



Q1 2023 Earnings Call

May 10, 2023



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, 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.

All dollar figures are in Canadian dollars unless otherwise stated.



David Murphy

President & Chief Executive Officer

Q1 2023

- Revenue in Q1 2023 of \$91.4 million
- Adjusted EBITDA in Q1 2023 of \$6.8 million
- Equity financing strengthens balance sheet
- Announced CEO transition subsequent to quarter-end

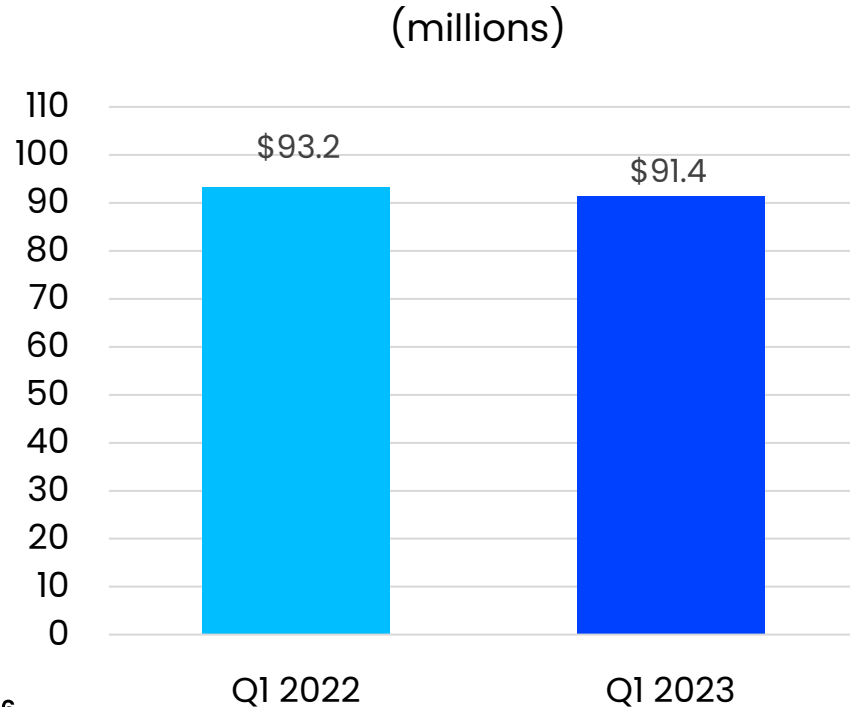




Andrew Mok

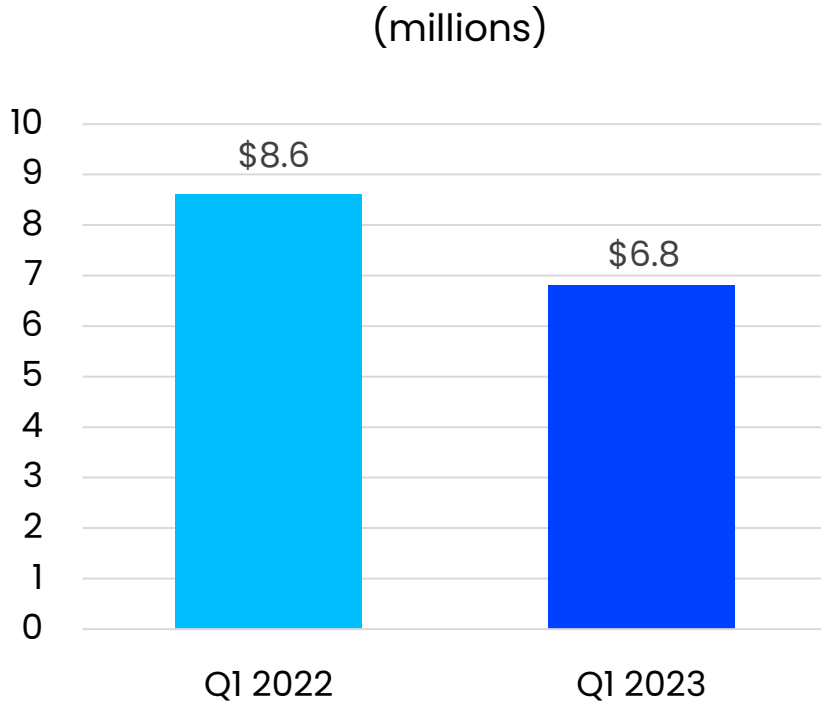
Chief Financial Officer

Q1 2023 Financial Results | Revenue



- Average beds serviced of 94,436: **-0.8%** vs Q1 2022
- Revenue decline driven by the offboarding of a large customer contract which was substantially completed by the fourth quarter of 2022
- Decline also the result of the change in the mix of branded and generic drugs dispensed during the first quarter of 2023. This did not negatively impact profitability in the quarter
- Contract loss partially offset by the contribution of new beds onboarded throughout 2022 and the first quarter of 2023

Q1 2023 Financial Results | Adjusted EBITDA

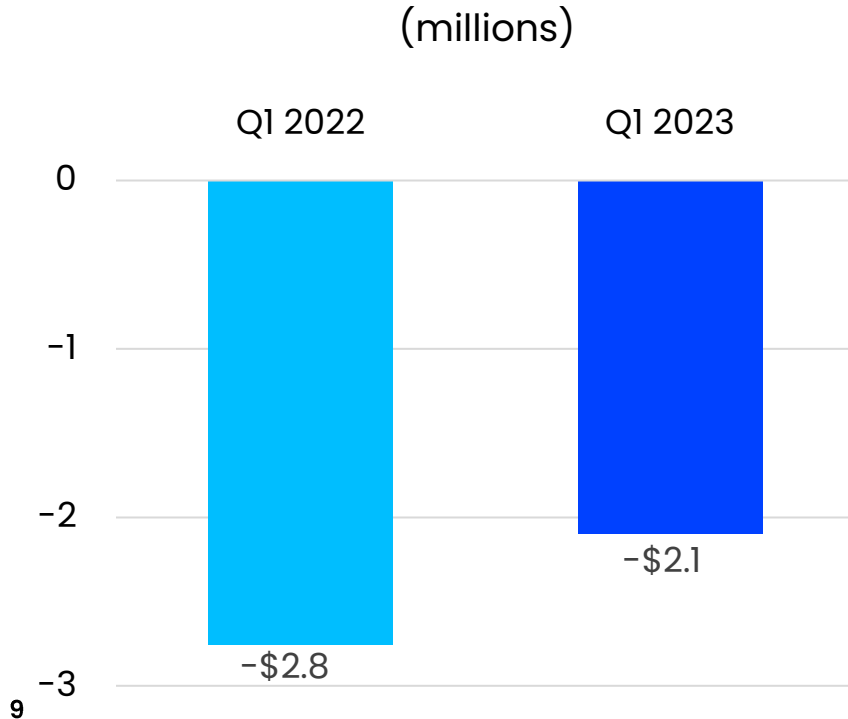


- Adjusted EBITDA decline partially driven by the offboarding of a large customer contract which was substantially completed by the fourth quarter of 2022
- Decline also the result of incremental costs associated with continued challenges in the healthcare labour market totaling approximately \$1.7 million in the quarter
- Impact partially offset by contribution from new beds onboarded throughout 2022 and the first quarter of 2023

Q1 2023 Financial Results | Incremental Labour Costs

- Q1 2023 results include \$1.7 million in incremental costs associated with continued challenges in the healthcare labour market
- Scarcity and increased competition for pharmacists, registered pharmacy technicians, and pharmacy support staff has resulted in a higher number of open positions and a longer time to fill vacancies
- Incremental labour costs consist of \$0.5 million related to wage adjustments and the creation of certain new positions and \$1.2 million related to overtime, contract labour and recruitment costs
- Costs expected to persist into the second half of 2023

Q1 2023 Financial Results | Net Loss



- Decrease in net loss driven primarily by lower transaction and restructuring costs, share-based compensation expense and finance costs
- Cost reductions partially offset by impact of the customer offboarding, incremental costs incurred as a result of the current labour market, and a lower gain on the change in fair value of derivative financial instruments

Equity Financing Strengthens Balance Sheet

- In Q1 2023 the Company raised equity by way of a public offering and concurrent private placement for gross proceeds of approximately \$16.1 million at a price of \$2.70 per share
- Proceeds expected to be used for debt reduction, working capital and general corporate purposes



Balance Sheet

(millions except ratio)

At March 31/23

Cash	\$40.4 M
Net Debt ¹	\$54.2 M
Net Debt to Adjusted EBITDA ²	2.0x

- Increase in cash balance driven by cash from operating activities and net proceeds of equity financing
- No impact from rising interest rates due to fixed rate debt

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

2. Annual run-rate based on Q1/23 Adjusted EBITDA.

Puneet Khanna

Chief Operating Officer &
Incoming President & Chief Executive Officer

Experienced Leadership

- Puneet Khanna, 20+ years in pharmacy and seniors' care sectors, former CEO of MED e-care Healthcare Solutions Inc.
- Passionate and professional CareRx management team committed to improving the health of seniors across Canada
- Jeff Watson, former CEO of Apotex, nominated to Board



Strategic Priorities



Optimize business operations



Strengthen balance sheet and improve cash generation



Continue to grow revenue



Expand industry advocacy efforts



Multiple Paths For Growth

Grow with existing customers

- LTC occupancy increasing post-Covid
- Home operators expanding through increased capacity, new construction, new bed license allocations and acquisitions
- Increased penetration and broadening scope of services

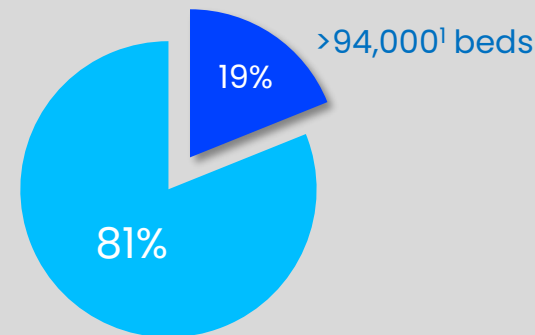
Win new contracts

- Leverage scale and capabilities to provide superior pharmacy services offering
- Increased focus on expansion to other congregate care settings

Acquisition opportunities

- Strong track record of making accretive acquisitions
- Highly fragmented market

Geographic expansion



Market Opportunity via
Organic Growth & Acquisitions
>500,000 seniors housing beds¹

1. Other bed opportunities available, including group homes, corrections facilities and other congregate living settings.

Increasingly compelling medium and long-term
growth opportunity

Questions



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