnostic testing
- Other

Optometrists in Canada

The optometrist industry in Canada is comprised of establishments of licensed optometrists primarily engaging in eye examinations and the prescription of eyeglasses, contact lenses, and eye exercises.

Industry Glance

2023 Revenue

\$2.1 billion

Annual Growth 2018 – 2023

1.4%

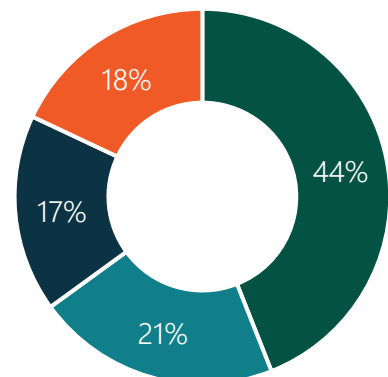
Projected Annual Growth 2023 – 2028

2.2%

Number of Businesses in 2023

6,477

Products and Services Segmentation (2023)



- Prescription eyewear
- Eye exams
- Medical eye care procedures
- Other

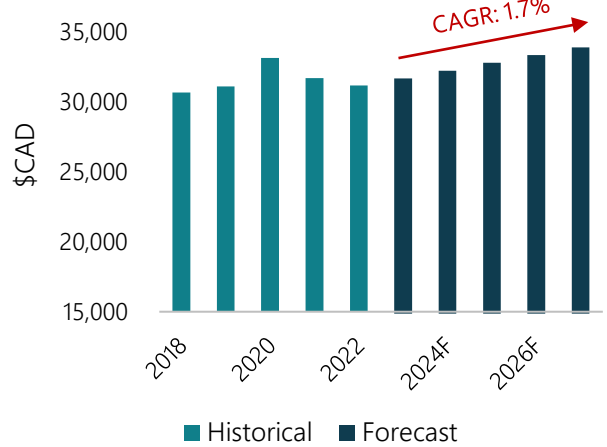
Macroeconomic Indicators

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.

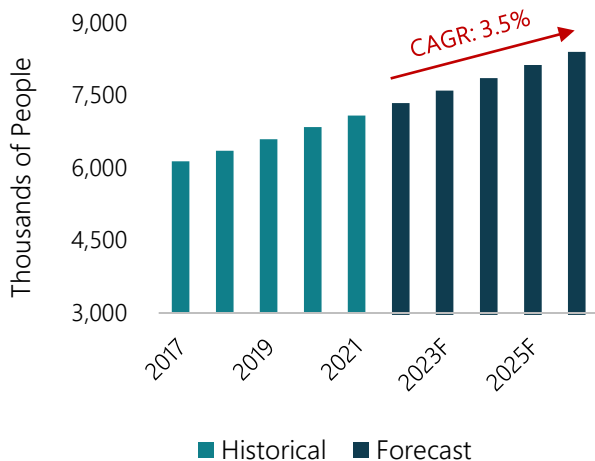
Total Health Expenditure - Canada



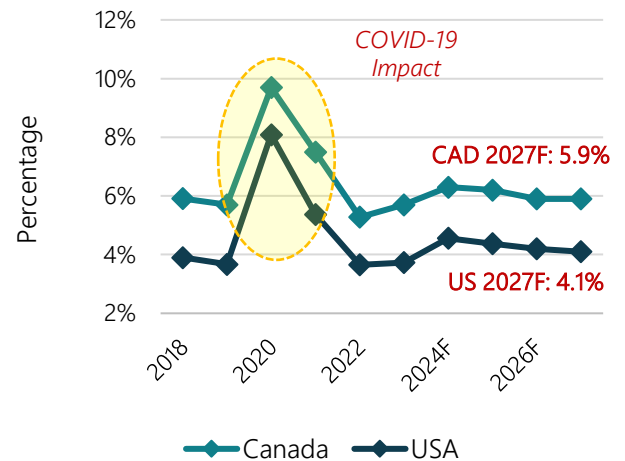
Per Capita Disposable Income - Canada



Population Aged Over 65 - Canada



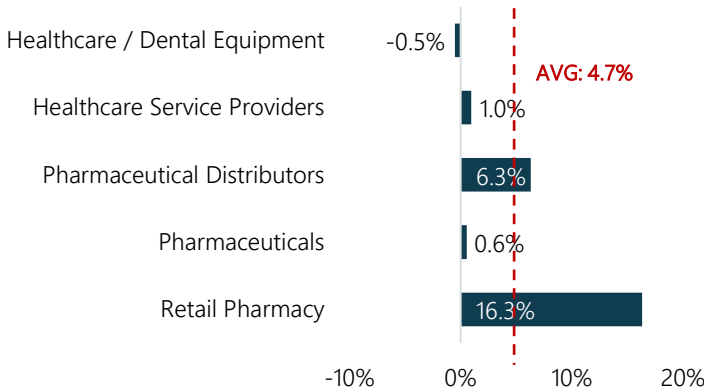
National Unemployment Rate



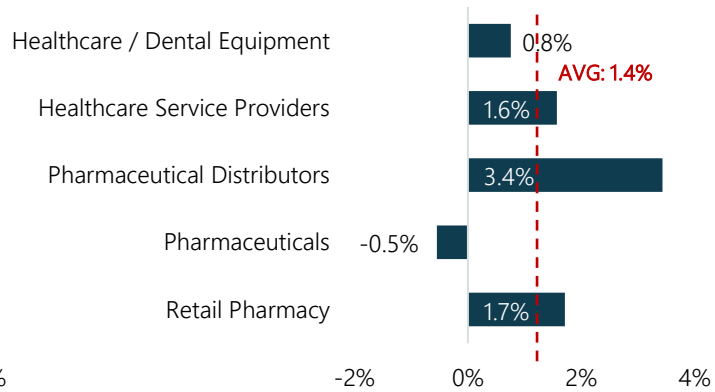
Public Comparable Analysis

Growth, Margins & Multiples

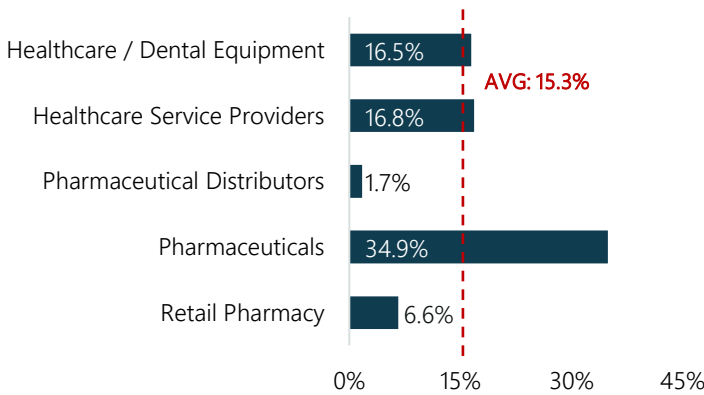
LTM Revenue Growth



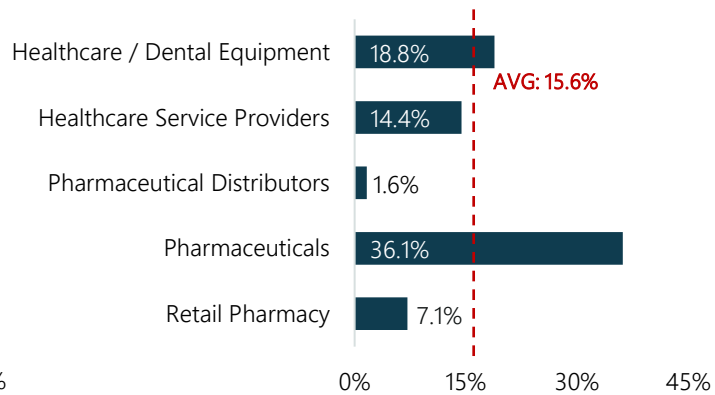
NTM Revenue Growth



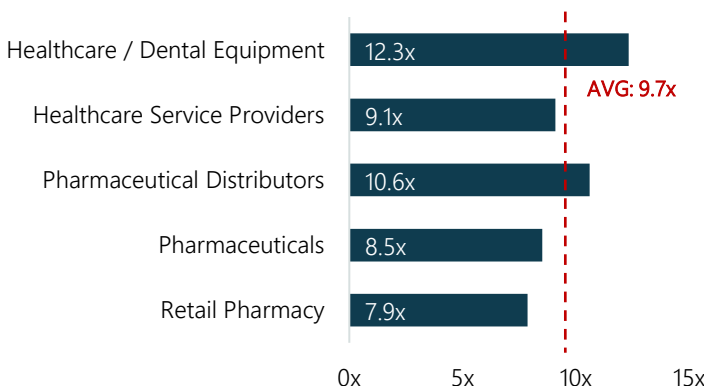
LTM EBITDA Margin



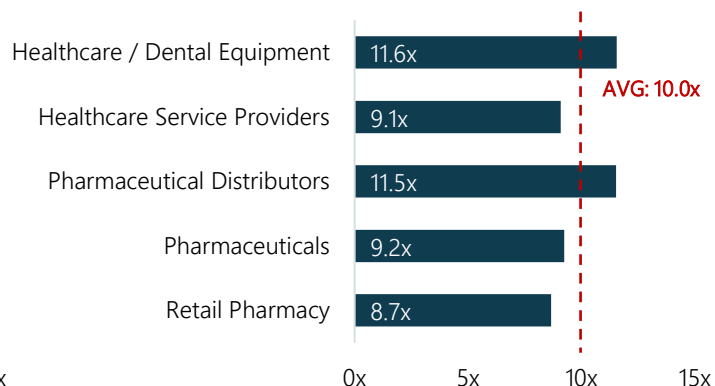
NTM EBITDA Margin



LTM EV/EBITDA



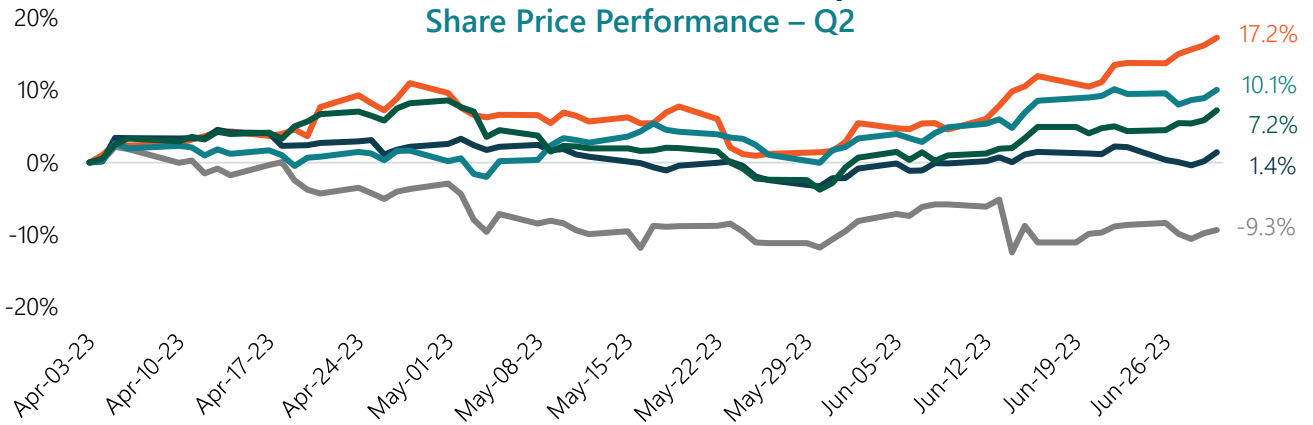
NTM EV/EBITDA



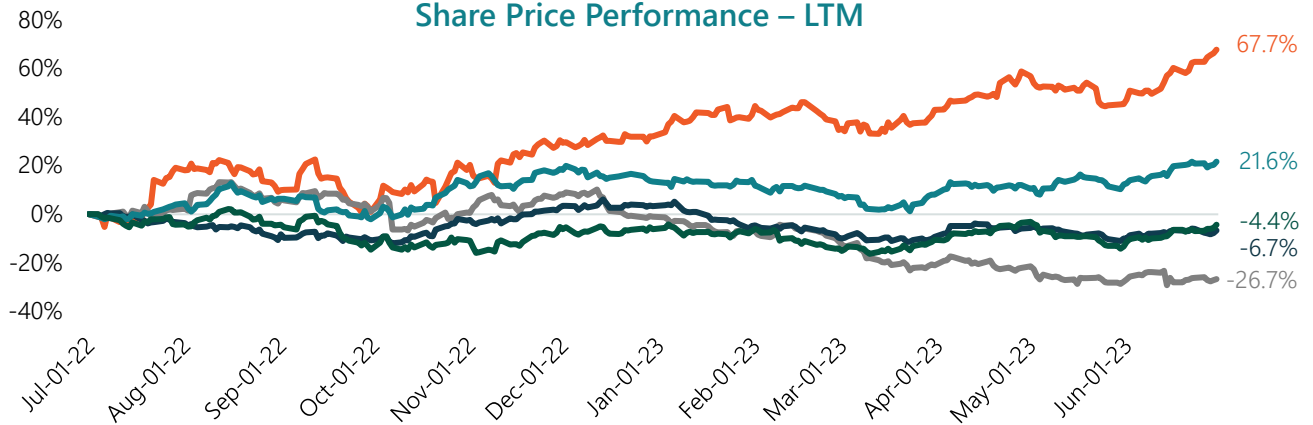
Public Comparable Analysis

Performance Analysis

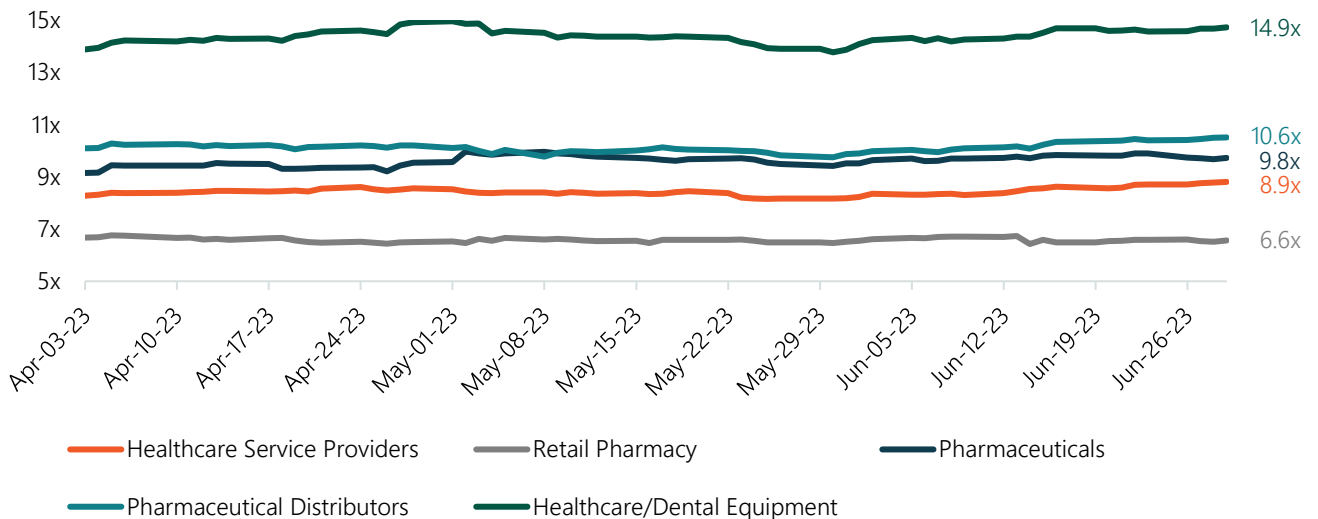
Healthcare Peer Group Share Price Performance – Q2



Share Price Performance – LTM



Historical LTM EV/EBITDA – Q2



Source: Capital IQ. Data as of June 30, 2023.
Further details provided on page 9.
"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.

(Figures in CAD millions, except percentages and ratios)

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	\$117,359	\$195,429	\$446,378	10.4%	\$30,196	6.8%	3.0%	5.7%	7.4x	6.6x	0.4x
Rite Aid Corporation	\$110	\$8,115	\$31,890	(2.8%)	\$1,463	4.6%	(5.8%)	1.5%	17.4x	5.6x	0.3x
CareRx Corporation	\$130	\$225	\$380	22.2%	\$25	6.5%	0.4%	8.5%	6.9x	9.1x	0.6x
Neighbourly Pharmacy Inc.	\$714	\$1,013	\$749	75.2%	\$74	9.8%	23.7%	10.9%	10.0x	13.7x	1.4x
Median	\$422	\$4,564	\$16,320	16.3%	\$768	6.6%	1.7%	7.1%	8.7x	7.9x	0.5x
Mean	\$29,578	\$51,195	\$119,849	26.3%	\$7,939	6.9%	5.3%	6.7%	10.4x	8.8x	0.7x
Pharmaceuticals											
Johnson & Johnson	\$569,595	\$607,062	\$130,245	1.5%	\$45,462	34.9%	0.4%	35.9%	12.9x	13.6x	4.8x
Merck & Co., Inc.	\$387,719	\$414,774	\$78,297	7.2%	\$30,715	39.2%	(0.5%)	39.4%	12.7x	13.8x	5.4x
Pfizer Inc.	\$274,202	\$295,998	\$125,764	0.6%	\$57,063	45.4%	(30.4%)	37.0%	9.2x	5.3x	2.4x
Viatrix Inc.	\$15,846	\$40,268	\$21,378	(10.5%)	\$7,366	34.5%	(2.8%)	32.7%	5.9x	5.6x	1.9x
Bausch Health Companies Inc.	\$3,853	\$31,767	\$11,027	(2.1%)	\$3,811	34.6%	0.6%	36.1%	7.9x	8.5x	2.9x
Median	\$274,202	\$295,998	\$78,297	0.6%	\$30,715	34.9%	(0.5%)	36.1%	9.2x	8.5x	2.9x
Mean	\$250,243	\$277,974	\$73,342	(0.7%)	\$28,884	37.7%	(6.6%)	36.2%	9.7x	9.4x	3.5x
Pharmaceutical Distributors											
Walgreens Boots Alliance, Inc.	\$32,568	\$92,034	\$184,939	1.2%	\$9,846	5.3%	2.1%	4.0%	11.8x	9.6x	0.5x
McKesson Corporation	\$76,679	\$80,653	\$374,393	4.8%	\$7,393	2.0%	3.7%	1.8%	11.5x	11.1x	0.2x
AmerisourceBergen Corporation	\$51,469	\$58,029	\$334,928	7.8%	\$4,889	1.5%	3.1%	1.5%	11.5x	12.1x	0.2x
Cardinal Health, Inc.	\$31,883	\$32,871	\$268,792	12.3%	\$3,338	1.2%	7.1%	1.2%	9.2x	10.1x	0.1x
Median	\$42,018	\$69,341	\$301,860	6.3%	\$6,141	1.7%	3.4%	1.6%	11.5x	10.6x	0.2x
Mean	\$48,150	\$65,897	\$290,763	6.5%	\$6,366	2.5%	4.0%	2.1%	11.0x	10.7x	0.3x
Healthcare Service Providers											
HCA Healthcare, Inc.	\$110,550	\$166,644	\$82,370	1.9%	\$17,951	21.8%	2.9%	19.6%	10.0x	9.5x	2.1x
Universal Health Services, Inc.	\$14,662	\$21,558	\$18,366	5.0%	\$2,466	13.4%	2.7%	12.1%	9.4x	8.9x	1.2x
Tenet Healthcare Corporation	\$10,985	\$34,673	\$26,608	(0.0%)	\$5,385	20.2%	0.4%	16.6%	7.8x	6.6x	1.3x
Community Health Systems, Inc.	\$764	\$17,941	\$16,518	(2.1%)	\$1,981	12.0%	(0.1%)	12.3%	8.8x	9.3x	1.1x
Median	\$12,823	\$28,116	\$22,487	1.0%	\$3,925	16.8%	1.6%	14.4%	9.1x	9.1x	1.3x
Mean	\$34,240	\$60,204	\$35,965	1.2%	\$6,946	16.9%	1.5%	15.1%	9.0x	8.6x	1.4x
Healthcare/Dental Equipment & Supplies											
Becton, Dickinson and Company	\$99,292	\$120,796	\$25,449	(0.6%)	\$6,688	26.3%	2.9%	27.6%	16.6x	18.5x	4.8x
Baxter International Inc.	\$30,518	\$50,749	\$20,370	11.1%	\$4,445	21.8%	(0.4%)	21.9%	11.4x	11.7x	2.5x
dentalcorp Holdings Ltd.	\$1,379	\$2,644	\$1,328	24.8%	\$203	15.3%	10.8%	18.5%	9.7x	13.0x	2.0x
DENTSPLY SIRONA Inc.	\$11,260	\$13,922	\$5,319	(5.8%)	\$937	17.6%	(1.6%)	19.1%	13.9x	15.2x	2.7x
Henry Schein, Inc.	\$14,069	\$17,721	\$16,951	(1.0%)	\$1,657	9.8%	0.9%	8.8%	11.7x	10.9x	1.1x
Patterson Companies, Inc.	\$4,197	\$4,828	\$8,776	(0.4%)	\$547	6.2%	0.6%	5.8%	9.3x	9.0x	0.6x
Median	\$12,664	\$15,821	\$12,863	(0.5%)	\$1,297	16.5%	0.8%	18.8%	11.6x	12.3x	2.3x
Mean	\$26,786	\$35,110	\$13,032	4.7%	\$2,413	16.2%	2.2%	17.0%	12.1x	13.0x	2.3x

Source: Capital IQ. Data as of June 30, 2023.

"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, capital markets, and due diligence professionals across Canada. MNPCF works with clients in virtually all industries as they prepare, plan, and execute transactions.

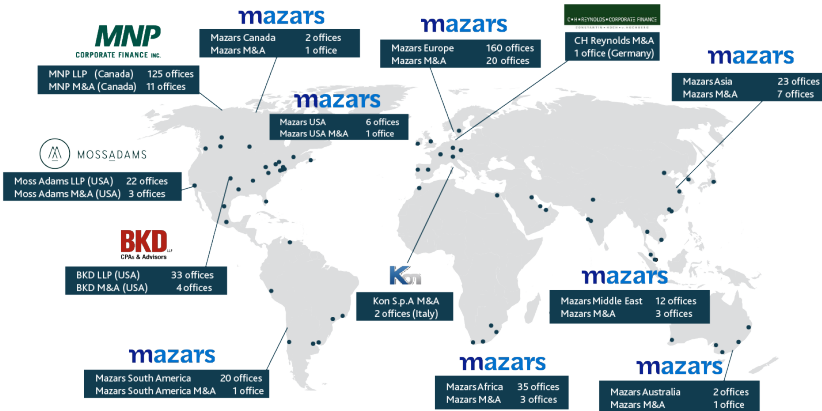
Our typical transactions range in value between \$3 million and \$300 million.

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.



CFxB CFXborder - Global reach with local relationships
Our corporate finance team through CFXb 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)

LAB ONE CAPITAL has acquired **Both Depot**

MNP Corporate Finance Inc. provided financial and tax due diligence services to Lab One Capital Corp.

PORTWEST has acquired **IFR WORKWEAR INC.**

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

tds has acquired **Case Furniture Ltd.**

MNP Corporate Finance Inc. acted as exclusive financial and tax due diligence services to Case Furniture Ltd. in structuring and negotiating this transaction.

FGC HEALTH has acquired **RNN**

MNP Corporate Finance Inc. acted as exclusive financial advisor to RNN Medical Division Inc. in structuring and negotiating this transaction.

TerraNova Partners has acquired **LUMINOR**

MNP Corporate Finance Inc. provided financial and tax due diligence services to TerraNova Partners LP.

REESINK has acquired **LAWSON SALES**

MNP Corporate Finance Inc. acted as exclusive financial advisor to Lawson Sales Ltd. in structuring and negotiating this transaction.

JEB TRANSPORT has acquired **PRairie Gold**

MNP Corporate Finance Inc. acted as exclusive financial advisor to Prairie Gold Produce Ltd. in structuring and negotiating this transaction.

YORK has acquired **POST**

MNP Corporate Finance Inc. provided due diligence services to York Analytical Laboratories Inc.

eurofins has acquired **ENVIRO-WORKS INC.**

MNP Corporate Finance Inc. acted as exclusive financial advisor to Enviro-Works Inc. in structuring and negotiating this transaction.

DANILEE CAPITAL invested in **addmore GROUP**

MNP Corporate Finance Inc. provided financial and tax due diligence services to Danilee Capital.

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 ten years alone, we have completed over 250 transactions worth over \$4.5 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

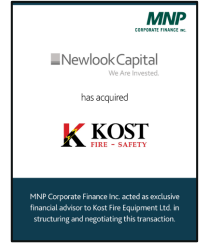
We draw on the vast experience and deep specialist knowledge network of our partners locally, nationally and internationally as specialty issues arise, such as pre-transaction tax planning, transaction structuring, estate planning, valuation, due diligence, performance improvement, and risk management.

Recently Closed Deals (National)



mb CAPITAL and **Groupe GEP Capital Inc.**
has acquired
Compagnie Motoparts

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



Newlook Capital
We Are Invested
has acquired
K KOST
FIRE - SAFETY

MNP Corporate Finance Inc. acted as exclusive financial advisor to Kost Fire Equipment Ltd. in structuring and negotiating this transaction.



mb CAPITAL
has acquired
QUAIS
ACQUISITIONS


FYihealth group.
has partnered with
ESTEEM

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




FYihealth group.
has partnered with
ESTEEM

MNP Corporate Finance Inc. acted as exclusive financial advisor to Esteem Medical Ethics in structuring and negotiating this transaction.



MONETTE FARMS
has acquired the Swift Current, Saskatchewan clearing and processing facility assets from
SIMPSON SEEDS INC.

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



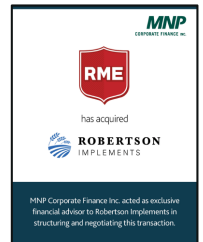
Convertus
has acquired
ENVIREM
ORGANICS INC.
Lifelong Beauty Within

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



E360S
Specialized Environmental Management
has acquired select industrial waste and recycling facilities from
GFL

MNP Corporate Finance Inc. provided financial due diligence services to Environmental 360 Solutions Ltd.



RME
has acquired
ROBERTSON
IMPLEMENTS

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



AdeptAg
a part of company of
LLR Partners
has acquired
BELLPARK

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



PFM
20 YEARS OF INVESTING IN CANADIAN
has acquired
SEXTON
FAMILY OF COMPANIES

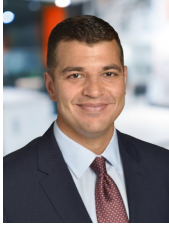
MNP Corporate Finance Inc. provided financial and tax due diligence services to PFM Capital Inc.

Leadership Team

Transaction Leadership



Brett Franklin
President
Winnipeg
Brett.Franklin@mnp.ca
204.336.6190



Aleem Bandali
Managing Director
Vancouver
Aleem.Bandali@mnp.ca
778.374.2140



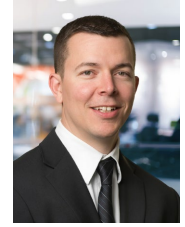
Bryce Davis
Managing Director
Vancouver
Bryce.Davis@mnp.ca
604.637.1514



Mike Reynolds
Managing Director
Calgary
Mike.Reynolds@mnp.ca
587.702.5909



Mark Reynolds
Managing Director
Calgary
Mark.Reynolds@mnp.ca
403.536.5548



Mark Regehr
Managing Director
Edmonton
Mark.Regehr@mnp.ca
780.969.1404



Erik St-Hilaire
Managing Director
Winnipeg
Erik.St-Hilaire@mnp.ca
204.336.6200



Stephen Shaw
Managing Director
Toronto
Stephen.Shaw@mnp.ca
416.515.3883



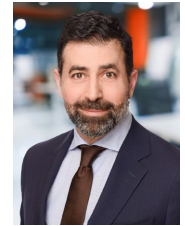
Kevin Tremblay
Managing Director
Toronto
Kevin.Tremblay@mnp.ca
647.943.4051



Chris Chapman
Managing Director
Toronto
Chris.Chapman@mnp.ca
416.596.1711



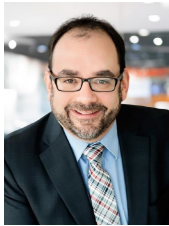
Jon Edgett
Managing Director
Waterloo
Jon.Edgett@mnp.ca
519.772.7460



Patrick Khouzam
Managing Director
Montreal
Patrick.Khouzam@mnp.ca
514.228.7874



Jean-Raymond Lafond
Managing Director
Drummondville
Jean-Raymond.Lafond@mnp.ca
819.473.7251



Éric Grondin
Managing Director
Sherbrooke
Éric.Grondin@mnp.ca
819.823.3290



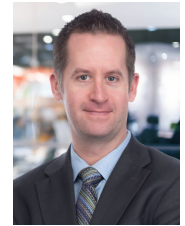
Jasmin Allard
Managing Director
Sherbrooke
Jasmin.Allard@mnp.ca
819.560.7856



Jonathan Banford
Managing Director
Chicoutimi
Jonathan.Banford@mnp.ca
418.696.3924



Frédéric Fortin
Managing Director
Chicoutimi
Frederic.Fortin@mnp.ca
418.696.4561



Craig Maloney
Managing Director
Halifax
Craig.Maloney@mnp.ca
902.493.5430

Due Diligence Leadership



Johnny Earl
Managing Director
Vancouver
Johnny.Earl@mnp.ca
604.637.1504



Jonathan Conly
Managing Director
Vancouver
Jonathan.Conly@mnp.ca
604.637.1516



John Caggianiello
Managing Director
Toronto
John.Caggianiello@mnp.ca
416.513.4177



Wilson Lai
Managing Director
Toronto
Wilson.Lai@mnp.ca
289.695.4386



Saad Arif
Managing Director
Toronto
Saad.Arif@mnp.ca
647.943.4104



David Cyr
Managing Director
Montreal
David.Cyr@mnp.ca
514.884.1764