



# Investor Presentation

TSX: CRRX | December 2020



# Forward Looking Statements

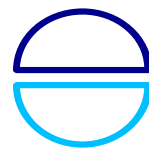
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*All dollar figures are in Canadian dollars unless otherwise stated.*

CareRx is Canada's leading provider of Specialty Pharmacy services to seniors in long-term care and retirement homes



Large, fast-growing seniors market



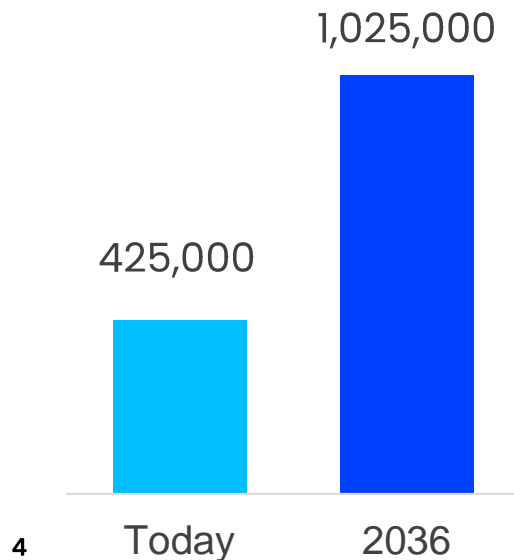
Existing, scalable national platform



Multiple organic growth and acquisition opportunities

# Seniors Pharmacy Opportunity

Seniors residences – total beds



## 141%

estimated growth  
in the total  
number of long-  
term care and  
retirement home  
beds between  
now and 2036

## 4 – 12

# of medications a  
typical senior takes  
daily

## 30

residents per  
nurse

## 90x

daily, nurses  
administer  
medications

# Our 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



# Our Best-in-Class Medication Management Technology

## **PACMED®**

Automated  
strip  
packaging  
technology



- Holds up to 576 cannisters of medication
- Packages up to 60 medication pouches per minute autonomously
- Embedded software allows an exact count to optimize inventory levels
- Bar coding on each pouch ensures safety and promotes medication adherence

## **PACVision®**

Automated  
pouch  
verification  
technology



- High-speed pill recognition system verifies contents of every medication pouch by pill quantity, colour, size and shape
- Verifies up to 60 pouches per minute
- Minimizes pharmacist intervention

# Our Growing National Footprint

**~50,000** beds serviced

**>900** seniors homes

**>1.4 M** monthly prescriptions

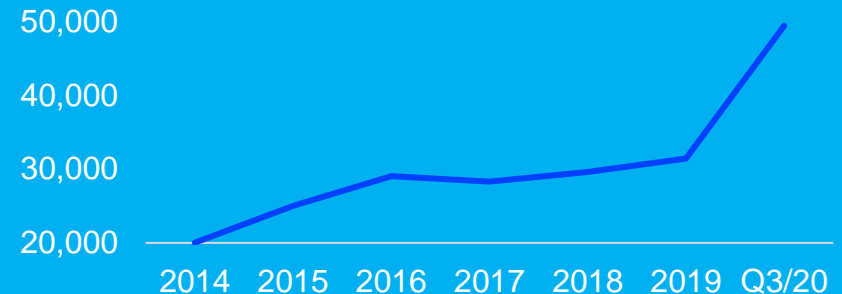
**18** fulfillment centres<sup>1</sup>

1. Upon completion of consolidation of sites following Remedy's acquisition before year end 2020.

## Strongest Network in the Sector



## Strong Bed Growth

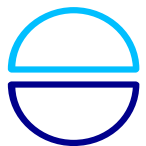


# Growth Strategy Provides Opportunity for Significant Shareholder Value Creation



## **Increase beds under contract**

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



## **Consolidate the market**

Highly fragmented market provides opportunity for accretive acquisitions to increase scale and realize operational efficiencies



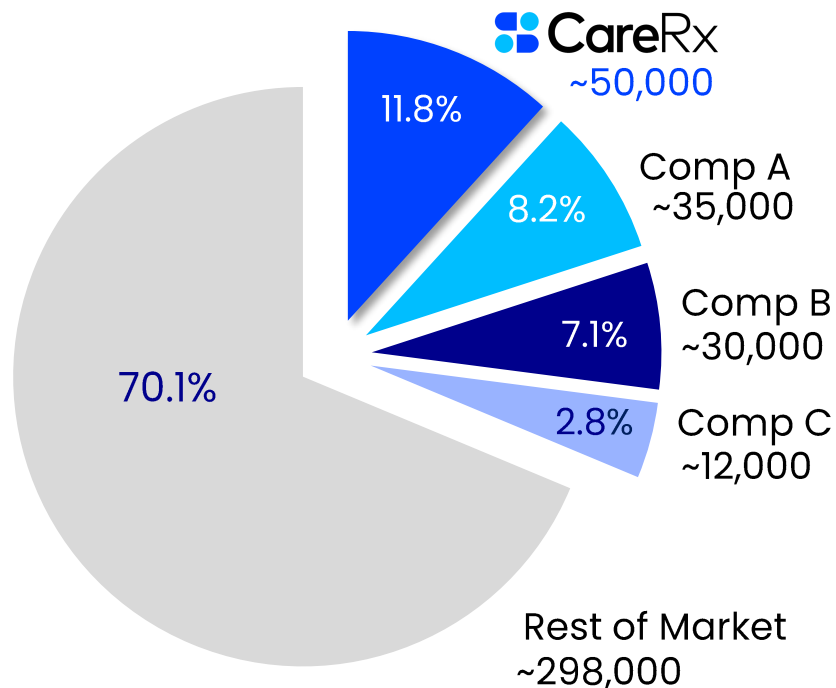
## **Leverage capabilities for new markets**

National, scalable platform of fulfillment centres can be leveraged to service new customer segments, including both institutional and direct-to-consumer settings



# ~425,000

Total beds in Canada (and growing)



## Well Positioned to Grow Beds Served

- Leverage CareRx's leading value proposition with home operators

## Best Positioned to Consolidate a Highly Fragmented Market

- Numerous opportunities to make accretive acquisitions

Target  
**100,000 beds**  
by 2023

# Disciplined M&A 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 CRRX's best practices

3

## At accretive purchase multiples

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

# Remedy's: A Transformational Acquisition

- May 2020: Completed acquisition of Remedy'sRx Specialty Pharmacy
  - Added ~18,500 beds
  - Created the strongest national footprint in the sector
  - Capacity to scale and absorb new beds
- Meaningful financial synergies expected to be fully realized in Q1 2021

## Significant Progress on Integration

- Commenced consolidation of certain fulfillment centres
- Primary driver of cost synergies
- 4 fulfillment centres closed to date
  - 2 in Q3
  - 2 subsequent to quarter end
- 3 centres still to be closed
- Total reduction to 18 from 25 by end of 2020

Integration is ahead of schedule and will be completed by the end of this year



**Pharmacy  
At Your Door**  
by CareRx™

New digital business providing free same-day delivery service

- Leverages existing CareRx national platform and technological capabilities
- Targets the 6 million Canadian seniors living at-home and other customers
- EasyPac packaging technology ensures medication adherence
- Pharmacist consultations by virtual video
- GPS tracking of deliveries



- Initial launch in greater Calgary area in July
- Expanded to greater Edmonton area in Q4
- Potential roll-out for other markets across Canada

# Q3 2020: Strong Financial Momentum

## Continuing Operations

(millions except margin)

(+/- compared to Q3 2019)

Revenue	\$45.6	<b>+45%</b>
Average Beds Serviced	49,344	<b>+58%</b>
Adjusted EBITDA	\$3.8	<b>+37%</b>

- First full quarter of revenue contribution from Remedy's – minimal contribution from integration synergies
- Adjusted EBITDA margin of 8.4%

# Strengthened Balance Sheet

(millions except ratio)

At Sept. 30/20

Cash	\$18.3
Net Debt <sup>1</sup>	\$39.1
Net Debt to Adjusted EBITDA <sup>2</sup>	2.6 x

Subsequent to quarter end, divested of a shell, non-operating subsidiary

- Pre-1954 charter company
- Gross proceeds of \$1.5 million to be recognized in Q4 2020

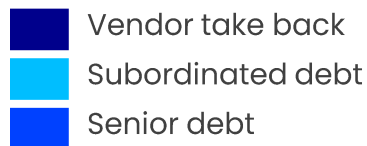
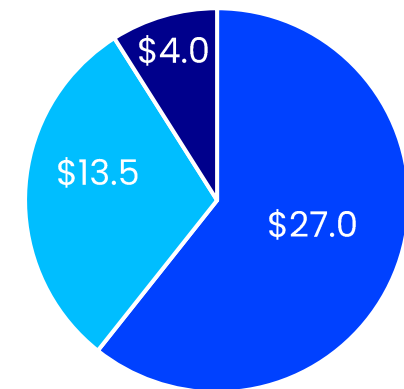
# Stabilized Funding Regime Creates Regulatory Clarity

Regulatory Change	Details	Term
Pan-Canadian Generic Drug Pricing Agreement	Effective April 2018 prices of 70 of most common generic drugs reduced by 25-40%, which affected drug markups	Agreement runs to March 2023
Alberta Funding Regime	Effective May 2018 cuts were made to dispensing fee and frequency of dispensing which affected Alberta retirement business	Funding model runs to March 2022
Ontario Funding Regime	Effective January 2020 changes in funding model from fee-for-service to capitation model for long-term care residents and clawbacks on drug markups and dispensing fees which affected retirement business	Funding model runs to March 2024

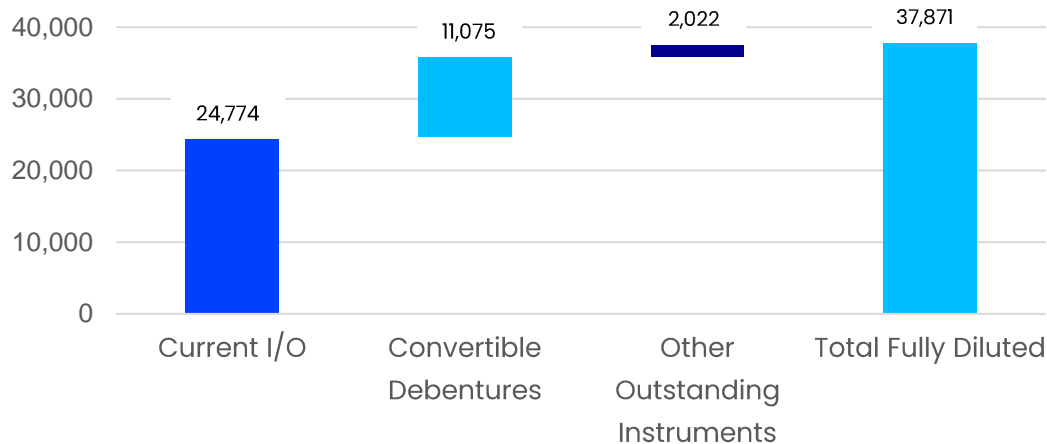
# Capital Structure

## Total Debt

(at Sept. 30/20) (millions)



## Shares Outstanding (000's)

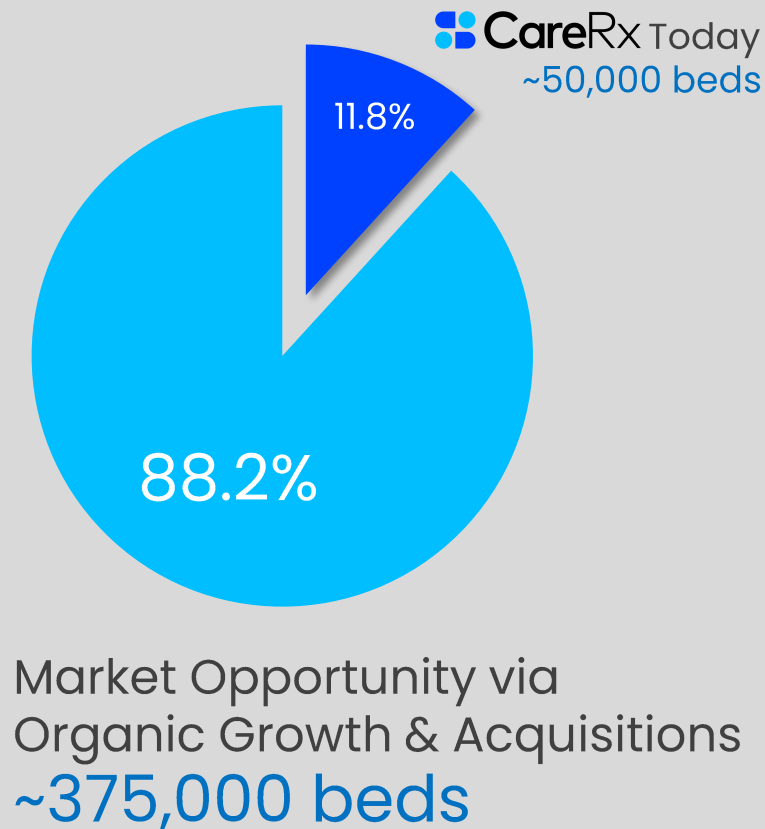


	Fully Diluted	Ownership
Yorkville	10,011,667	26.4%
Bruce Moody	6,006,762	15.9%
Jack Shevel	4,426,224	11.7%
Claret Asset Management	2,700,000	7.1%
Ewing Morris	1,541,733	4.1%
Other	13,185,268	34.8%
Total	37,871,653	100%



# Positioned for Continued Growth

- Q3/20: A new baseline for growth
- Remedy's integration to be completed by year end
  - Full run-rate synergies to be realized in Q1
  - Catalyst transaction for future acquisitions
- Aggressively pursue organic growth
  - Significant number of new bed opportunities over next 12 months
  - Very well positioned for success
- Pursue strategic acquisitions
  - Strong pipeline of opportunities
- Committed to innovation and exploring strategic adjacencies that leverage core capabilities





1

Large, fast-growing  
seniors market

2

Existing, scalable  
national platform

3

Organic growth and  
acquisition opportunities

[www.carerx.ca](http://www.carerx.ca)