



# Q3 2023 Earnings Call

November 8, 2023

 CareRx

# 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.sedarplus.ca](http://www.sedarplus.ca), 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.sedarplus.ca](http://www.sedarplus.ca).

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



# Puneet Khanna

President & Chief Executive Officer



# Q3 2023

- Revenue in Q3 2023 of \$93.8 million
- Adjusted EBITDA in Q3 2023 of \$7.3 million
- Announced NCIB to repurchase up to 1,000,000 common shares

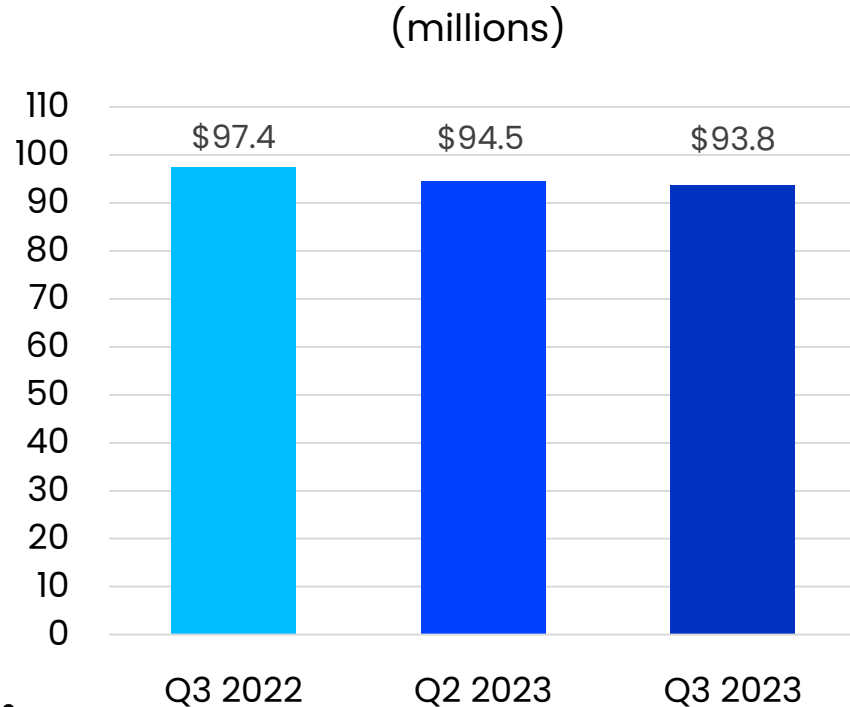




# Andrew Mok

Chief Financial Officer

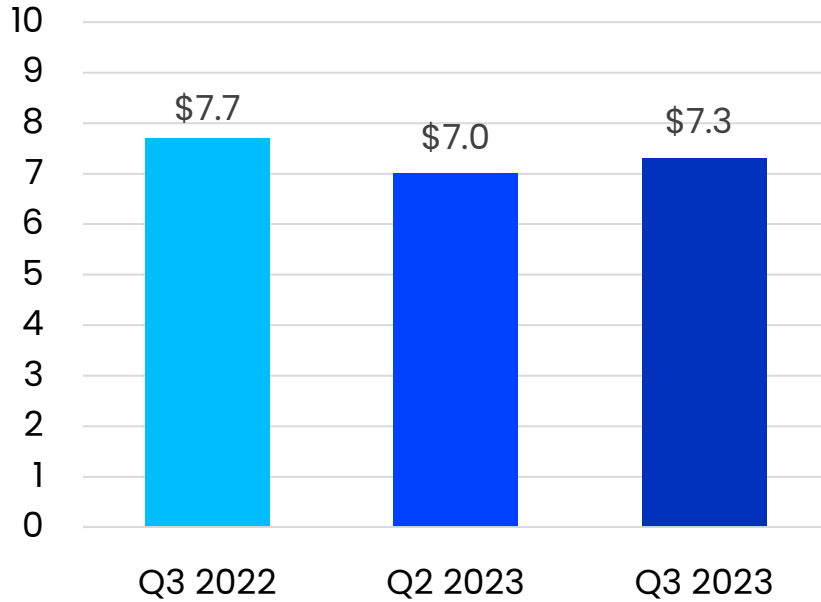
# Q3 2023 Financial Results | Revenue



- Average beds serviced of 93,906: **-2.7%** vs Q3 2022
- Year-over-year revenue decline primarily the result of a change in the mix of branded and generic drugs dispensed during the third quarter of 2023. This did not negatively impact profitability in the quarter
- Quarter-over-quarter revenue decreased \$0.7 million or 1% primarily due to a small net reduction in the number of beds serviced

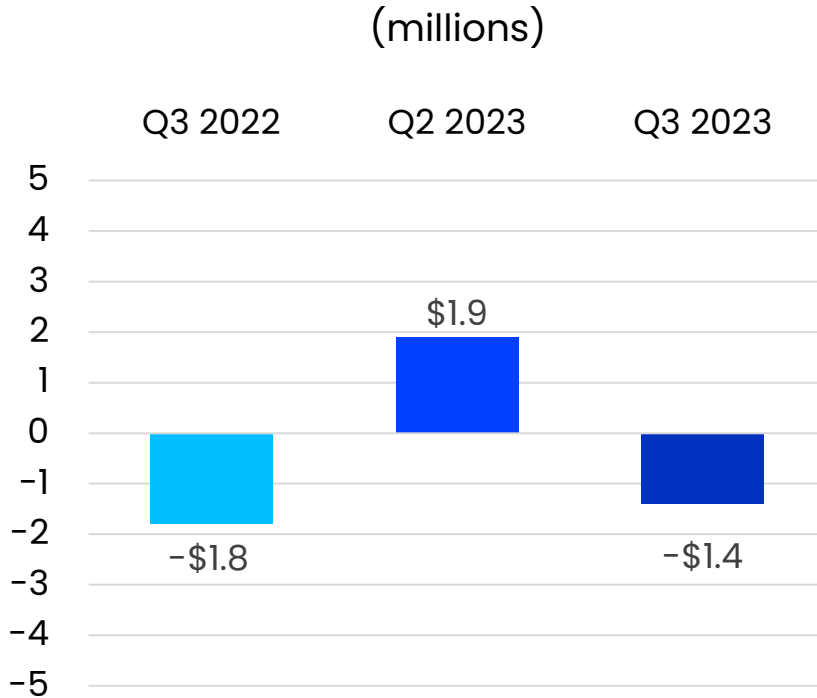
# Q3 2023 Financial Results | Adjusted EBITDA

(millions)



- Year-over-year Adjusted EBITDA decline primarily the result of incremental costs associated with continued challenges in the healthcare labour market totaling approximately \$1.6 million in the quarter
- Quarter-over-quarter Adjusted EBITDA increased \$0.3 million or 3.8% due to cost savings initiatives implemented in the third quarter of 2023

# Q3 2023 Financial Results | Net Income



- Year-over-year decline in net loss was driven primarily by decreases in share-based compensation expense, transaction and restructuring costs, finance costs and the loss on the change in fair value of contingent consideration liabilities
- Decline was partially offset by a lower gain on the change in fair value of derivative financial instruments, a decrease in income tax recovery and incremental costs incurred as a result of the current labour market
- Quarter-over-quarter net loss driven by a decrease in income tax recovery



# Balance Sheet

(millions except ratio)

At Sept 30/23

Cash	\$36.4 M
Net Debt <sup>1</sup>	\$56.2 M
Net Debt to Adjusted EBITDA <sup>2</sup>	1.9x

- Increase in cash balance and reduction in net debt driven primarily by cash from operating activities
- 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 Q3/23 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
- Over 11,000 beds serviced by end of Q3 2023
- Expect 13,000 beds to be online in Q4 2023



# DAILY MANAGEMENT FORMAT



## 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)

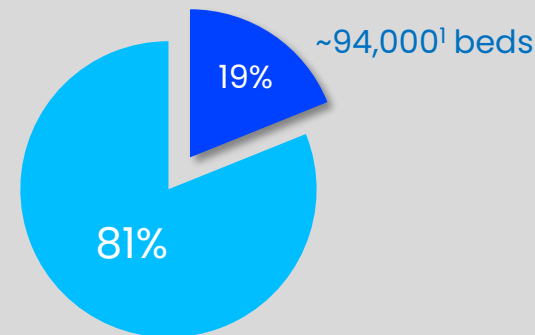
## Win new contracts

- 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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