



# Q2 2023 Earnings Call

August 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](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.*



# Puneet Khanna

President & Chief Executive Officer



# Q2 2023

- Revenue in Q2 2023 of \$94.5 million
- Adjusted EBITDA in Q2 2023 of \$7.0 million
- Puneet Khanna appointed President & CEO
- Jeff Watson, former CEO of Apotex, appointed as an independent member of the Board of Directors

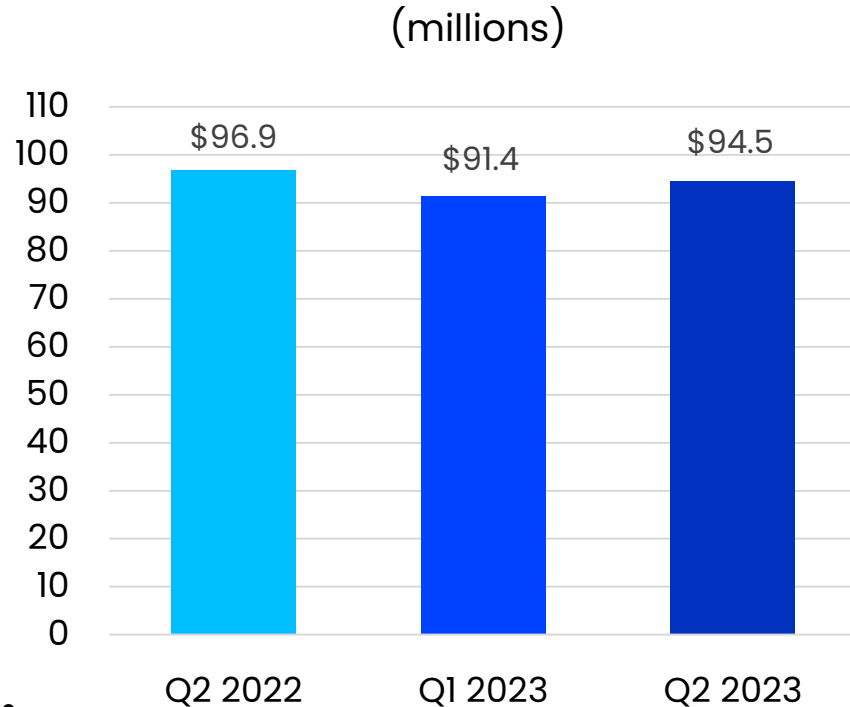




# Andrew Mok

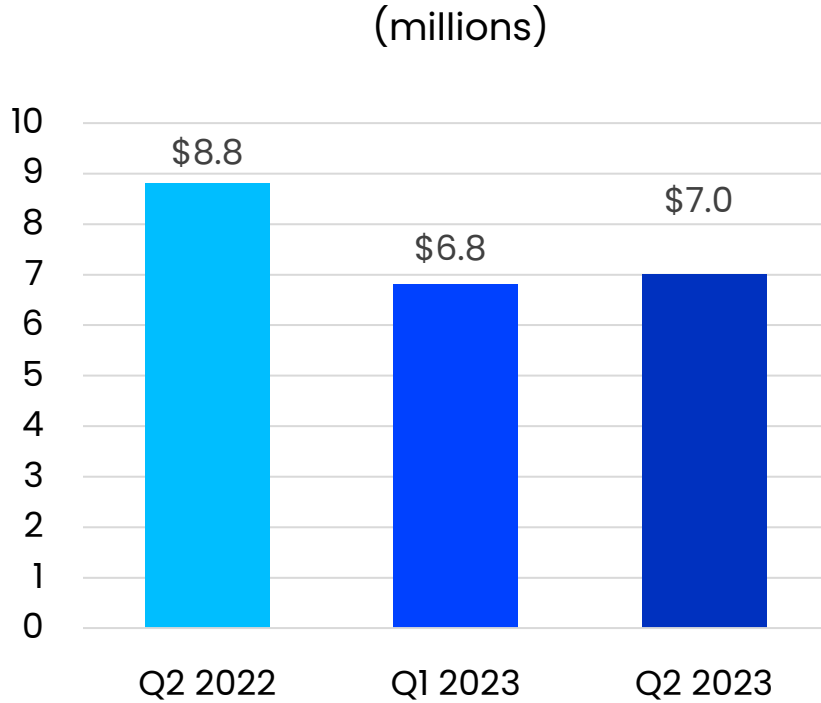
Chief Financial Officer

# Q2 2023 Financial Results | Revenue



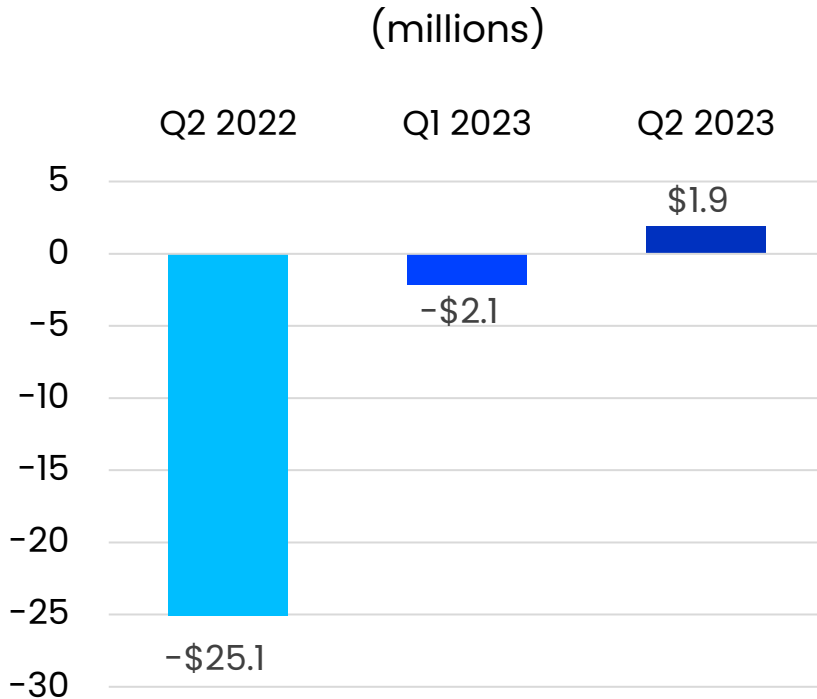
- Average beds serviced of 95,247: **-1.6%** vs Q2 2022
- Year-over-year revenue decline primarily the result of a change in the mix of branded and generic drugs dispensed during the first half of 2023. This did not negatively impact profitability in the quarter
- Quarter-over-quarter revenue increased \$3.1 million or 3% primarily due to an increase in the number of beds serviced

# Q2 2023 Financial Results | Adjusted EBITDA



- Year-over-year adjusted EBITDA decline primarily the result of incremental costs associated with continued challenges in the healthcare labour market totaling approximately \$1.7 million in the quarter
- Quarter-over-quarter Adjusted EBITDA increased \$0.2 million or 3% due to an increase in the average number of beds serviced

# Q2 2023 Financial Results | Net Income



- Elimination of net loss was driven primarily by non-cash adjustments including impairment losses related to goodwill and intangible assets totaling \$24.3 million and investments totaling \$2.7 million recorded during the second quarter of 2022, which did not recur in 2023
- Year-over-year reduction in net loss also attributable to an increase in income tax recovery, partially offset by incremental costs incurred as a result of the current labour market
- Quarter-over-quarter reduction in net loss due to increase in income tax recovery



# Balance Sheet

(millions except ratio)

At June 30/23

Cash	\$36.0 M
Net Debt <sup>1</sup>	\$58.6 M
Net Debt to Adjusted EBITDA <sup>2</sup>	2.1x

- Decrease in cash balance driven primarily by earn-out payments associated with previous acquisitions due to achievement of operational and growth targets
- 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 Q2/23 Adjusted EBITDA.



# Puneet Khanna

President & Chief Executive Officer



# Strategic Priorities



Optimize business operations



Strengthen balance sheet and improve cash generation



Continue to grow revenue



Expand industry advocacy efforts



# BD Rowa Update

- Commenced packaging in Q1 2023
- Innovative technology enabling higher volumes without additional labour costs
- Improved accuracy and reduced downtime
- Expect over 11,000 beds serviced when fully onboarded





# Optimize Business Operations

- Procurement initiatives and best practices to augment purchasing power
- Standardized operating model and policies and procedures to enhance operational efficiencies
- Introducing Lean methodology to generate data-driven decisions that increase productivity, promote continuous improvement and drive a performance culture

# 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 (e.g. Revicare)

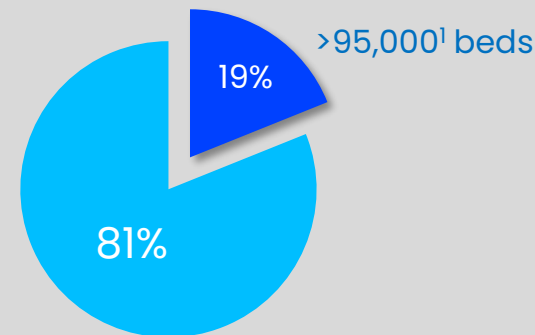
## Win new contracts

- 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 beds<sup>1</sup>**

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



# Questions



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