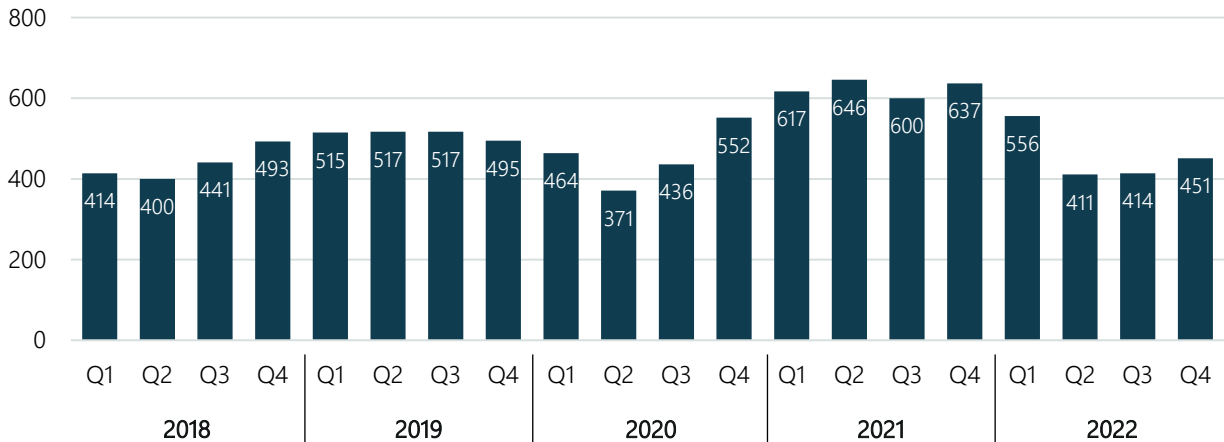


Healthcare Services

Quarterly Update | Q4 2022



North American Mid-Market Healthcare M&A Activity (Transaction Count)



Source: Capital IQ. Data as of December 31, 2022.

Above noted mid-market M&A activity includes disclosed transactions not exceeding a total transaction value of \$500 million.

Canadian Transactions
36

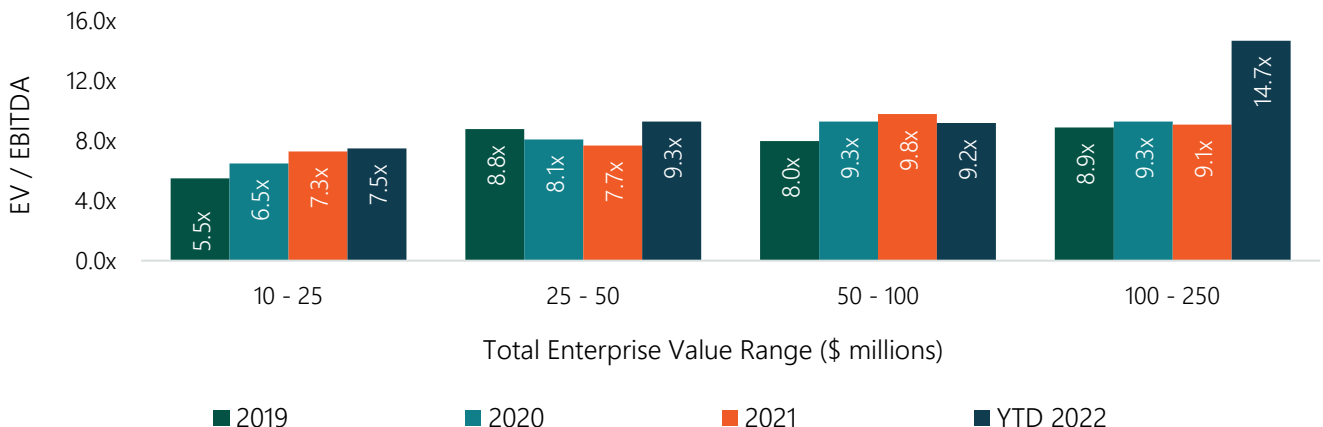
Canadian Transaction Value
\$0.3 billion
(+25.6% vs. Q3 2022)

US Transaction Value
\$5.4 billion
(-15.8% vs. Q3 2022)

US Transactions
415

Healthcare merger and acquisition activity in Q4 2022 exceeded \$5.7 billion in disclosed transaction value across 451 deals in Canada and the US. The average deal size among disclosed transactions was \$65.1 million, a decrease from \$78.8 million in Q3 2022. In Canada, the top healthcare sub-sectors for deal activity in the quarter were pharmaceuticals (28%), healthcare technology (17%), drug retail (14%) and healthcare facilities (11%). Together, these sub-sectors accounted for over 70% of total Canadian healthcare deal volume. During the 2022 year-to-date period, EV/EBITDA multiples (based on private equity transactions listed below) for the healthcare services industry averaged 8.6x across all transactions. For lower mid-market transaction values (\$10-25 million range), the EV/EBITDA multiple averaged 7.5x.

Private Equity Multiples - Healthcare Services



Select Recent M&A Transactions



has acquired

Miller Health Consulting Inc.

Announced	October 2022
Transaction Value	Not disclosed
TEV/EBITDA	Not disclosed
Location (Vendor)	Brandon, MB

- **Neighbourly Pharmacy Inc.** is one of Canada's largest and fastest growing networks of community pharmacies. Since 2015, Neighbourly has expanded its national footprint to include over 275 locations.
- **Miller Health Consulting Inc.** is a well-recognized pharmacy in Brandon, Manitoba operating under the Guardian IDA (McKesson) banner.
- **MNP Corporate Finance Inc.** acted as exclusive financial advisor to Miller Health Consulting Inc. in structuring and negotiating this transaction.



has acquired



Announced	November 2022
Transaction Value	Not disclosed
TEV/EBITDA	Not disclosed
Location (Vendor)	Calgary, AB

- **MedSpa Partners Inc.** is an acquisition platform of Canada's leading medical aesthetic clinics. Founded in 2019, MedSpa Partners has completed over 25 clinical partnerships across Canada and the US.
- **Beacon Dermatology Inc.** is a full-service cosmetic and medical dermatology centre in Calgary, Alberta. They offer a range of advanced, non-invasive, clinically proven cosmetic and medical procedures.
- **MNP Corporate Finance Inc.** acted as exclusive financial advisor to Beacon Dermatology Inc. in structuring and negotiating this transaction.



has merged with

FUNCTIONALABGROUP

Announced	November 2022
Transaction Value	Not disclosed
TEV/EBITDA	Not disclosed
Location (Vendor)	Various

- Fyihealth group's Medical Aesthetics division and Functionalab Group have merged to create the largest network of aesthetic medicine clinics in Canada, combining for a total of 68 locations.
- **Fyihealth group** is one of the largest organizations focused on eye care and medical aesthetic treatments within Canada, operating over 350 locations.
- **Functionalab Group** is a fast-growing aesthetic medicine and professional skin care provider. The company operates multiple brands, including Jouvanice, which is distributed to more than 2,000 outlets in Canada and Asia.

Industry Overview

Pharmacies and Drug Stores in Canada

The pharmacy and drug store industry includes the retailing of prescription and over-the-counter medications, health and beauty items, toiletries, and consumable goods directly to consumers.

Industry Glance

2022 Revenue

\$50.4 billion

Annual Growth 2017 – 2022

0.6%

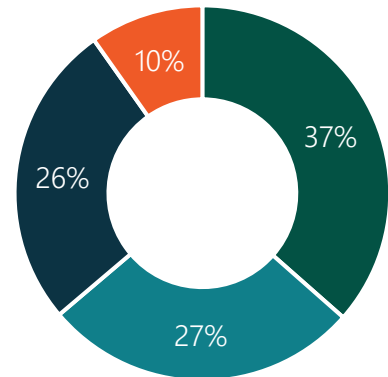
Projected Annual Growth 2022 – 2027

1.4%

Number of Businesses in 2022

7,298

Products and Services Segmentation (2022)



- Prescription pharmaceuticals
- Non-prescription pharmaceuticals
- Personal and beauty products
- Other

Dentistry in Canada

The dental services industry in Canada is comprised of establishments of licensed dentists primarily engaged in the private or group practice of general or specialized dentistry or dental surgery.

Industry Glance

2022 Revenue

\$19.6 billion

Annual Growth 2017 – 2022

2.0%

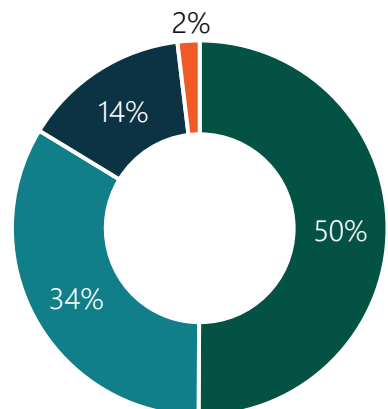
Projected Annual Growth 2022 – 2027

1.2%

Number of Businesses in 2022

28,607

Products and Services Segmentation (2022)



- Non-surgical intervention services
- Visits and consultations
- Oral surgery
- Other

Industry Overview

Veterinarian Services in Canada

The veterinarian services industry in Canada is comprised of veterinarians who provide medical, dental and surgical treatments for animals. This industry also includes companies that provide laboratory and diagnostic testing for veterinary practitioners.

Industry Glance

2022 Revenue

\$6.5 billion

Annual Growth 2017 – 2022

3.6%

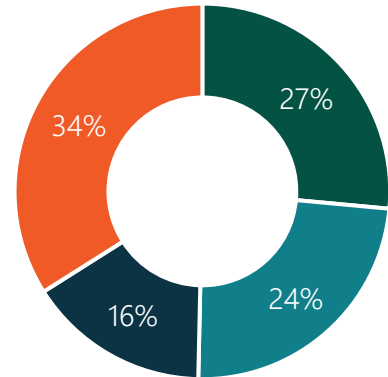
Projected Annual Growth 2022 – 2027

1.0%

Number of Businesses in 2022

5,790

Products and Services Segmentation (2022)



- Non-surgical procedures
- Routine exams
- Laboratory and diagnostic testing
- Other

Optometrists in Canada

The optometrist industry in Canada is comprised of establishments of licensed optometrists primarily engaging in eye examinations and the prescription of eyeglasses, contact lenses and eye exercises.

Industry Glance

2021 Revenue

\$1.8 billion

Annual Growth 2016 – 2021

4.6%

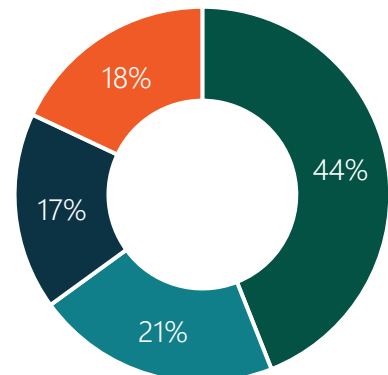
Projected Annual Growth 2021 – 2026

2.1%

Number of Businesses in 2021

6,015

Products and Services Segmentation (2021)

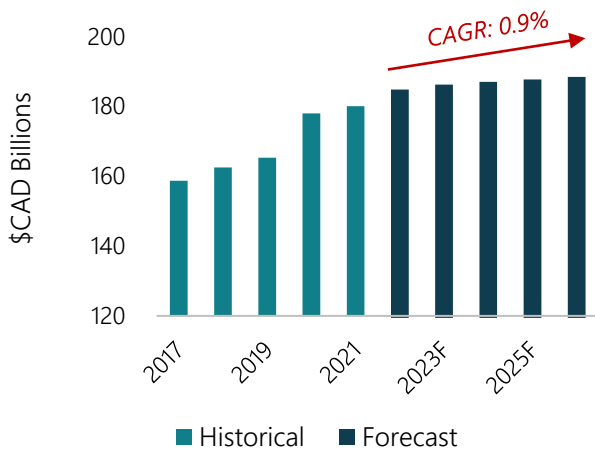


- Prescription eyewear
- Eye exams
- Medical eye care procedures
- Other

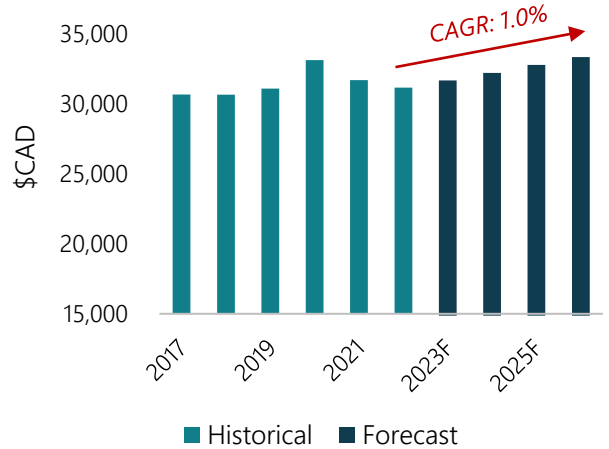
Macroeconomic Indicators

The healthcare industry is affected by a number of key macroeconomic growth drivers. Below, we highlight total public and private healthcare expenditure, per capita disposable income, the aging population in Canada, and national unemployment rates.

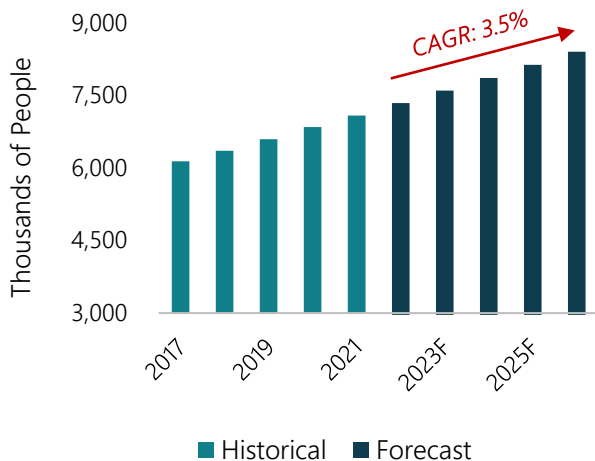
Total Health Expenditure - Canada



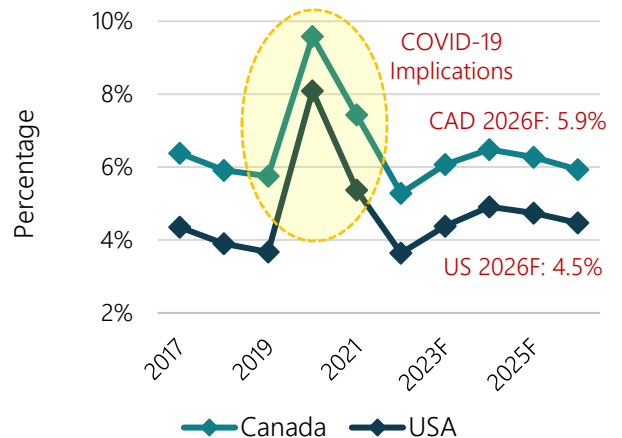
Per Capita Disposable Income - Canada



Population Aged Over 65 - Canada



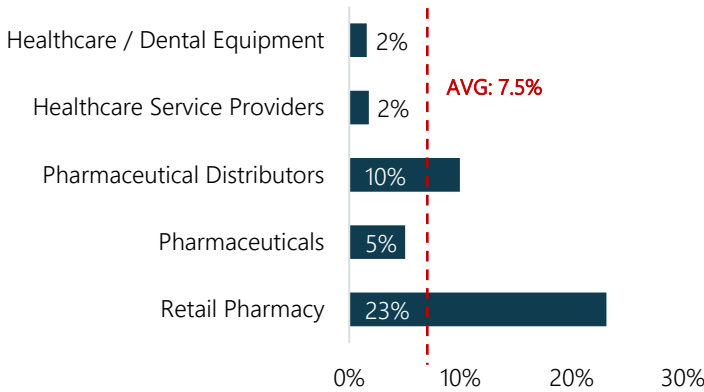
National Unemployment Rate



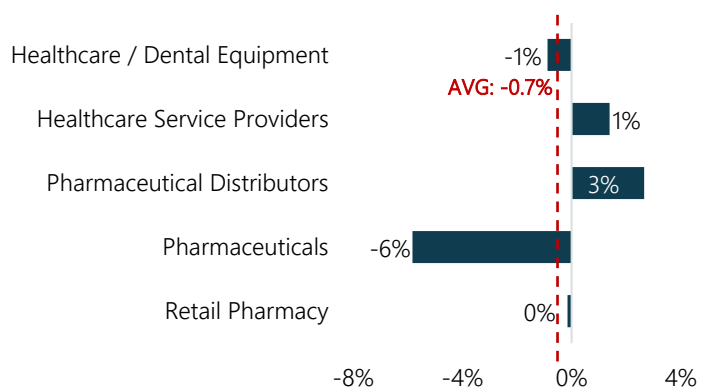
Public Comparable Analysis

Growth, Margins & Multiples

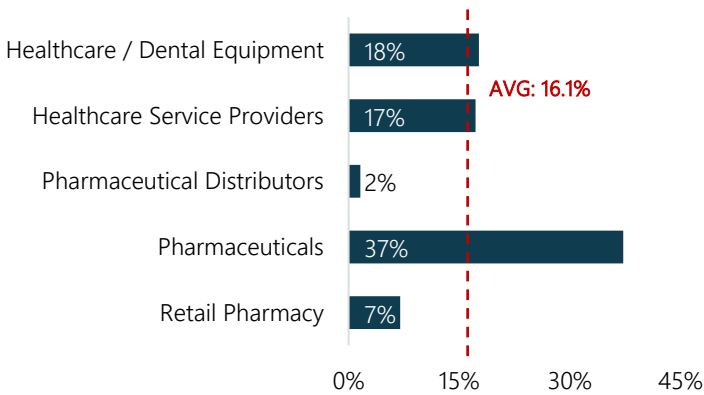
LTM Revenue Growth



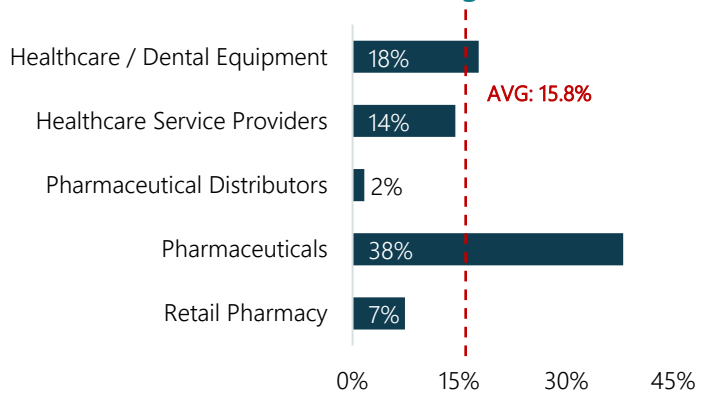
NTM Revenue Growth



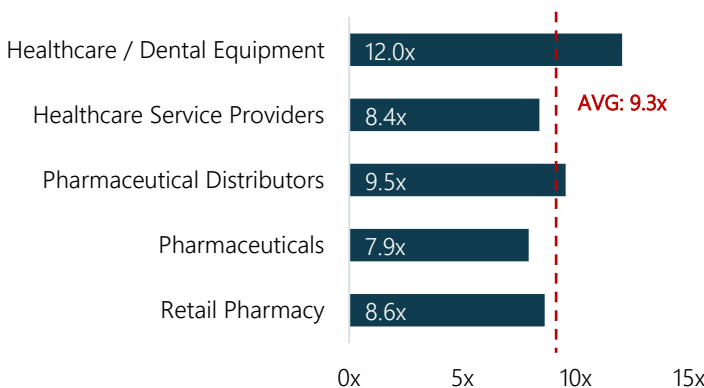
LTM EBITDA Margin



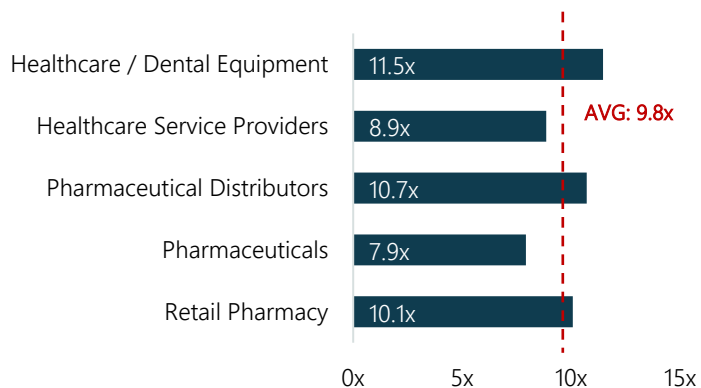
NTM EBITDA Margin



LTM EV/EBITDA



NTM EV/EBITDA

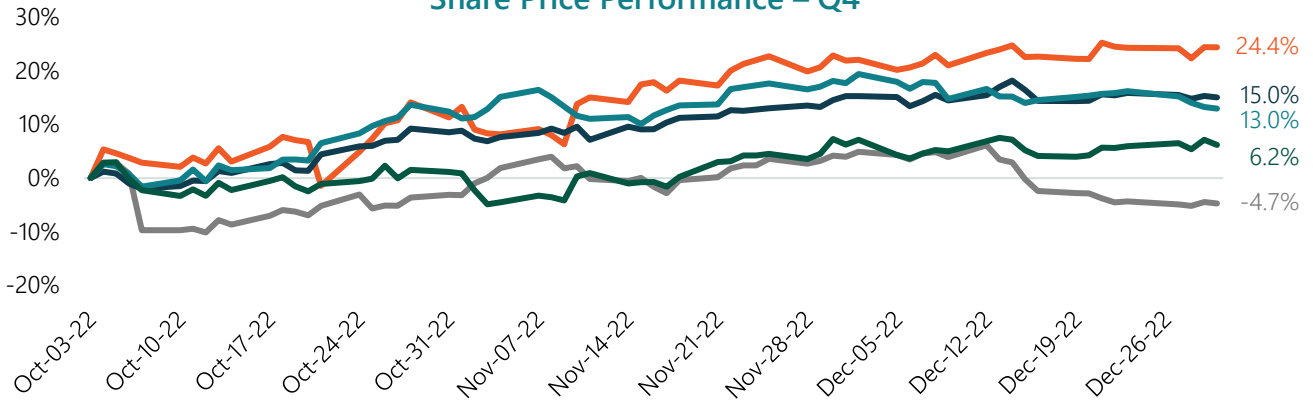


Source: Capital IQ. Data as of December 31, 2022.

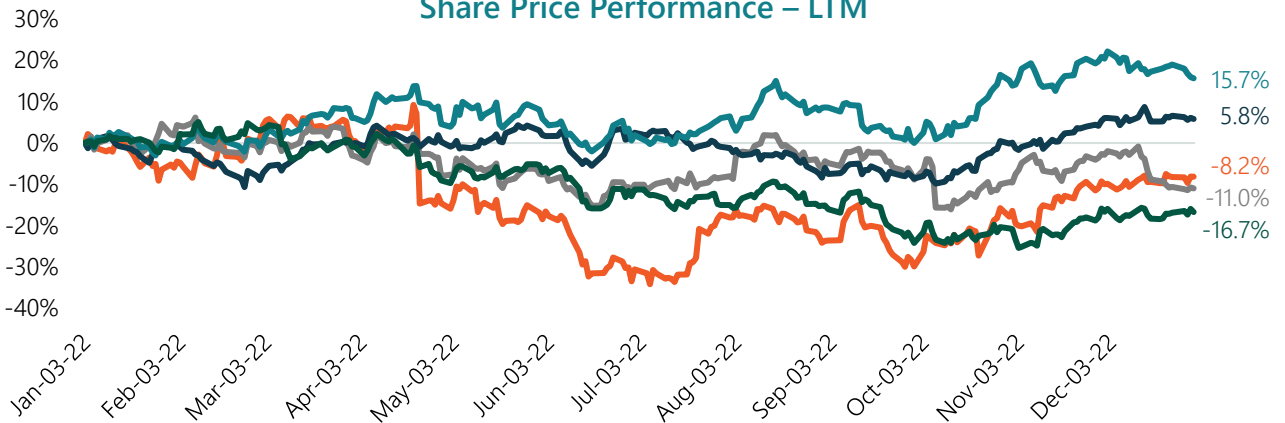
Valuation details provided on page 8.

"LTM" refers to last twelve months. "NTM" refers to next twelve months.

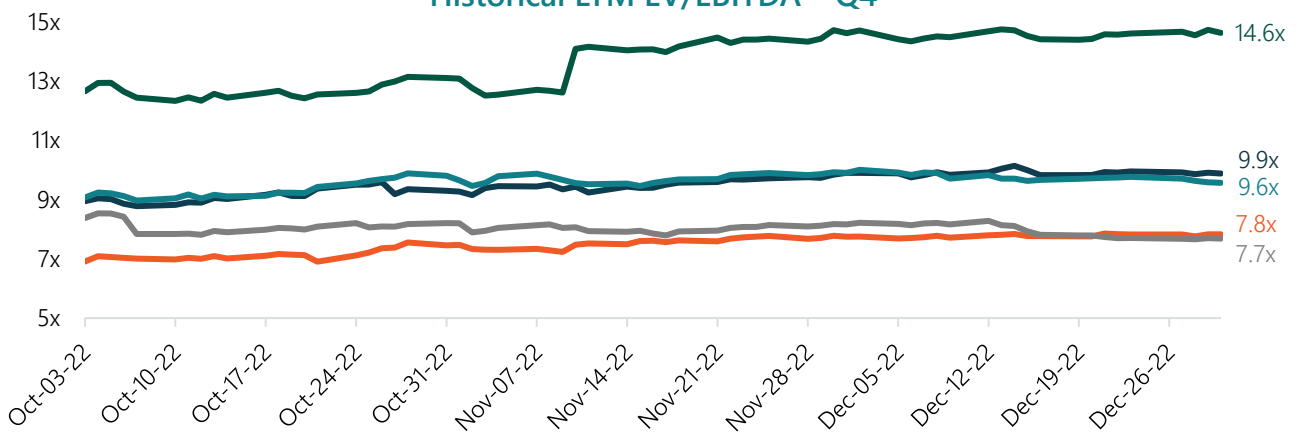
Healthcare Peer Group Share Price Performance – Q4



Share Price Performance – LTM



Historical LTM EV/EBITDA – Q4



- Healthcare Service Providers
- Retail Pharmacy
- Pharmaceuticals
- Pharmaceutical Distributors
- Healthcare/Dental Equipment

Source: Capital IQ. Data as of December 31, 2022.
Further details provided on page 8.
"LTM" refers to last twelve months.

Public Comparable Analysis

Trading Multiples & Operating Statistics

We have selected a group of publicly traded healthcare entities for this high-level analysis. These public companies help act as a proxy for the industry and provide strong industry context.

(Figures in CAD millions, except percentages and ratios)

Company	Market Capitalization	Enterprise Value	LTM Operating Figures				NTM Consensus Estimates			Valuation	
			Revenue	Revenue Growth	EBITDA	EBITDA Margin	Revenue Growth	EBITDA Margin	NTM EV/EBITDA	LTM EV/EBITDA	LTM EV/REV
Retail Pharmacy											
CVS Health Corporation	\$165,724	\$235,305	\$431,577	10.7%	\$30,598	7.1%	(0.5%)	6.2%	8.7x	7.8x	0.6x
Rite Aid Corporation	\$247	\$8,725	\$32,186	(1.5%)	\$1,518	4.7%	(4.9%)	1.9%	18.9x	5.4x	0.3x
CareRx Corporation	\$131	\$250	\$384	81.1%	\$26	6.9%	0.2%	8.5%	7.6x	9.4x	0.7x
Neighbourly Pharmacy Inc.	\$1,036	\$1,148	\$457	35.5%	\$41	9.1%	89.0%	11.6%	11.4x	27.7x	2.5x
Median	\$642	\$4,936	\$16,321	23.1%	\$780	7.0%	(0.2%)	7.4%	10.1x	8.6x	0.6x
Mean	\$41,785	\$61,357	\$116,151	31.5%	\$8,046	6.9%	21.0%	7.1%	11.7x	12.6x	1.0x
Pharmaceuticals											
Johnson & Johnson	\$625,075	\$622,298	\$131,859	5.0%	\$44,367	33.6%	(2.4%)	35.3%	13.6x	14.2x	4.8x
Merck & Co., Inc.	\$380,720	\$406,754	\$80,968	27.8%	\$33,523	41.4%	(5.8%)	43.4%	12.1x	12.3x	5.1x
Pfizer Inc.	\$389,279	\$390,803	\$137,128	45.0%	\$63,278	46.1%	(26.4%)	47.1%	7.9x	6.3x	2.9x
Viartis Inc.	\$18,267	\$44,691	\$22,967	(2.6%)	\$8,374	36.5%	(8.8%)	35.5%	5.9x	5.4x	2.0x
Bausch Health Companies Inc.	\$3,076	\$32,427	\$11,158	(3.8%)	\$4,155	37.2%	(0.5%)	38.0%	7.8x	7.9x	2.9x
Median	\$380,720	\$390,803	\$80,968	5.0%	\$33,523	37.2%	(5.8%)	38.0%	7.9x	7.9x	2.9x
Mean	\$283,283	\$299,395	\$76,816	14.3%	\$30,739	39.0%	(8.8%)	39.9%	9.5x	9.2x	3.5x
Pharmaceutical Distributors											
Walgreens Boots Alliance, Inc.	\$43,603	\$96,470	\$178,926	(2.1%)	\$10,999	6.1%	2.4%	4.6%	11.7x	7.8x	0.5x
McKesson Corporation	\$71,988	\$78,633	\$373,479	8.4%	\$6,031	1.6%	0.2%	1.9%	11.0x	13.2x	0.2x
AmerisourceBergen Corporation	\$45,321	\$50,220	\$327,568	11.5%	\$5,144	1.6%	2.9%	1.4%	10.4x	9.9x	0.2x
Cardinal Health, Inc.	\$27,272	\$29,675	\$256,740	11.7%	\$3,276	1.3%	6.1%	1.2%	8.9x	9.2x	0.1x
Median	\$44,462	\$64,427	\$292,154	9.9%	\$5,588	1.6%	2.7%	1.7%	10.7x	9.5x	0.2x
Mean	\$47,046	\$63,750	\$284,178	7.4%	\$6,363	2.7%	2.9%	2.3%	10.5x	10.0x	0.3x
Healthcare Service Providers											
HCA Healthcare, Inc.	\$91,817	\$147,229	\$82,102	3.1%	\$17,952	21.9%	1.3%	19.6%	8.9x	8.3x	1.8x
Universal Health Services, Inc.	\$13,616	\$20,581	\$18,161	6.2%	\$2,454	13.5%	1.5%	12.6%	8.8x	8.5x	1.1x
Tenet Healthcare Corporation	\$7,140	\$30,452	\$26,141	(2.6%)	\$5,466	20.9%	1.9%	16.3%	6.9x	5.7x	1.2x
Community Health Systems, Inc.	\$755	\$18,331	\$16,890	0.4%	\$2,199	13.0%	(0.3%)	11.4%	9.4x	8.5x	1.1x
Median	\$10,378	\$25,517	\$22,151	1.8%	\$3,960	17.2%	1.4%	14.4%	8.9x	8.4x	1.2x
Mean	\$28,332	\$54,148	\$35,824	1.8%	\$7,018	17.3%	1.1%	15.0%	8.5x	7.7x	1.3x
Healthcare/Dental Equipment & Supplies											
Becton, Dickinson and Company	\$97,838	\$118,890	\$25,908	(1.4%)	\$6,867	26.5%	(3.0%)	27.4%	17.2x	17.6x	4.7x
Baxter International Inc.	\$34,776	\$55,523	\$20,237	18.4%	\$4,283	21.2%	(1.5%)	24.0%	11.5x	13.1x	2.8x
dentalcorp Holdings Ltd.	\$1,656	\$2,877	\$1,192	21.1%	\$169	14.2%	20.0%	18.6%	10.8x	17.0x	2.4x
DENTSPLY SIRONA Inc.	\$9,261	\$11,638	\$5,549	(3.9%)	\$1,191	21.5%	(9.4%)	16.8%	13.5x	9.9x	2.1x
Henry Schein, Inc.	\$14,652	\$17,984	\$17,102	3.0%	\$1,649	9.6%	(0.2%)	9.1%	11.4x	10.9x	1.1x
Patterson Companies, Inc.	\$3,682	\$4,507	\$8,698	0.1%	\$481	5.5%	0.7%	5.6%	9.1x	9.4x	0.5x
Median	\$11,957	\$14,811	\$12,900	1.6%	\$1,420	17.7%	(0.9%)	17.7%	11.5x	12.0x	2.3x
Mean	\$26,978	\$35,237	\$13,114	6.2%	\$2,440	16.4%	1.1%	16.9%	12.3x	13.0x	2.3x

Source: Capital IQ. Data as of December 31, 2022.

"LTM" refers to last twelve months. "NTM" refers to next twelve months.

About Us



MNP Corporate Finance (MNPCF) has a dedicated team of over 100 M&A and due diligence professionals across Canada. MNPCF works with clients in virtually all industries as they prepare, plan and execute transactions.

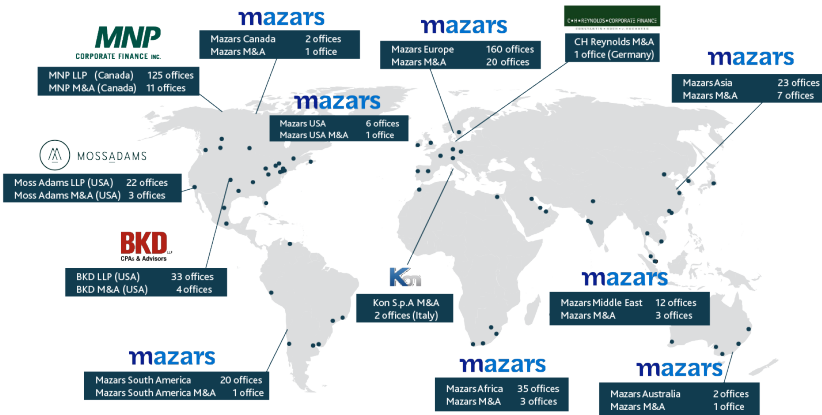
Our typical transactions range in value between \$3 million and \$300 million.

Local and International Reach

MNP is a participating firm within Praxity, a unique global alliance of independent accounting/advisory firms created to answer global business needs. As a member of Praxity, we are able to offer access to corporate finance, accounting and tax advisory services worldwide. We are also affiliated with Corporate Finance Cross Border, which consists of 250+ M&A professionals in more than 30 countries.



CFxB CFXborder - Global reach with local relationships
Our corporate finance team through CFXb consists of 250 plus M&A professionals in more than 30 countries



Services

- Divestitures
- Acquisitions
- Debt Financing
- Due Diligence
- Transaction Advisory Services

Recently Closed Deals (National)

About Us

Deal Experience

Since our inception, our team has advised on hundreds of transactions, in a wide range of industries with diverse enterprise values. In the past ten years alone we have completed over 250 transactions worth over \$4.5 billion (not including due diligence engagements).

Industry Experience

- Food & Beverage
- Retail & Distribution
- Manufacturing
- Agriculture
- Automotive
- Materials
- Health Care
- Pharmaceutical
- Transportation
- Construction
- Software
- Financial Services
- Technology
- Energy
- Oilfield Services
- Real Estate

Hands-on Approach

Current M&A transactions require a hands-on approach from start to finish including the active engagement of senior resources. Our senior resources are dedicated to our clients and are available as necessary and appropriate. We keep our clients regularly informed of the engagement status, issues we are encountering, successes and overall progress.

Integrated Service Offering

We draw on the vast experience and deep specialist knowledge network of our partners locally, nationally and internationally as specialty issues arise, such as pre-transaction tax planning, transaction structuring, estate planning, valuation, due diligence, performance improvement and risk management.

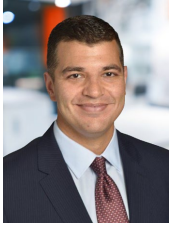
Recently Closed Deals (National)



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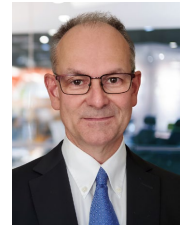
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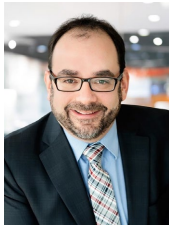
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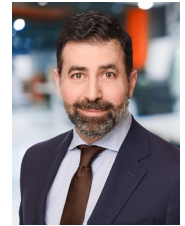
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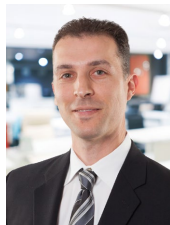
Due Diligence Leadership



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