



# Q4 2021 Earnings Call

March 18, 2022



# Cautionary Statements

## *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.

## *Non-IFRS Financial Measures and Non-IFRS Ratios*

"EBITDA", "Adjusted EBITDA", "Adjusted EBITDA Margin" and "Adjusted EBITDA per share" are non-IFRS measures and "Net Debt to Adjusted EBITDA" is a non-IFRS ratio all of which do not have standardized meanings prescribed by IFRS. See "Non-IFRS Financial Measures", "Non-IFRS Ratios" and "Reconciliation of Non-IFRS Financial Measures" in CareRx's most recently filed Management's Discussion and Analysis available on SEDAR at [www.sedar.com](http://www.sedar.com).

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



# David Murphy

President & Chief Executive Officer

# Q4 2021

Continued strong growth in revenue and adjusted EBITDA

Acquisitions continue to contribute in line with expectations

Integration of MPGL LTC Pharmacy acquisition on track

Contribution from organic growth



# Q4 2021 Financial Highlights

## From Continuing Operations

(+/- compared to Q4 2020)

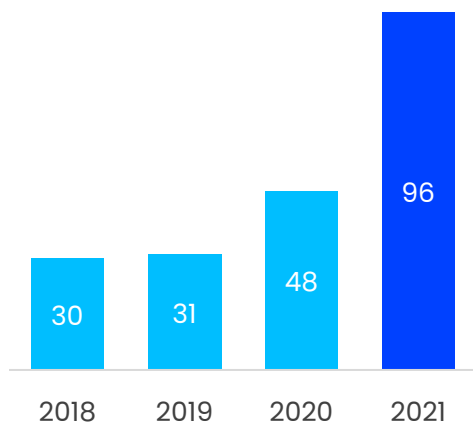
(millions)	Q4 2021	
Revenue	\$96.9	<b>+109%</b>
Adjusted EBITDA	\$7.6	<b>+86%</b>
Adjusted EBITDA Margin	7.8%	<b>-100bps</b>

- Average beds serviced of 96,310: **+97%** vs Q4/20
- Growth driven primarily by acquisitions:
  - SmartMeds and Rexall acquisitions (completed Q2/21)
  - Medical Pharmacies LTC Business acquisition (completed Q3/21)
- Contribution from organic growth: >3,000 beds from new contracts onboarded in third and fourth quarters
- Adjusted EBITDA growth partially offset by non-recurring costs of \$1.1 million

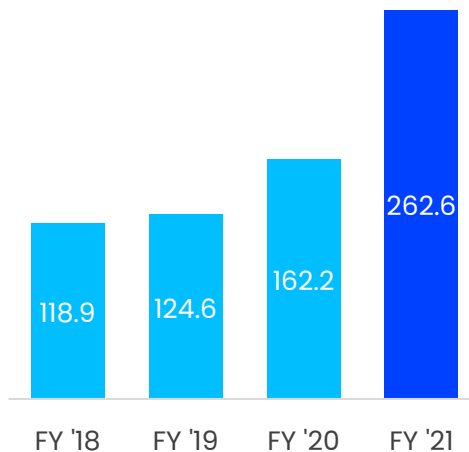
Excluding non-recurring costs, Q4/21 Adjusted EBITDA was \$8.7 M & Adjusted EBITDA margin was 9.0%

# Successful Execution of Our Growth Strategy

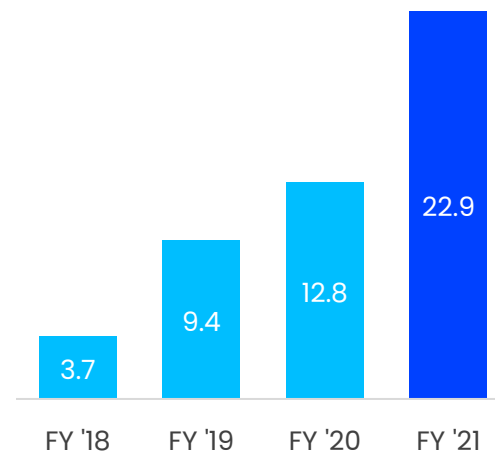
Bed Count at Year End  
(000s)



Revenue  
(from continuing ops)  
(\$ millions)



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



Serving >1,600 seniors and other communities  
Providing >3.1 M prescriptions monthly

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

August 23, 2021: Completed Acquisition of LTC Pharmacy 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

- 5 sites consolidated by end of 2021
- 5 additional sites expected to be consolidated in 2022
- Cost savings synergies of \$0.2 M in Q4/21
- Integration projects expected to be substantially complete by end of Q3/22

Integration remains on track: Annualized cost savings synergies of \$5M expected to be achieved by Q3 2022

# Other Q4 2021 Highlights

Deploying new state-of-the-art medication packaging technology at first high-volume fulfillment centre

- Signed lease to build in Burlington, ON
- New site to be first pharmacy in Canada to use BD Rowa™ Dose medication packaging
- BD Rowa™ Dose will optimize high-volume dispensing of medications, allowing higher volumes without additional labour costs
  - Will also improve safety and reduce medication packaging errors and waste
- Expected to commence operations April 2022





# Highlights Subsequent to Quarter End

Secured long-term contract extensions with two largest customers

- Customers represent aggregate of approximately 15,000 beds
- Beds will be under contract for an average of 5.5 years from end of 2021

Expanded the scope and product offering of its medical supplies business under a new brand, Revicare™

- New brand to offer significantly expanded assortment of medical supplies, including incontinence products, nutritional supplements, wound care products and other medical supplies
- Replaces existing business operating under the ClassMed brand that predominantly supplied incontinence products to residents living in select seniors living communities

Further pause in scheduled fee changes in Ontario

- Ontario Ministry of Health announced postponement of previously scheduled changes to LTC pharmacy funding for additional year

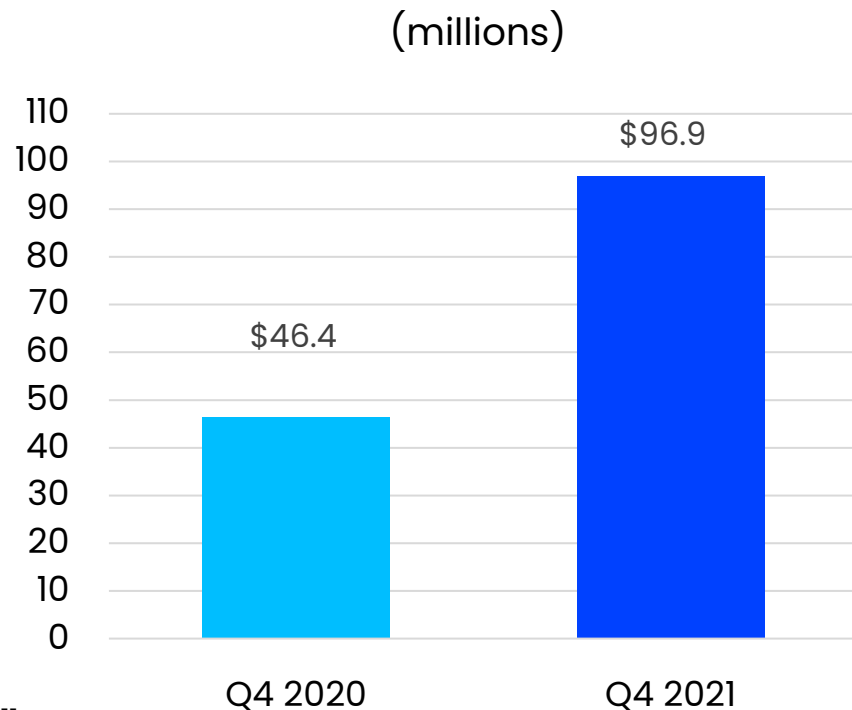




# Andrew Mok

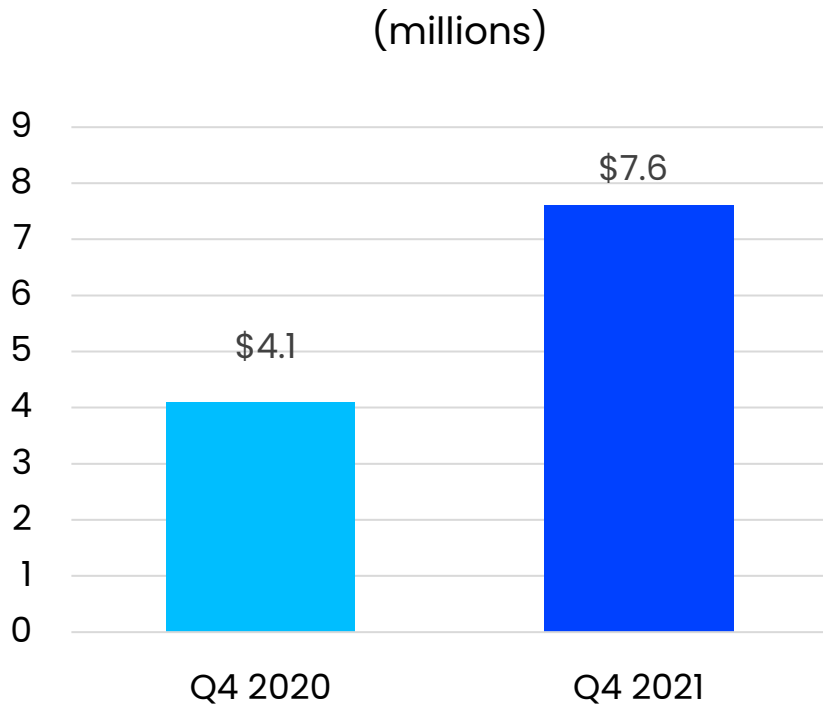
Chief Financial Officer

# Q4 2021 Financial Results | Revenue



- 109% year-over-year growth
- Growth driven by SmartMeds, Rexall and Medical Pharmacies LTC Business acquisitions
- All acquisitions contributed in line with expectations
- Organic growth from new contracts that were onboarded throughout the quarter

# Q4 2021 Financial Results | Adjusted EBITDA



- 86% year-over-year growth
- Growth driven by
  - Acquisitions completed in 2021
  - \$0.2 M of cost savings synergies from MPGL LTC Pharmacy Business acquisition
  - >3,000 beds from new contracts onboarded in third and fourth quarters
- Growth partially offset by non-recurring costs that reduced adjusted EBITDA by \$1.1 million
- Excluding non-recurring costs, Q4/21 adjusted EBITDA was \$8.7 M & Adjusted EBITDA margin was 9.0%

# Balance Sheet

(millions except ratio)

At Dec. 31/21

Cash	\$35.6
Net Debt <sup>1</sup>	\$57.6
Net Debt to Adjusted EBITDA <sup>2</sup>	1.9x

- Repayment of \$4 M vendor take back note
- Cash flow from operations for full year increased to \$7.3 M from \$0.2 M in 2021

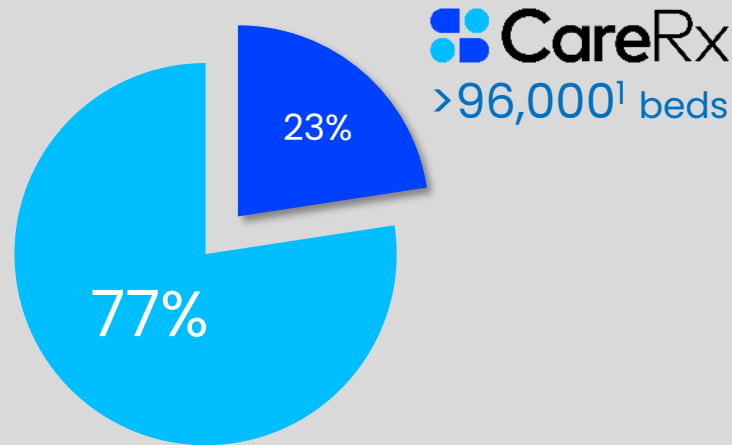


# David Murphy

President & Chief Executive Officer

# 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

# Questions

A photograph of a group of seniors in a bright, modern community center. In the foreground, an elderly man with glasses and a beard, wearing a plaid shirt and a light-colored cardigan, sits at a table with an orange mug, holding an open book and smiling. Behind him, a woman in a light blue shirt stands and gestures. To the right, two other seniors sit on a white sofa; one is reading a newspaper. In the immediate foreground, the back of a woman's head and her hand gesturing are visible. The background features large windows with lush greenery outside.

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