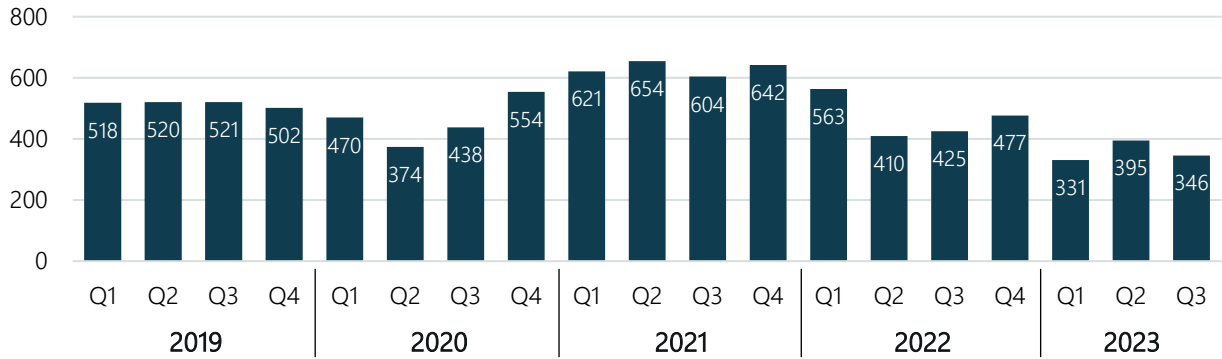


Healthcare Services

Quarterly Update | Q3 2023



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



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

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

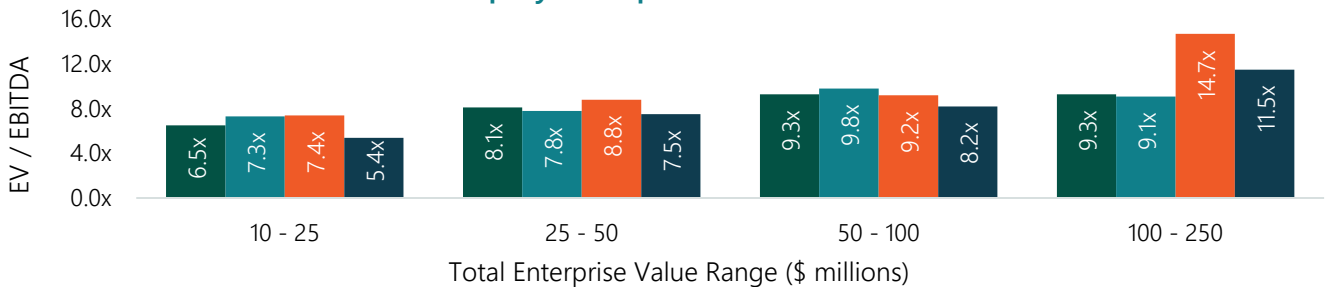
Canadian Transactions
33

Canadian Transaction Value
\$0.5 billion
(-26.7% vs. Q2 2023)

U.S. Transaction Value
\$5.9 billion
(-5.0% vs. Q2 2023)

U.S. Transactions
313

Private Equity Multiples - Healthcare Services



Source: GF Data. Data as of August 2023.

Healthcare merger and acquisition (M&A) activity in Q3 2023 reached \$6.4 billion in disclosed transaction value across 346 deals in Canada and the United States (U.S.). The average deal size among disclosed transactions was \$85.1 million, an increase from \$68.7 million in Q2 2023.

In Canada, the top healthcare sub-sectors for deal activity in the quarter were pharmaceuticals (30%), healthcare services (21%) and healthcare facilities (12%).

During the YTD 2023, healthcare multiples cooled on markedly lower year-over-year volume. Some concerns are attributed to corporate performance, increased macroeconomic uncertainty (inflation, labour 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 8.7x across all transactions. For lower mid-market transaction values (\$10-25 million range), EV/EBITDA multiples averaged 5.4x.

VetCor is expanding into Canada¹

- **July 18, 2023:** VetCor, a veterinarian service consolidator, has announced its expansion into Canada. The company has acquired seven veterinary clinics/animal hospitals in southern Ontario and continues to look for acquisitions across Canada.
 - VetCor was founded in 1997 and has grown through acquisitions to become one of the largest veterinary consolidators in the United States, with a network of over 800 veterinary clinics.
 - VetCor offers streamlined administrative, operational, and marketing capabilities through its vast network, allowing veterinarians to focus more time on animal care.
-

Proton Capital Announces Strategic Alliance Agreement With PharmaChoice Canada Inc.²

- **August 31, 2023:** Proton Capital Corp. (Proton) and PharmaChoice Canada Inc. (PharmaChoice) have executed a definitive agreement to create a strategic alliance that will allow Proton to acquire PharmaChoice banner pharmacies.
 - The strategic alliance agreement includes a licence agreement, right of first refusal (ROFR) agreement and master membership agreement, all of which have been held in escrow until a qualifying transaction is completed.
 - The agreement will allow Proton to receive and act upon ROFRs previously established between PharmaChoice and its banner pharmacies.
 - The agreement requires all pharmacies acquired by Proton to remain as or transition to a PharmaChoice banner pharmacy.
-

Rite Aid Plans to Shut Down Hundreds of Stores in Bankruptcy³

- **September 22, 2023:** Rite Aid Corp. (Rite Aid) is negotiating a bankruptcy plan with its creditors that would result in the liquidation of over 2,100 drugstores.
- Rite Aid operates as a full-service retail pharmacy employing over 6,300 pharmacists across 2,300+ locations in the United States. The company is currently facing over \$3.3 billion in outstanding debt and over a thousand federal lawsuits.
- Rite Aid is proposing a Chapter 11 plan that would significantly reduce its market share. The company's proposal includes closing 400 to 500 stores and selling or handing over its remaining locations to its creditors.

Source 1: <https://www.prnewswire.com/news-releases/vetcor-is-expanding-into-canada-301880016.html>

Source 2: <https://financialpost.com/globe-newsire/proton-capital-announces-strategic-alliance-agreement-with-pharmachoice-canada-inc>

Source 3: <https://www.wsj.com/articles/rite-aid-planning-to-shut-down-hundreds-of-stores-in-bankruptcy-de7967db>

Market Update

Select Recent M&A Transactions



HEALTH SOLUTIONS

has acquired

Garden Park Pharmacy & Clearbrook Pharmacy

Closed	July 10, 2023
Transaction Value	Not disclosed
TEV/EBITDA	Not disclosed
Location (Vendor)	Abbotsford, BC

- **SRx Health Solutions (SRx)** has acquired Garden Park Pharmacy Ltd. and Clearbrook Pharmacy Ltd. for an undisclosed amount. SRx is a Canadian healthcare services provider offering both pharmaceutical and clinical services. The company has over 50 locations across Canada.
- **Garden Park Pharmacy Ltd. and Clearbrook Pharmacy Ltd.** are both single-location retail pharmacies serving the Abbotsford area in B.C.



Canadian Dental Labs

has acquired



Closed	July 11, 2023
Transaction Value	Not disclosed
TEV/EBITDA	Not disclosed
Location (Vendor)	Halifax, NS

- **Canadian Dental Labs**, along with its financial sponsors, BMO Capital Partners and Equicapita, has acquired Hallmark Dental Laboratory through a leveraged buyout (LBO) for an undisclosed amount. Canadian Dental Labs is a national dental laboratory group actively searching for acquisition opportunities. The company currently employs over 450 workers and services over 4,500 dentists.
- **Hallmark Dental Laboratory** is a full-service dental lab with operations in Halifax, NS and St. John's, NB.



has acquired



Closed	Sept. 1, 2023
Transaction Value	\$81.6MM
TEV/EBITDA	9.59x
Location (Vendor)	Toronto, ON

- **Otsuka Pharmaceutical Co. Ltd. (Otsuka)** has acquired Mindset Pharma for \$81.6MM through an all-cash transaction. Otsuka is a healthcare company with pharmaceutical and nutraceutical operations. The company expects this acquisition will allow it to develop improved treatments for psychiatric patients.
- **Mindset Pharma (CSE: MSET) (FSE: 9DF) (OTCQB: MSSTF)** is a drug research and discovery company developing psychedelic and non-psychedelic medications to treat psychiatric and neurological disorders.

Industry Overview

Pharmacies and Drug Stores in Canada

The Canadian 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

2023 Revenue

\$54.1 billion

Annual Growth 2018 – 2023

0.5%

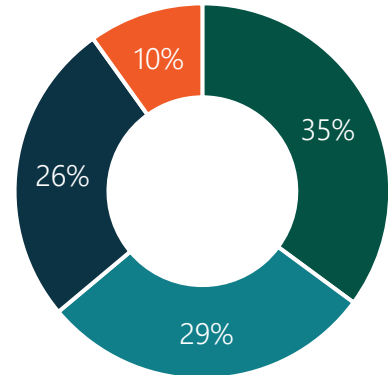
Projected Annual Growth 2023 – 2028

2.2%

Number of Businesses in 2023

11,661

Products and Services Segmentation (2023)



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

Dentists in Canada

The Canadian dental services industry 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

2023 Revenue

\$21.7 billion

Annual Growth 2018 – 2023

1.8%

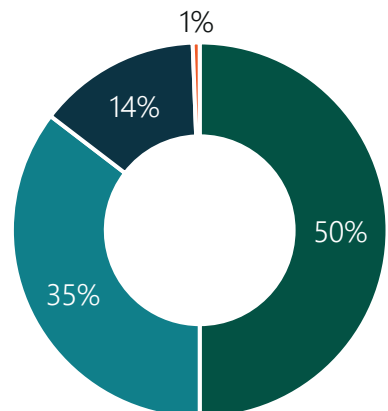
Projected Annual Growth 2023 – 2028

2.1%

Number of Businesses in 2023

28,853

Products and Services Segmentation (2023)



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

Industry Overview

Veterinarian Services in Canada

The Canadian veterinarian services industry 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

2023 Revenue

\$6.2 billion

Annual Growth 2018 – 2023

0.6%

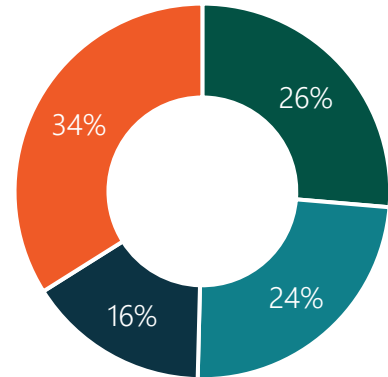
Projected Annual Growth 2023 – 2028

1.0%

Number of Businesses in 2023

5,796

Products and Services Segmentation (2023)



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

Optometrists in Canada

The Canadian optometry industry 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%

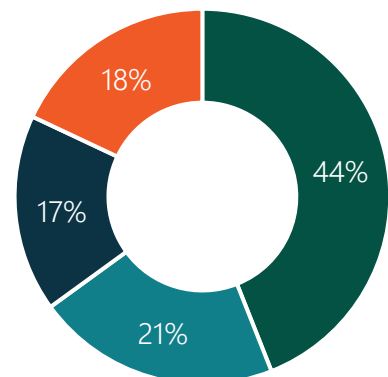
Projected Annual Growth 2023 – 2028

2.2%

Number of Businesses in 2023

6,477

Products and Services Segmentation (2023)

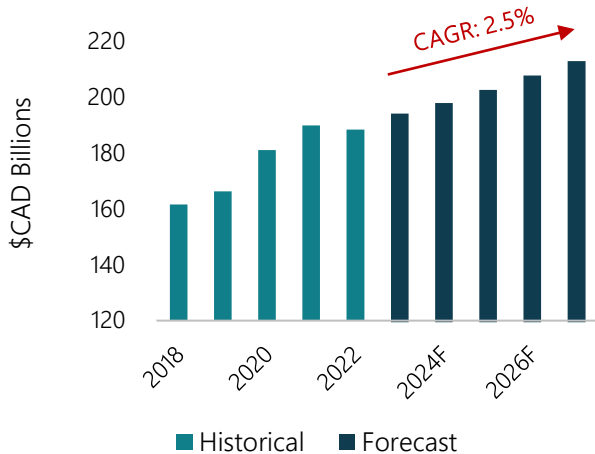


- Prescription eyewear
- Eye exams
- Medical eye care procedures
- Other

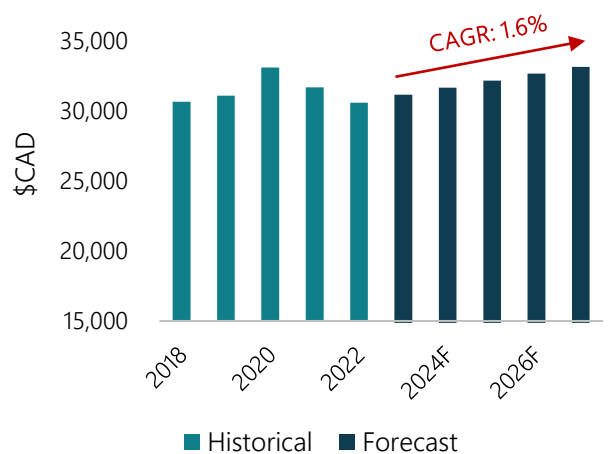
Macroeconomic Indicators

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.

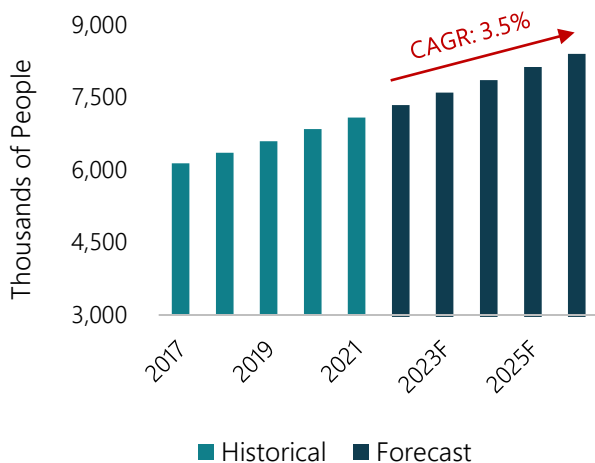
Total Health Expenditure - Canada



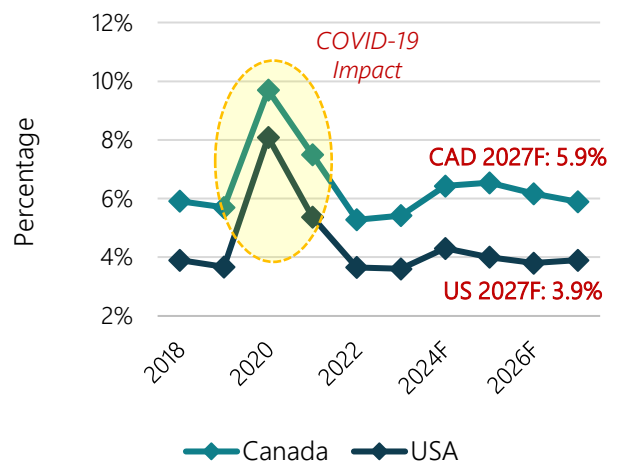
Per Capita Disposable Income - Canada



Population Aged Over 65 - Canada



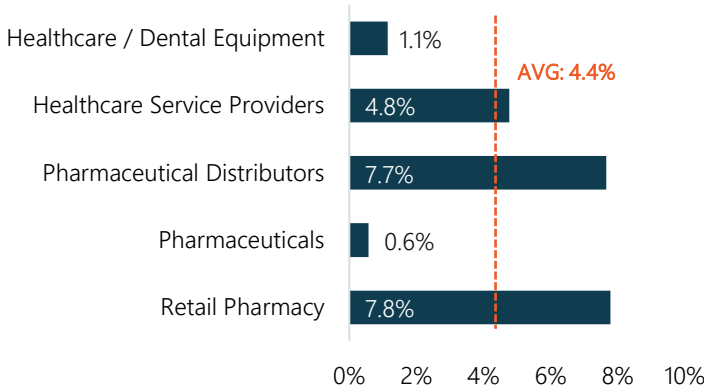
National Unemployment Rate



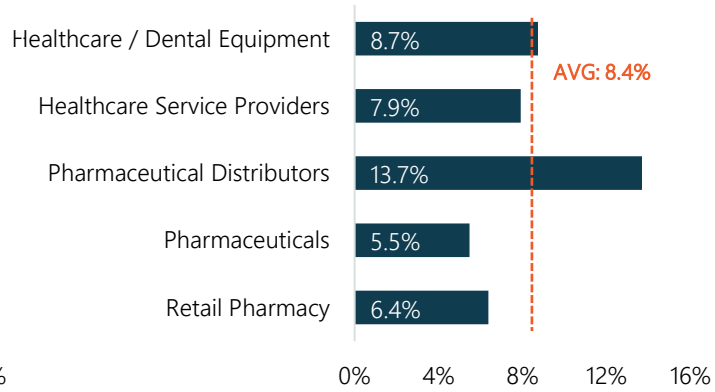
Public Comparable Analysis

Growth, Margins & Multiples

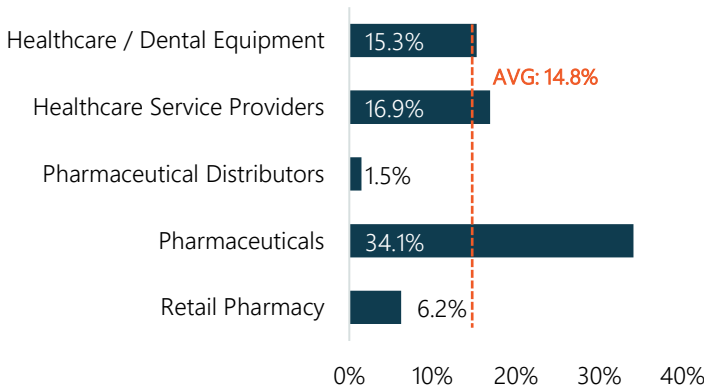
LTM Revenue Growth



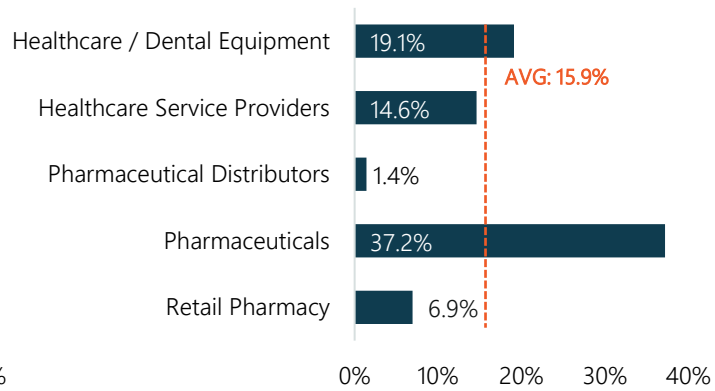
NTM Revenue Growth



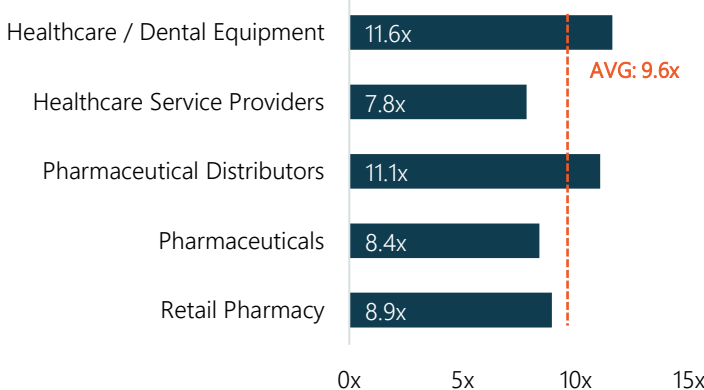
LTM EBITDA Margin



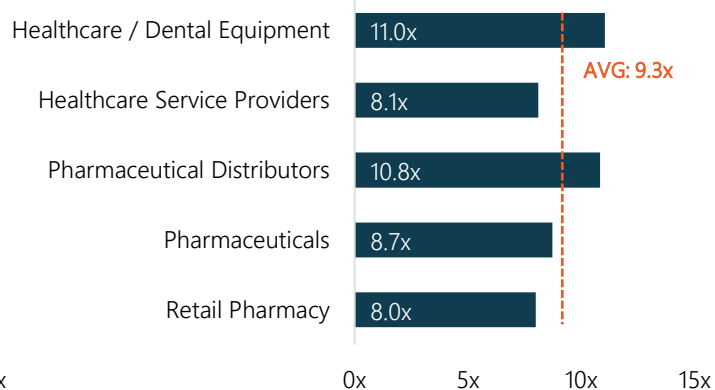
NTM EBITDA Margin



LTM EV/EBITDA



NTM EV/EBITDA



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

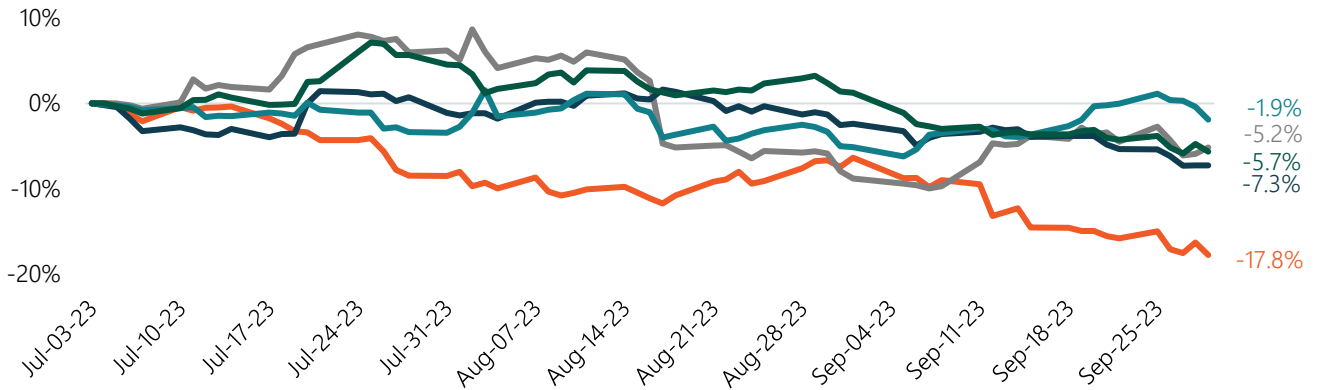
Note: Above noted healthcare peer groups are market capitalization weighted indexes. Valuation details provided on page 10.

"LTM" refers to last twelve months. "NTM" refers to next twelve months. Figures above are based on median peer group metrics.

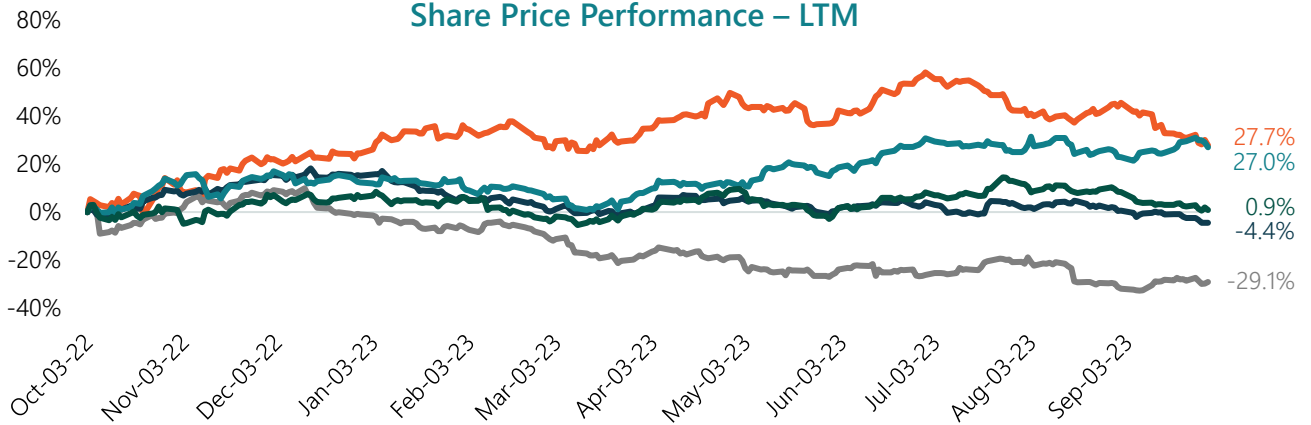
Public Comparable Analysis

Performance Analysis

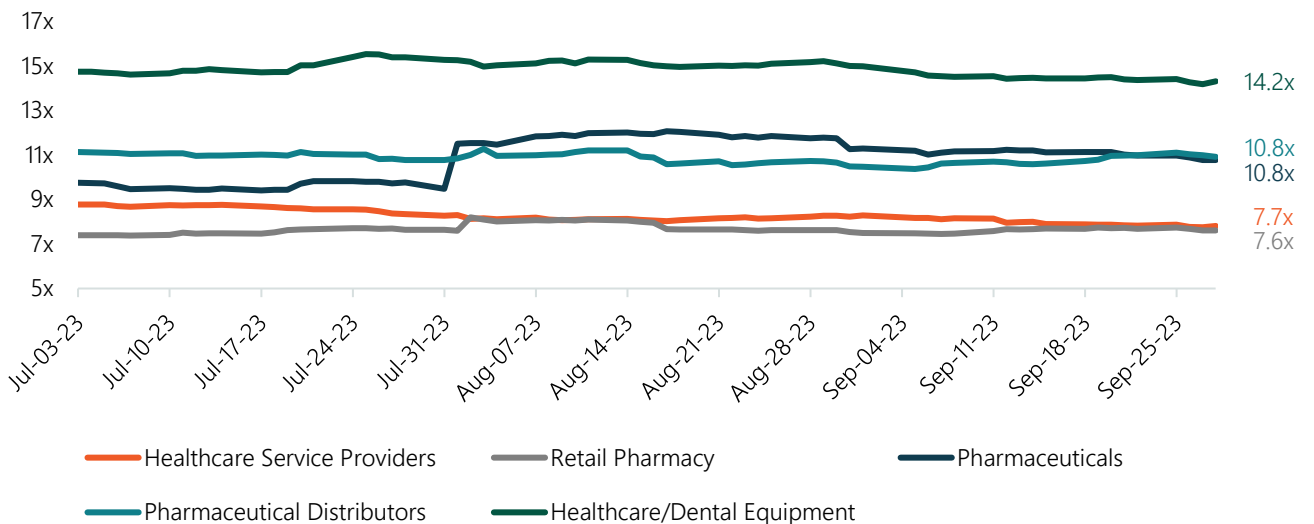
Healthcare Peer Group Share Price Performance – Q3



Share Price Performance – LTM



Historical LTM EV/EBITDA – Q3



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

Note: Above noted healthcare peer groups are market capitalization weighted indexes. Valuation details provided on page 10. "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	Growth	EBITDA	Margin	Revenue Growth	EBITDA Margin	NTM EV/EBITDA	LTM EV/EBITDA	LTM EV/REV
Retail Pharmacy											
CVS Health Corporation	\$121,310	\$209,949	\$447,675	10.1%	\$28,417	6.3%	6.1%	5.8%	7.7x	7.2x	0.5x
Walgreens Boots Alliance, Inc.	\$25,971	\$86,719	\$188,274	4.8%	\$11,536	6.1%	3.7%	3.6%	10.9x	8.8x	0.5x
CareRx Corporation	\$102	\$202	\$378	5.4%	\$22	5.9%	1.7%	8.1%	6.5x	9.0x	0.5x
Neighbourly Pharmacy Inc.	\$562	\$854	\$832	82.2%	\$81	9.7%	13.6%	10.8%	8.3x	10.6x	1.0x
Median	\$13,267	\$43,786	\$94,553	7.8%	\$5,808	6.2%	4.9%	6.9%	8.0x	8.9x	0.5x
Mean	\$36,986	\$74,431	\$159,290	25.6%	\$10,014	7.0%	6.3%	7.1%	8.3x	8.9x	0.6x
Pharmaceuticals											
Johnson & Johnson	\$507,337	\$532,170	\$133,457	2.7%	\$47,097	35.3%	(12.1%)	37.1%	12.5x	11.4x	4.0x
Merck & Co., Inc.	\$353,389	\$394,759	\$77,215	2.0%	\$16,767	21.7%	6.5%	36.0%	13.4x	23.0x	5.0x
Pfizer Inc.	\$253,338	\$281,967	\$103,212	(23.0%)	\$43,189	41.8%	(23.8%)	36.9%	8.7x	6.4x	2.7x
Viatis Inc.	\$16,000	\$40,532	\$20,660	(9.2%)	\$6,907	33.4%	4.2%	32.3%	5.8x	5.7x	1.9x
Bausch Health Companies Inc.	\$4,051	\$32,333	\$11,057	1.9%	\$3,770	34.1%	6.4%	37.7%	7.6x	8.4x	2.9x
Median	\$253,338	\$281,967	\$77,215	1.9%	\$16,767	34.1%	4.2%	36.9%	8.7x	8.4x	2.9x
Mean	\$226,823	\$256,352	\$69,120	(5.1%)	\$23,546	33.3%	(3.7%)	36.0%	9.6x	11.0x	3.3x
Pharmaceutical Distributors											
McKesson Corporation	\$79,355	\$86,392	\$376,126	5.8%	\$7,346	2.0%	12.0%	1.7%	11.9x	11.5x	0.2x
Cencora, Inc.	\$48,899	\$55,931	\$336,910	7.7%	\$4,943	1.5%	9.6%	1.4%	10.8x	11.1x	0.2x
Cardinal Health, Inc.	\$28,933	\$30,593	\$271,477	13.0%	\$3,436	1.3%	13.4%	1.2%	8.0x	8.7x	0.1x
Median	\$48,899	\$55,931	\$336,910	7.7%	\$4,943	1.5%	12.0%	1.4%	10.8x	11.1x	0.2x
Mean	\$52,396	\$57,639	\$328,171	8.8%	\$5,242	1.6%	11.7%	1.5%	10.2x	10.4x	0.2x
Healthcare Service Providers											
HCA Healthcare, Inc.	\$90,504	\$148,051	\$81,994	3.0%	\$17,583	21.4%	9.1%	19.7%	8.4x	8.2x	1.8x
Universal Health Services, Inc.	\$11,802	\$18,761	\$18,272	5.8%	\$2,480	13.6%	8.7%	12.2%	7.8x	7.4x	1.0x
Tenet Healthcare Corporation	\$9,050	\$33,091	\$26,630	3.9%	\$5,441	20.4%	6.6%	16.7%	7.0x	6.0x	1.2x
Community Health Systems, Inc.	\$513	\$18,130	\$16,407	(0.0%)	\$2,091	12.7%	4.3%	12.5%	8.5x	8.5x	1.1x
Median	\$10,426	\$25,926	\$22,451	3.5%	\$3,960	17.0%	7.7%	14.6%	8.1x	7.8x	1.1x
Mean	\$27,967	\$54,508	\$35,826	3.2%	\$6,899	17.0%	7.2%	15.3%	7.9x	7.5x	1.3x
Healthcare/Dental Equipment & Supplies											
Becton, Dickinson and Company	\$101,459	\$122,901	\$25,221	0.5%	\$6,636	26.3%	8.0%	28.1%	16.1x	18.1x	4.8x
Baxter International Inc.	\$25,853	\$46,498	\$20,103	9.3%	\$4,333	21.6%	1.8%	19.7%	11.0x	10.5x	2.3x
dentalcorp Holdings Ltd.	\$1,109	\$2,385	\$1,370	21.2%	\$188	13.7%	8.8%	18.7%	8.6x	12.7x	1.7x
DENTSPLY SIRONA Inc.	\$9,783	\$12,462	\$5,212	(4.8%)	\$879	16.9%	6.0%	19.5%	11.6x	13.9x	2.3x
Henry Schein, Inc.	\$13,116	\$17,433	\$16,682	(0.9%)	\$1,641	9.8%	8.3%	8.8%	11.0x	10.4x	1.0x
Patterson Companies, Inc.	\$3,843	\$4,609	\$8,630	1.8%	\$541	6.3%	7.0%	6.0%	8.3x	8.3x	0.5x
Median	\$11,450	\$14,947	\$12,656	1.1%	\$1,260	15.3%	7.5%	19.1%	11.0x	11.6x	2.0x
Mean	\$25,861	\$34,381	\$12,870	4.5%	\$2,370	15.8%	6.7%	16.8%	11.1x	12.3x	2.1x

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

Note: In order to derive more accurate valuation multiples, MNP Corporate Finance Inc. has eliminated results which skew the averages excessively. "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.

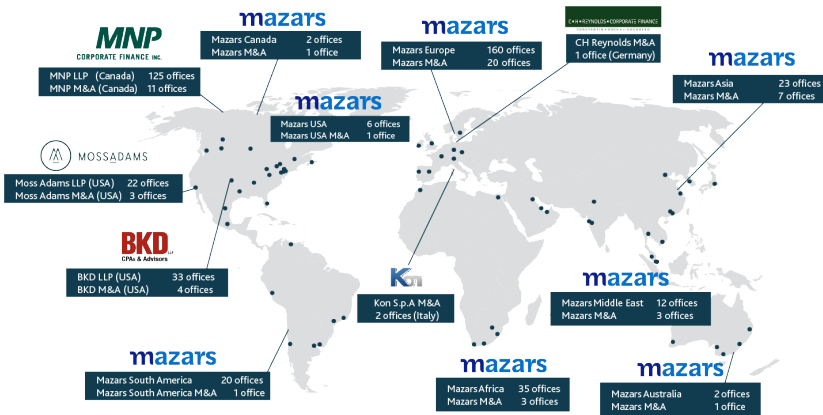
Our typical transactions range in value between \$3 million and \$300 million.

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.



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)

has acquired

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

has acquired

MNP Corporate Finance Inc. acted as exclusive financial advisor to Global Physical Asset Management in structuring and negotiating this transaction.

has acquired

MNP Corporate Finance Inc. acted as exclusive financial advisor to Diamond Ice Systems Ltd. in structuring and negotiating this transaction.

has acquired

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

has acquired

MNP Corporate Finance Inc. provided financial due diligence services to TRS Ltd.

has acquired

MNP Corporate Finance Inc. acted as exclusive financial advisor to C. Martin's Bus Service Ltd. in structuring and negotiating this transaction.

has acquired a \$100,000,000 equity interest in the

MNP Corporate Finance Inc. acted as exclusive financial advisor and debt placement monitor to Northern Energy Services in this transaction.

has acquired

MNP Corporate Finance Inc. acted as exclusive financial advisor to Silverline Oilfield Services in structuring and negotiating this transaction.

has acquired

MNP Corporate Finance Inc. provided financial and tax due diligence services to Regimen Equity Partners.

has acquired a majority interest in

MNP Corporate Finance Inc. provided financial and tax due diligence services to Nibe Industrier AB.

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 10 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
- Healthcare
- 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)



LIFT AUTO GROUP
has acquired
Herbers
Autobody Repair

MNP Corporate Finance Inc. provided financial due diligence services to Lift Auto Group Ltd.



efi
has acquired
LEJ

MNP Corporate Finance Inc. provided financial and tax due diligence services to EFL Cobalt LLC.



E360S
Total Environmental Management
has acquired
Local
Environmental Services

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



LAB ONE CAPITAL
has acquired
Bottle 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.



tdc
has acquired
Case Furniture Ltd.
ASHLEY

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




SupremeX
has acquired the assets of
GRAF PAK

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



An individual purchaser
has acquired
ROSE INTEGRATION
a subsidiary of
TOMLINSON

MNP Corporate Finance Inc. acted as exclusive financial advisor to Rose Integration 2015 Limited, a subsidiary of Tomlinson Group in structuring and negotiating this transaction.



FGC HEALTH
has acquired
RNN

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



TerraNova Partners
has acquired
LUMINOR

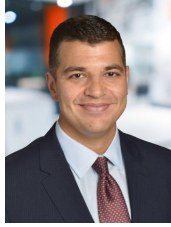
MNP Corporate Finance Inc. provided financial and tax due diligence services to TerraNova Partners LLP.

Leadership Team

Transaction Leadership



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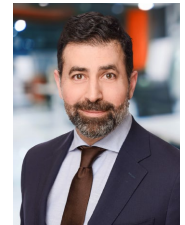
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Chris Chapman
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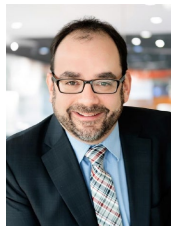
Jon Edgett
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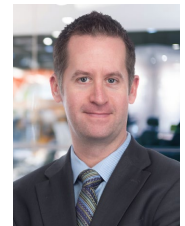
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