



Canada's Largest Seniors  
Care Pharmacy Provider

TSX: CRRX

# Investor Presentation

December 2021

# Forward Looking Statements

Certain of the statements contained in this presentation are "forward looking information within the meaning of applicable Canadian securities legislation. Forward looking information includes, but is not limited to, business strategy, plans and other expectations, beliefs, goals, objectives, information and statements about possible future events. Forward looking information generally can be identified by the use of forward looking terminology such as "outlook ", "objective", "may", "will", "expect", "intend", "estimate", "anticipate", "believe", "should", "plans" or "continue", or similar expressions suggesting future outcomes or events. You are cautioned not to place undue reliance on such forward-looking information. Forward looking information is based on current expectations, estimates and assumptions that involve a number of risks that are set out under the heading "Risks and Uncertainties" in CareRx's most recently filed Management's Discussion and Analysis available on SEDAR at [www.sedar.com](http://www.sedar.com), which could cause actual results to vary and in some instances to differ materially from those anticipated by CareRx and described in the forward looking information contained in this presentation. No assurance can be given that any of the events anticipated by the forward looking information will transpire or occur or, if any of them do so, what benefits CareRx will derive therefrom and neither CareRx nor any other person assumes responsibility for the accuracy and completeness of any forward looking information. Other than as specifically required by applicable laws, CareRx assumes no obligation and expressly disclaims any obligation to update or alter the forward-looking information whether as a result of new information, future events or otherwise.

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



Canada's largest and  
fastest growing  
provider of pharmacy  
services to seniors  
housing communities  
and other congregate  
care settings



The typical senior  
in a long-term  
care or retirement  
home takes

**4 to 12**

medications  
daily

Medication supply and  
management is a critical  
component of seniors home care

- Optimize medication regimen for optimal resident outcomes
- Ensure highest levels of safety
- Minimize hospital visits
- Resident oversight by geriatric-certified clinical pharmacists

Never has the level of care for these residents  
been so important

# Best-in-Class Institutional Pharmacy Capabilities

- High-volume solutions for cost-effective supply of chronic medication
- Highest level of safety and adherence for individuals with complex medication regimes
- Industry-leading team of clinical pharmacists who work with home operators to provide exceptional medication management services
- Largest national footprint enables delivery of responsive, high-touch, local service





# Best-in-Class Medication Management Technology

## **PACMED®**

Automated strip packaging technology



## **PACVision®**

Automated pouch verification technology



## **Digital Pen**



## **Nexsys ADC™**

Automated dispensing cabinet



## **PharmaPod**

Medication incident management system



## **eMAR**



## **PharmaConnect**

Interactive patient portal



Technology leadership will increasingly be a competitive advantage in providing pharmacy services to seniors housing communities

# Our Growing National Scale

**>96,000** beds serviced

**>1,600** seniors housing communities

**>3.1 M** monthly prescriptions

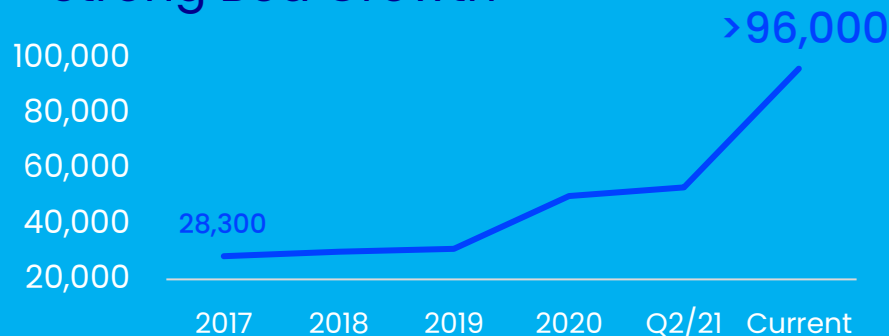
**32<sup>1</sup>** fulfillment centres

1. Prior to planned further consolidation of fulfillment centres resulting from the integration of the Medical Pharmacies acquisition.

## Strongest Network in the Sector

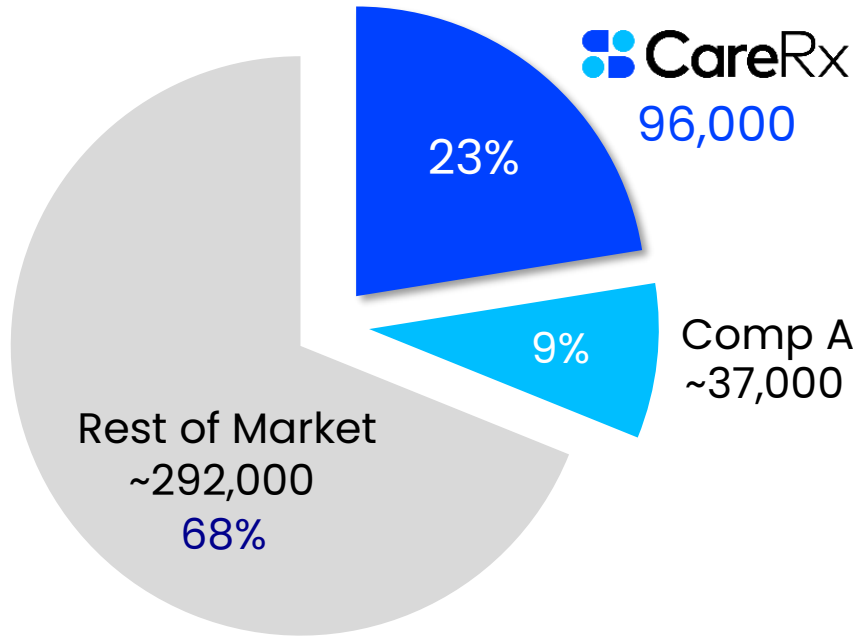


## Strong Bed Growth



# Total seniors housing beds in Canada

**~425,000** (and growing)



Over the next ~15 years,  
the number of beds is  
forecast to grow

**>2x**





# Continuing the Growth Trajectory

Today

>96,000  
beds

\$370M  
in revenue<sup>1</sup>

## Increase beds under contract

Well capitalized and positioned to win new large, national and regional contracts

- Expand with our seniors housing community customers
- Add new seniors housing communities contracts
- Expand into additional provinces

## Make strategic acquisitions

Consolidate a highly fragmented market through accretive acquisitions to increase scale and realize operational efficiencies

2024 Target

130,000  
beds

\$500M  
in revenue

1. Annualized run rate based on Q3 2021 revenue, including pro rated revenue for a full quarter's contribution from Medical Pharmacies.

Significant operating leverage as number of beds  
under contract expands

# Disciplined Acquisition Strategy

1

Highly  
complementary

Leverage current market dynamics to make opportunistic roll-up acquisitions that grow bed count and improve scale

2

With strong  
synergy potential

Ability to realize substantial synergies through rationalization, improved purchasing power, and by implementing CareRx's best practices

3

At accretive  
purchase multiples

Highly accretive acquisitions at discounts to CareRx's average trading multiple result in strong value creation opportunities

Proven ability to rapidly integrate acquisitions and realize synergies

# Successful Execution of Acquisition Strategy

May 2020

## Remedy'sRx Specialty Pharmacy Transformational Acquisition

- +18,500 beds
- Created strongest national footprint in the sector
- Added capacity to scale and absorb new beds
- Integration completed ahead of schedule, realizing \$3 M in annual cost saving synergies

Purchase Price:	\$39 M + up to \$5 M earn out
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April 2021

## SmartMeds High-Quality Tuck-In Acquisition

- +2,400 beds
- Strengthened market position in ON
- Leader in innovation, quality, and customer service
- Expected to contribute annualized run-rate revenue of \$13 M & Adjusted EBITDA of \$1.5 M prior to any integration synergies

Purchase Price:	\$4.5 M + up to \$2.9 M earn out
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June 2021

## Rexall Portion of LTC Pharmacy Business

- +4,000 beds
- Included fulfilment centre in Sudbury, Ontario
- Expected to contribute annualized run-rate revenue of ~\$14 M & nominal Adjusted EBITDA prior to any integration synergies

Purchase Price:	\$3.5M
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All acquisitions performing in line or ahead of expectations

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

August 23, 2021: Completed Acquisition of LTC Division of Medical Pharmacies

- Added ~36,000 beds, serviced through 17 centres in Ontario & Western Canada
- Further expanded Canada's largest national platform
- Expected to contribute run-rate annualized revenue of ~\$150 M & Adjusted EBITDA of \$10-12 M
- Further strengthened best-in-class offering, while enhancing growth opportunities

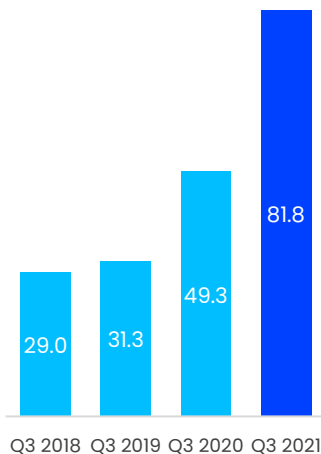
- Purchase Price:
  - \$70 M cash
  - 550,359 CareRx common shares
- Financing:
  - \$63.3 M private placement
  - \$39 M incremental debt (and concurrent refinancing of existing senior and subordinated credit facilities)
- Immediately accretive to earnings

On track to realize minimum expected cost savings synergies of \$5 M

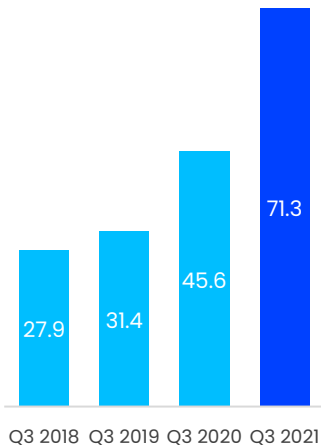
One location consolidated in Q3 with four additional locations expected to be consolidated by end of the year

# Successful Execution of Our Growth Strategy

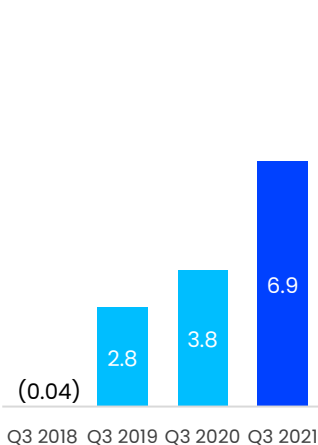
Ave. Beds Served  
(000s)



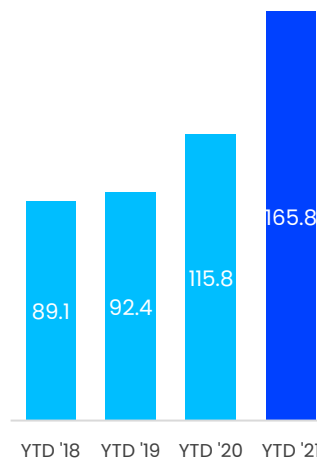
Revenue  
(from continuing ops)  
(\$ millions)



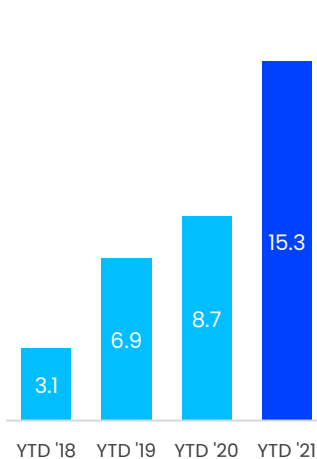
Adj. EBITDA  
(from continuing ops)  
(\$ millions)



Revenue  
(from continuing ops)  
(\$ millions)



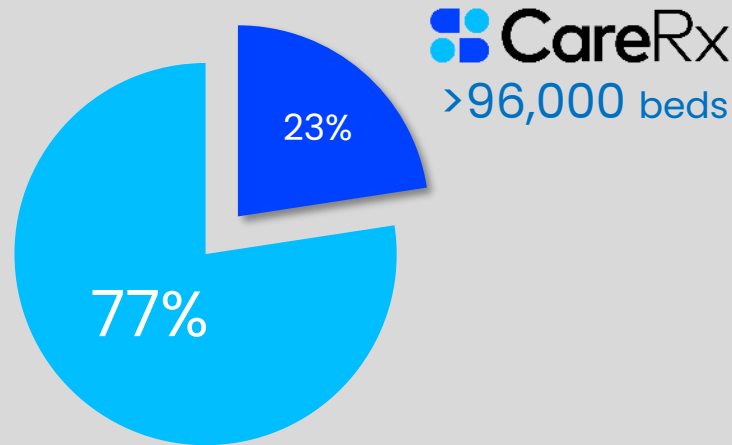
Adj. EBITDA  
(from continuing ops)  
(\$ millions)



Currently servicing beds >96,000 beds in  
>1,600 seniors and other communities

# A New Baseline for Continued Growth

- Positioned to benefit from increased scale and enhanced capabilities
- Experiencing accelerated organic growth
- Significantly strengthened position as a natural consolidator in a highly fragmented market:
  - Strong pipeline of opportunities



Market Opportunity via  
Organic Growth & Acquisitions  
~329,000 seniors housing beds<sup>1</sup>

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





1

Large, high-growth  
seniors market

2

Canada's largest  
seniors care  
pharmacy provider

3

Leading customer  
value proposition and  
national network

4

Natural consolidator in  
a highly fragmented  
market

5

Significant operating  
leverage



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## Appendix

# Balance Sheet

(millions except ratio)

At Sept. 30/21

Cash	\$39.9
Net Debt <sup>1</sup>	\$57.3
Net Debt to Adjusted EBITDA <sup>2</sup>	2.1x

17

1. Debt = borrowings (principal) not including November 2019 Convertible Debentures.

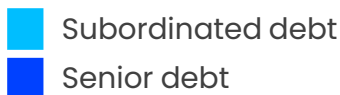
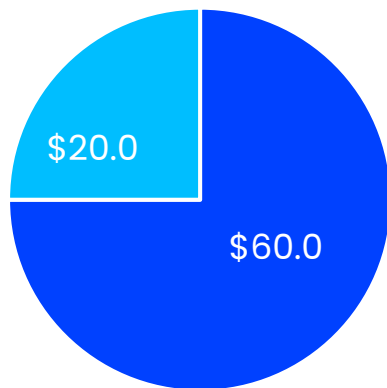
2. Annual run-rate based on Q3/21 Adjusted EBITDA.

- Received funds under previously completed private placements of subscription receipts for total gross proceeds of \$63.3 M (issued 12,524,880 common shares)
- Entered into amended and restated credit agreement with senior lender to refinance existing credit facility
  - New senior credit facilities of \$60 M were advanced
  - Approximately \$37 M used to pay a portion of cash consideration for Medical Pharmacies LTC Business acquisition and transaction costs
  - Remainder of proceeds used to repay existing facility and associated financing fees
  - Total debt at Sept. 30/21 of \$84 M
- Q3/21 cash flow benefitted from certain working capital movements

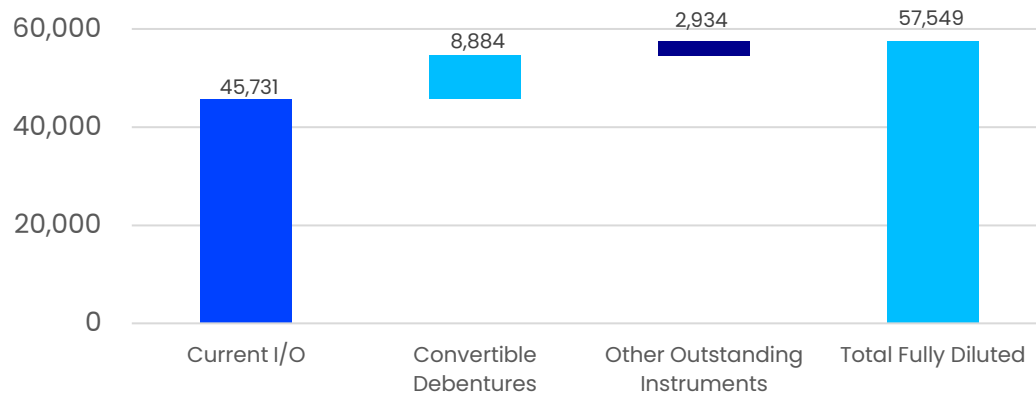
# Capital Structure

## Total Debt

(at Sept 30/21) (millions)



## Shares Outstanding (000's)



	Fully Diluted	Ownership
Yorkville	13,558,308	23.6%
Bruce Moody	6,022,812	10.5%
Jack Shevel	5,278,868	9.2%
Claret Asset Management	3,046,955	5.3%
Ewing Morris	1,581,733	2.7%
Other	28,060,306	48.8%
Total	57,548,981	100%



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