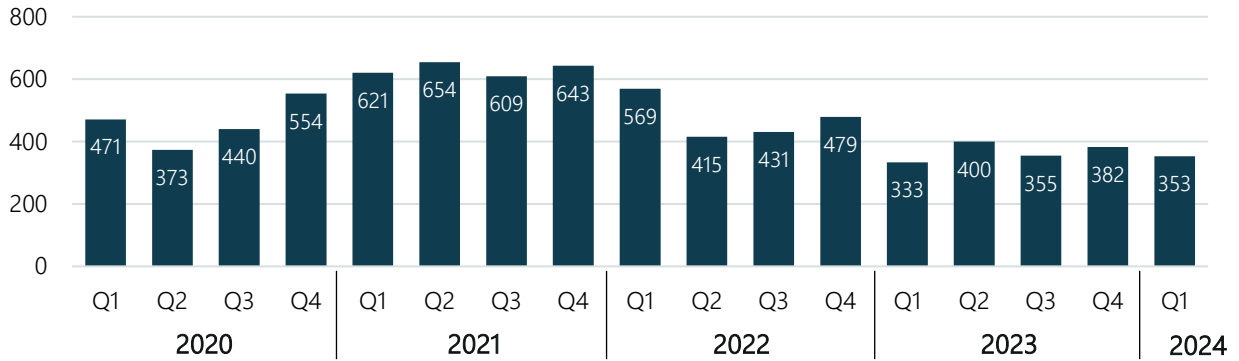


Healthcare Services

Quarterly Update | Q1 2024



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



Source: Capital IQ. Data as of March 31, 2024.

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

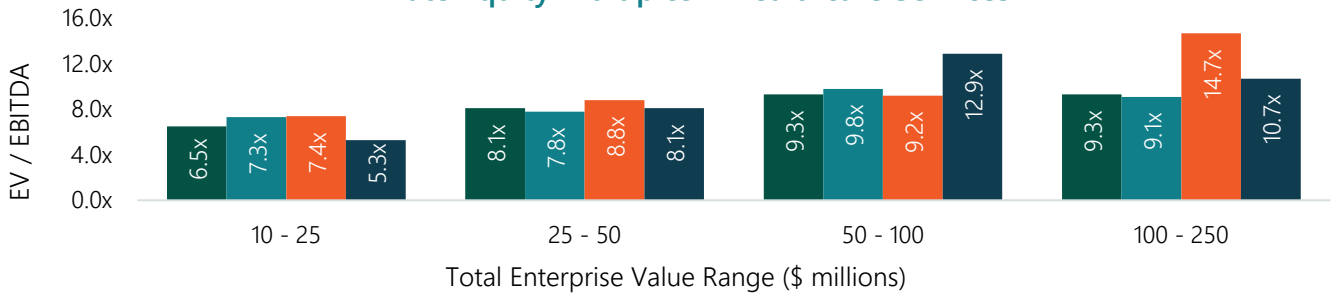
Canadian Transactions
36

Canadian Transaction Value
\$0.5 billion
(-45.3% vs. Q4 2023)

U.S. Transaction Value
\$4.7 billion
(-44.5% vs. Q4 2023)

U.S. Transactions
317

Private Equity Multiples – Healthcare Services



Source: GF Data. Data as of March 2024.

Healthcare merger and acquisition (M&A) activity in Q1 2024 reached over \$5.2 billion in disclosed transaction value across 353 deals in Canada and the U.S. The average deal size among disclosed transactions was \$65.2 million, down from \$105.5 million in Q4 2023.

In Canada, the top healthcare sub-sectors for deal activity in the quarter were pharmaceuticals (28%), healthcare services (22%) and healthcare technology (14%).

During 2023, EV/EBITDA multiples for the healthcare services industry averaged 9.3x across all transactions, an 11% increase from 8.4x in 2022.

For lower mid-market transaction values (\$10-25 million range), EV/EBITDA multiples averaged 5.3x, a 28% decrease from 7.4x in 2022.

US drug retailer McKesson seeks buyers for Canada's Rexall Pharmacy¹

January 12, 2024: McKesson Corp (MCK.N) is planning on selling Rexall Pharmacy Group after purchasing it for \$3B in 2016.

- Rexall Pharmacy employs 8,000 people and has over 400 locations across Canada. The Company also operates a pharmaceutical distribution arm.
- McKesson began engaging in discussions with potential buyers during the summer. Grocery stores, pharmacies, and private equity firms all expressed interest in the opportunity, according to one source.

Why owning a dog or cat in Canada has become so expensive²

February 3, 2024: A variety of factors have led to a significant increase in the cost of pet ownership, including a shortage of veterinarians, the boom in pet adoptions during the pandemic, continued food and drug supply issues and industry consolidation.

- Heightened expenses incurred by consolidators are significantly impacting pet owners as these costs are being passed on to them. Currently, about 20% of all veterinary clinics are corporate-owned, a substantial rise from 15 years ago when almost all clinics operated independently.
- During the pandemic, consolidators took advantage of low interest rates and went on a spree of acquisitions, leading to substantial debt accumulation. Consequently, the recent increase in interest rates has pressured consolidators to raise the prices of the veterinary services they provide.
- The Toronto Human Society has communicated an “unprecedented crisis” in pet ownership as increasing costs are forcing owners to surrender their animals. In response, pet insurance is gaining popularity among owners looking to mitigate the potential financial burdens associated with pet ownership.

Private equity and the dental industry's consolidation curveball³

March 19, 2024: The dental industry is nearing the apex of consolidation and will need to pursue other growth opportunities beyond M&A in the future.

- As many high-value practices have already been acquired and the cost of capital has increased in recent years, industry players are looking for other opportunities to maintain growth outside of M&A.
- Investors actively involved in operations gain a competitive edge by offering infrastructure and guidance, helping realize synergistic opportunities to increase profits. These firms can maintain growth without acquisitions by enhancing the profitability of their existing practices.

Source 1: <https://www.reuters.com/markets/deals/us-drug-retailer-mckesson-seeks-buyers-canadas-rexall-pharmacy-source-2024-01-12/>

Source 2: <https://www.theglobeandmail.com/investing/personal-finance/article-pet-ownership-cost-veterinarian/>

Source 3: <https://www.inc.com/inc-masters/private-equity-and-the-dental-industrys-consolidation-curveball.html>

All figures are in \$CAD millions.

Market Update

Select Recent M&A Transactions



to acquire



Announced	Jan 2, 2024
Transaction Value	Not Disclosed
TEV/EBITDA	Not Disclosed
Location (Vendor)	Vaughan, ON

- **Calgary Co-op** is one of the largest co-operative retailers in North America with a portfolio of grocery, pharmacy, gas station, car wash, liquor and cannabis locations. Calgary Co-op currently has over 400,000 members, and 3,850 employees.
- **Care Pharmacies** is the largest group of independent Canadian retail pharmacies with 56 locations across five Canadian provinces. The company is headquartered in Vaughan, ON, and will continue to operate as a separate entity post-closing.



has acquired



Closed	Jan 2024
Transaction Value	Not Disclosed
TEV/EBITDA	Not Disclosed
Location (Vendor)	Edmonton, AB

- **Vet Strategy** is one of Canada's largest and fastest-growing veterinary consolidators with networks of over 350 locations across Canada.
- **Lessard Callingwood Veterinary Hospital Ltd. (Lessard Vet)** is a single-location veterinary clinic in Edmonton, AB, providing care services for domestic pets.
- **MNP Corporate Finance Inc.** acted as the exclusive financial advisor to Lessard Vet in structuring and negotiating the transaction.

Proton Capital Corp.

an acquisition company in strategic alliance with



has executed a purchase agreement with

Announced	Feb 21, 2024
Transaction Value	Not Disclosed
TEV/EBITDA	Not Disclosed
Location (Vendor)	Saskatoon, SK

One Retail Pharmacy in Saskatchewan

- **Proton Capital Corp (Proton)** has entered into a share purchase agreement to acquire 75% of an undisclosed retail pharmacy location in Saskatoon, SK. The target pharmacy operates under the PharmaChoice banner.
- Proton functions as a capital pool company (CPC), essentially serving as a listed entity with experienced directors and financial resources, but without active business operations. Its primary goal is to acquire privately held companies.
- According to TSX Venture Exchange regulations, a new CPC must complete a "qualifying transaction" within 24 months of its initial listing date. Recently, Proton entered into a strategic alliance agreement with PharmaChoice Canada Inc., and this qualifying transaction will now enable Proton to acquire more PharmaChoice banner stores.

Industry Overview

Pharmacies and Drug Stores in Canada

The Canadian 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

2024 Revenue

\$55.7 billion

Annual Growth 2019 – 2024

0.9%

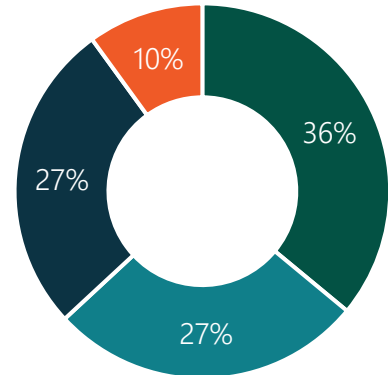
Projected Annual Growth 2024 – 2029

2.0%

Number of Businesses in 2024

11,802

Products and Services Segmentation (2024)



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

Dentists in Canada

The Canadian dental services industry 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

2023 Revenue

\$21.7 billion

Annual Growth 2018 – 2023

1.8%

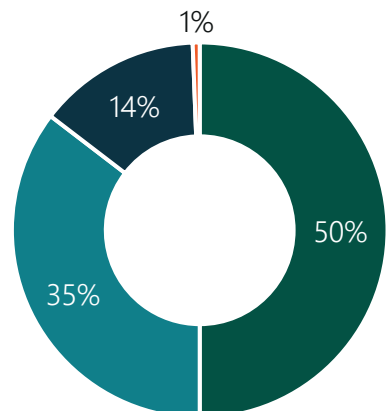
Projected Annual Growth 2023 – 2028

2.1%

Number of Businesses in 2023

28,853

Products and Services Segmentation (2023)



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

Industry Overview

Veterinarian Services in Canada

The Canadian veterinarian services industry 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

2023 Revenue

\$6.2 billion

Annual Growth 2018 – 2023

0.6%

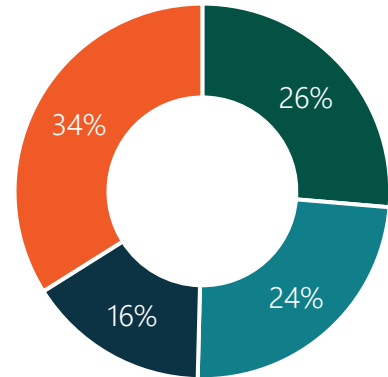
Projected Annual Growth 2023 – 2028

1.0%

Number of Businesses in 2023

5,796

Products and Services Segmentation (2023)



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

Optometrists in Canada

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

Industry Glance

2023 Revenue

\$1.9 billion

Annual Growth 2018 – 2023

0.5%

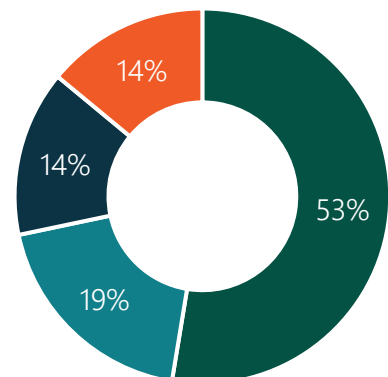
Projected Annual Growth 2023 – 2028

4.4%

Number of Businesses in 2023

6,278

Products and Services Segmentation (2023)

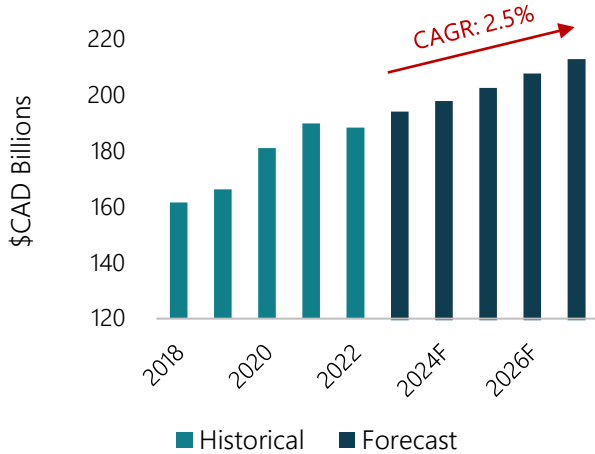


- Prescription eyewear
- Contact lenses
- Eye exams
- Other

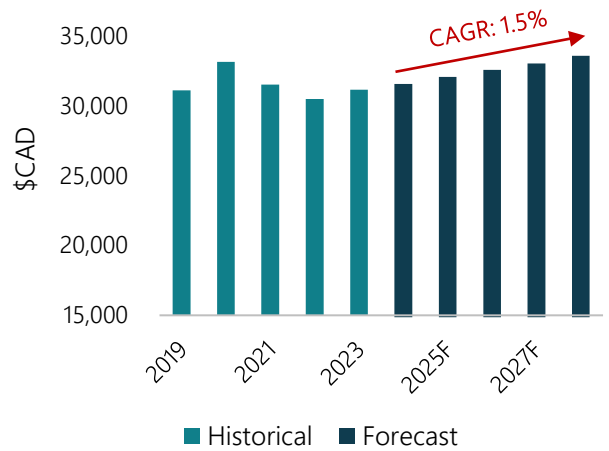
Macroeconomic Indicators

The healthcare industry is affected by several 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.

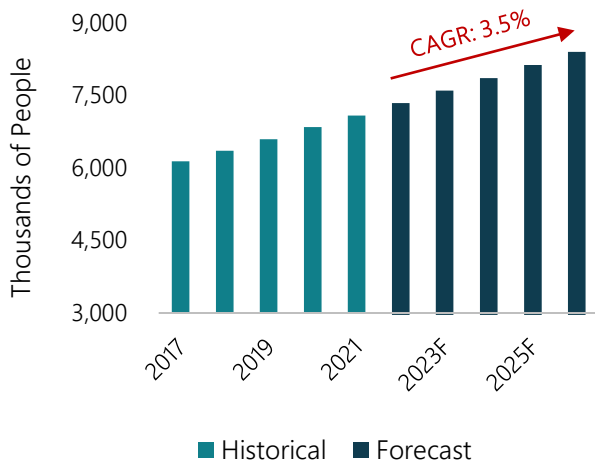
Total Health Expenditure - Canada



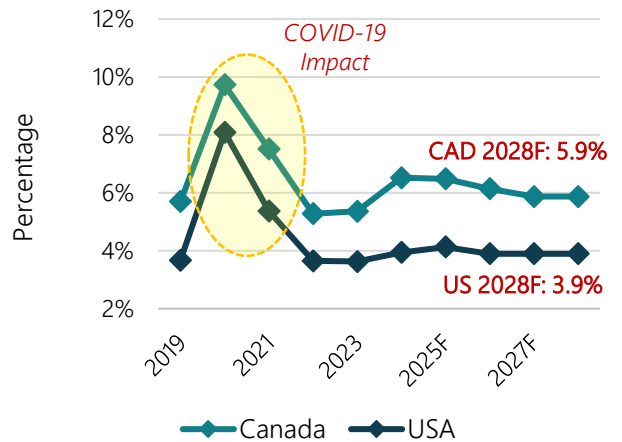
Per Capita Disposable Income - Canada



Population Aged Over 65 - Canada



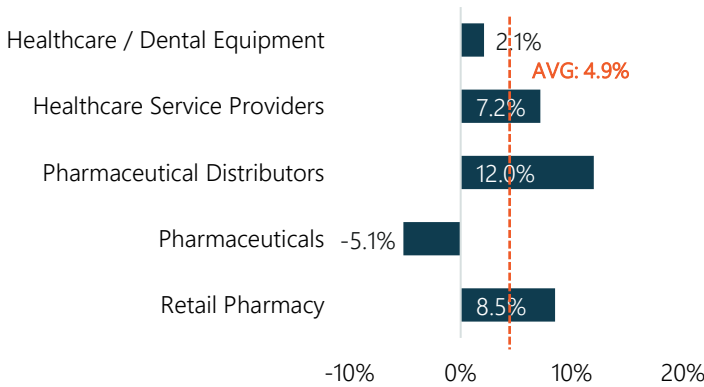
National Unemployment Rate



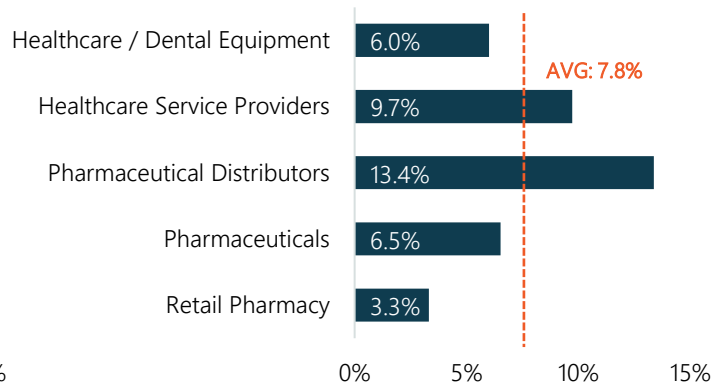
Public Comparable Analysis

Growth, Margins & Multiples

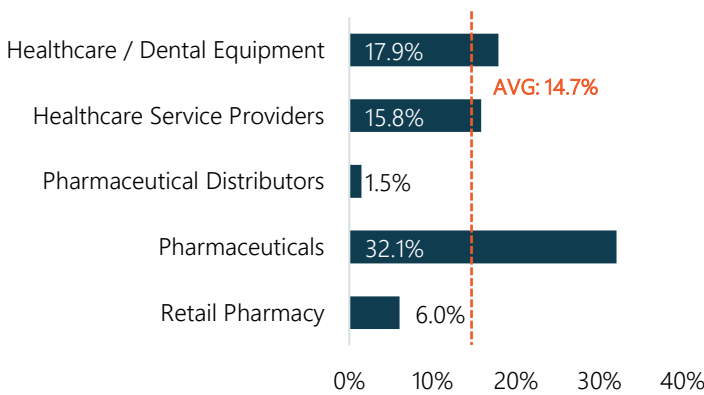
LTM Revenue Growth



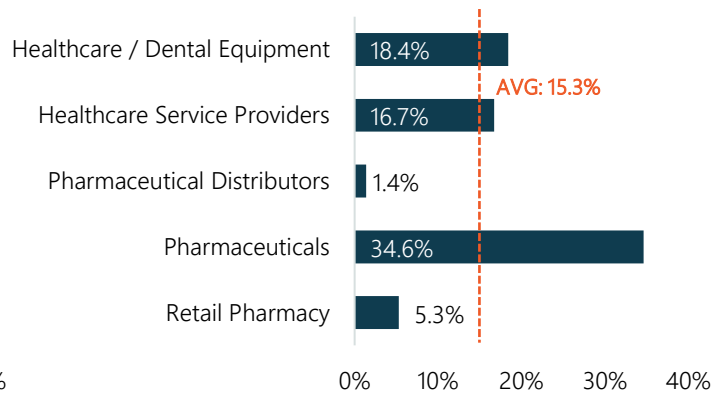
NTM Revenue Growth



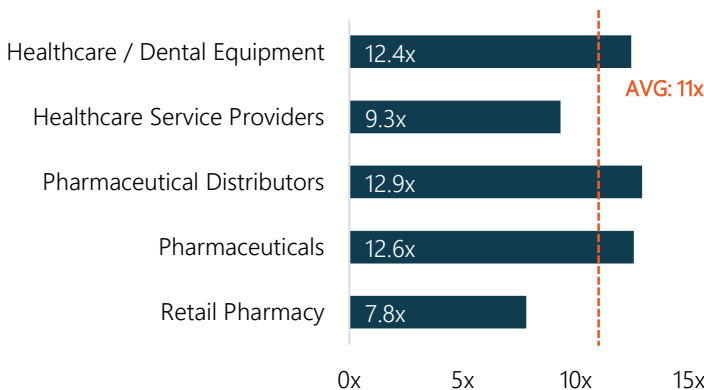
LTM EBITDA Margin



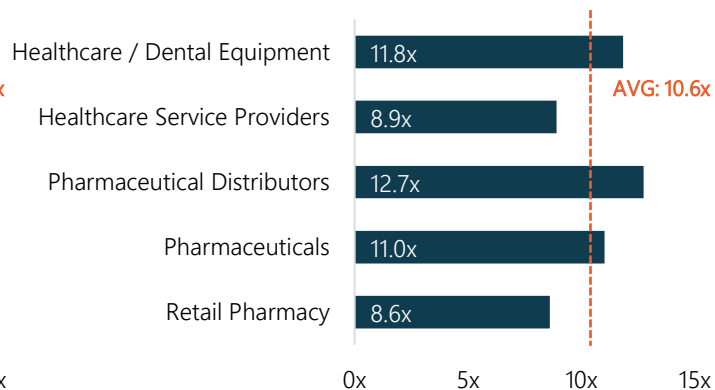
NTM EBITDA Margin



LTM EV/EBITDA



NTM EV/EBITDA

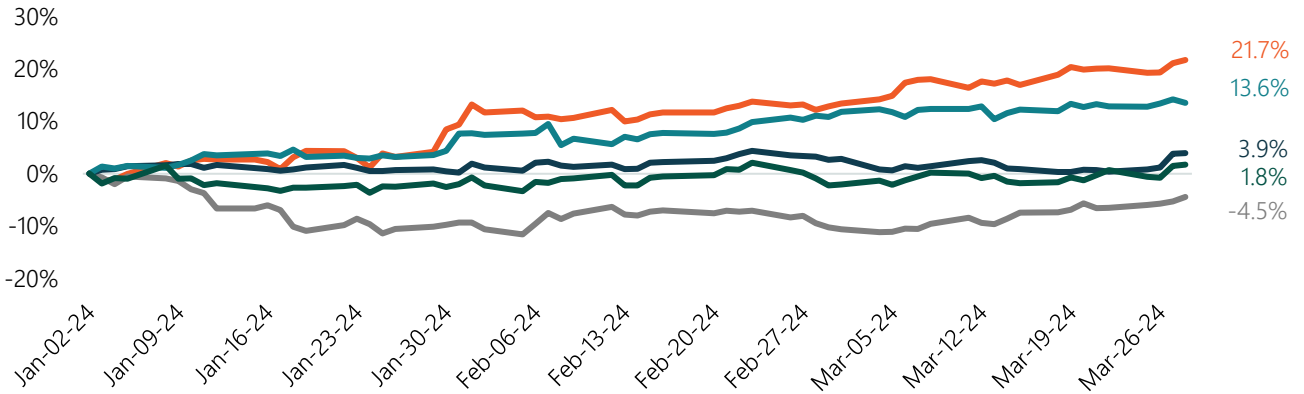


Source: Capital IQ. Data as of March 31, 2024.

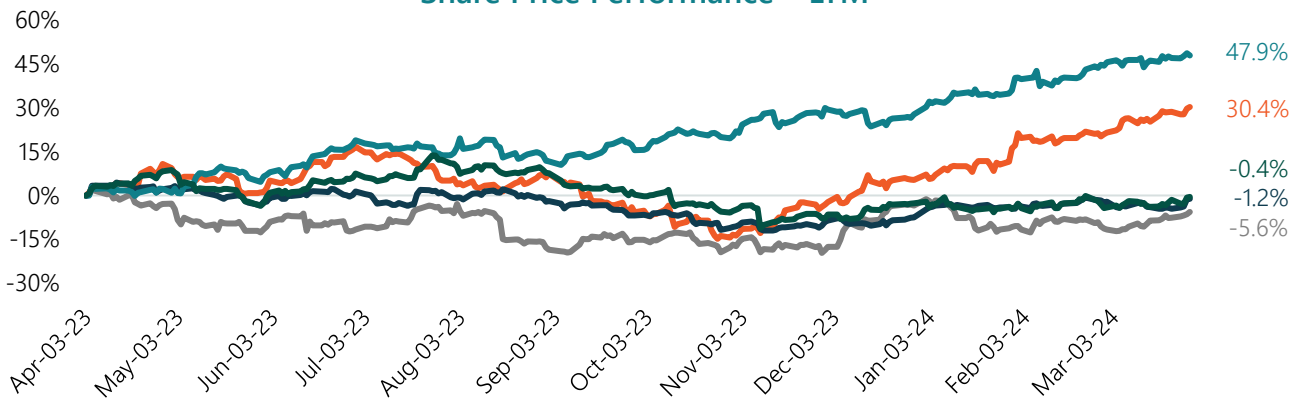
Note: Above noted health care peer groups are market capitalization weighted indexes. Valuation details provided on page 10.

"LTM" refers to last twelve months. "NTM" refers to next twelve months. Figures above are based on median peer group metrics.

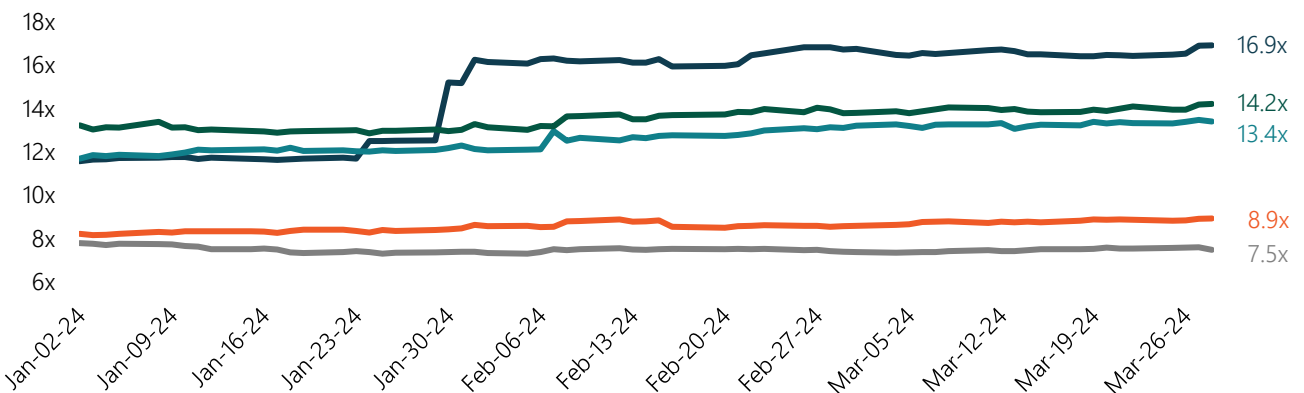
Healthcare Peer Group Share Price Performance – Q1



Share Price Performance – LTM



Historical LTM EV/EBITDA – Q1



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

Source: Capital IQ. Data as of March 31, 2024.

Note: Above noted health care peer groups are market capitalization weighted indexes. Valuation details provided on page 10. "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 a strong industry context.

(Figures in CAD millions, except percentages and ratios)											
Company	Market Capitalization	Enterprise Value	LTM Operating Figures				NTM Consensus Estimates			Valuation	
			Revenue	Growth	EBITDA	Margin	Revenue Growth	EBITDA Margin	NTM EV/EBITDA	LTM EV/EBITDA	LTM EV/REV
Retail Pharmacy											
CVS Health Corporation	\$135,918	\$228,141	\$470,967	10.9%	\$28,479	6.0%	8.1%	5.3%	8.6x	7.8x	0.5x
Walgreens Boots Alliance, Inc.	\$25,339	\$73,858	\$196,250	8.5%	\$11,173	5.7%	3.3%	3.3%	11.3x	6.6x	0.4x
CareRx Corporation	\$123	\$214	\$371	(2.9%)	\$27	7.2%	(0.2%)	8.7%	6.7x	8.0x	0.6x
Median	\$25,339	\$73,858	\$196,250	8.5%	\$11,173	6.0%	3.3%	5.3%	8.6x	7.8x	0.5x
Mean	\$53,793	\$100,737	\$222,529	5.5%	\$13,226	6.3%	3.7%	5.7%	8.9x	7.5x	0.5x
Pharmaceuticals											
Johnson & Johnson	\$516,195	\$526,358	\$115,978	(11.0%)	\$41,805	36.0%	5.2%	36.7%	12.2x	12.6x	4.6x
Merck & Co., Inc.	\$452,523	\$492,103	\$79,390	1.4%	\$11,405	14.4%	10.4%	45.4%	12.4x	42.1x	6.0x
Pfizer Inc.	\$212,780	\$297,976	\$77,252	(41.7%)	\$17,571	22.7%	6.5%	33.0%	11.0x	16.5x	3.8x
Viatis Inc.	\$19,201	\$42,474	\$20,373	(5.1%)	\$6,530	32.1%	2.5%	32.1%	6.4x	6.3x	2.0x
Bausch Health Companies Inc.	\$5,250	\$35,840	\$11,565	7.8%	\$3,917	33.9%	11.4%	34.7%	8.1x	8.9x	3.0x
Median	\$212,780	\$297,976	\$77,252	(5.1%)	\$11,405	32.1%	6.5%	34.7%	11.0x	12.6x	3.8x
Mean	\$241,190	\$278,950	\$60,911	(9.7%)	\$16,246	27.8%	7.2%	36.4%	10.0x	17.3x	3.9x
Pharmaceutical Distributors											
McKesson Corporation	\$95,528	\$103,692	\$398,178	10.1%	\$6,261	1.6%	15.0%	1.7%	13.4x	16.2x	0.3x
Cencora, Inc.	\$65,567	\$70,245	\$358,656	12.3%	\$5,304	1.5%	13.4%	1.4%	12.7x	12.9x	0.2x
Cardinal Health, Inc.	\$36,856	\$37,038	\$285,452	12.0%	\$3,778	1.3%	12.0%	1.3%	9.2x	9.6x	0.1x
Median	\$65,567	\$70,245	\$358,656	12.0%	\$5,304	1.5%	13.4%	1.4%	12.7x	12.9x	0.2x
Mean	\$65,984	\$70,325	\$347,428	11.5%	\$5,114	1.5%	13.4%	1.5%	11.8x	12.9x	0.2x
Healthcare Service Providers											
HCA Healthcare, Inc.	\$119,458	\$178,594	\$85,799	7.9%	\$18,119	21.1%	10.6%	19.2%	10.0x	9.6x	2.0x
Universal Health Services, Inc.	\$16,609	\$23,786	\$18,861	6.6%	\$2,490	13.2%	12.9%	12.7%	8.9x	9.3x	1.2x
Tenet Healthcare Corporation	\$14,232	\$39,740	\$27,136	7.2%	\$5,685	21.0%	2.9%	16.7%	8.6x	6.8x	1.4x
dentalcorp Holdings Ltd.	\$1,259	\$2,574	\$1,426	14.0%	\$225	15.8%	9.7%	18.4%	9.0x	11.4x	1.8x
Community Health Systems, Inc.	\$619	\$17,822	\$16,495	2.3%	\$2,142	13.0%	4.0%	12.3%	8.6x	8.1x	1.1x
Median	\$14,232	\$23,786	\$18,861	7.2%	\$2,490	15.8%	9.7%	16.7%	8.9x	9.3x	1.4x
Mean	\$30,435	\$52,503	\$29,943	7.6%	\$5,732	16.8%	8.0%	15.9%	9.0x	9.1x	1.5x
Medical/Dental Equipment & Supplies											
Becton, Dickinson and Company	\$96,804	\$117,019	\$25,742	4.0%	\$6,678	25.9%	9.9%	29.2%	14.3x	17.1x	4.4x
Baxter International Inc.	\$29,479	\$44,693	\$19,562	2.1%	\$3,917	20.0%	6.0%	19.2%	11.3x	11.1x	2.2x
Henry Schein, Inc.	\$13,141	\$18,650	\$16,295	(2.4%)	\$1,424	8.7%	13.0%	8.7%	11.8x	12.8x	1.1x
DENTSPLY SIRONA Inc.	\$9,320	\$11,963	\$5,236	1.1%	\$938	17.9%	4.7%	18.4%	12.0x	12.4x	2.2x
Patterson Companies, Inc.	\$3,354	\$4,407	\$8,837	2.8%	\$542	6.1%	3.9%	5.6%	8.7x	8.1x	0.5x
Median	\$13,141	\$18,650	\$16,295	2.1%	\$1,424	17.9%	6.0%	18.4%	11.8x	12.4x	2.2x
Mean	\$30,420	\$39,346	\$15,135	1.5%	\$2,700	15.7%	7.5%	16.2%	11.6x	12.3x	2.1x

Source: Capital IQ. Data as of March 31, 2024.

Note: In order to derive more accurate valuation multiples, MNP Corporate Finance Inc. has eliminated results which skew the averages excessively. "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, capital markets, and due diligence professionals across Canada. MNPCF works with clients in virtually all industries as they prepare, plan and execute transactions.

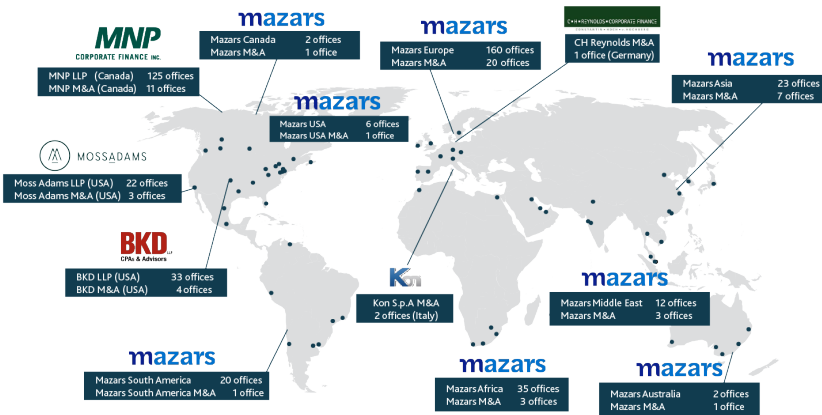
Our typical transactions range in value between \$3 million and \$300 million.

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.



CFxBorder - Global reach with local relationships
 Our corporate finance team through CFxBorder 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)

MNP Corporate Finance Inc. acted as exclusive financial advisor to Rhyno in structuring and negotiating this transaction.

MNP Corporate Finance Inc. acted as exclusive financial advisor to Alchemy Capital Partners in structuring and negotiating this transaction.

MNP Corporate Finance Inc. acted as exclusive financial advisor in arranging this private placement.

MNP Corporate Finance Inc. acted as exclusive financial advisor to Atlas Sign & Awning Company in structuring and negotiating this transaction.

MNP Corporate Finance Inc. provided financial and tax due diligence services to Trusspoint Quality Partners and JDI Cleaning Services.

MNP Corporate Finance Inc. provided financial and tax due diligence services to ASKO Holding.

MNP Corporate Finance Inc. acted as exclusive financial advisor to Lessard Callingwood Veterinary Hospital Ltd. in structuring and negotiating this transaction.

MNP Corporate Finance Inc. acted as exclusive financial advisor to Monarch Office Supply Inc. in structuring and negotiating this transaction.

MNP Corporate Finance Inc. acted as exclusive financial advisor to Synairtech in structuring and negotiating this transaction.

MNP Corporate Finance Inc. acted as exclusive financial advisor to Lemire Precision Inc. in structuring and negotiating this transaction.

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 10 years alone, we have completed over 275 transactions worth over \$4.7 billion (not including due diligence engagements).

Industry Experience

- Food & Beverage
- Retail & Distribution
- Manufacturing
- Agriculture
- Automotive
- Materials
- Healthcare
- 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)



MNP
CORPORATE FINANCE INC.

Westcap
has acquired
TIMBER-TECH FORESTS INC.

MNP Corporate Finance Inc. acted as exclusive financial advisor to Timber-Tech Trusts Inc. in structuring and negotiating this transaction.



MNP
CORPORATE FINANCE INC.

MIII MSP
has raised debt financing of an undisclosed amount.

MNP Corporate Finance Inc. acted as exclusive financial advisors in arranging this private placement.



MNP
CORPORATE FINANCE INC.

CO-OP Swan Valley
has acquired
Northern Building Supply Ltd.
and
Northern Specialties Ltd.

MNP Corporate Finance Inc. acted as exclusive financial advisor to Northern Building Supply Ltd. and Northern Specialties Ltd. in structuring and negotiating this transaction.



MNP
CORPORATE FINANCE INC.

A Confidential Buyer
has acquired
SECURESTORE

MNP Corporate Finance Inc. acted as exclusive financial advisor to Secure Store Thunder Bay in structuring and negotiating this transaction.



MNP
CORPORATE FINANCE INC.

BANYAN CAPITAL PARTNERS
has acquired
second nature

MNP Corporate Finance Inc. provided financial due diligence services to Banyan Capital Partners.



MNP
CORPORATE FINANCE INC.

Neighbourly Pharmacy
has acquired
WAKAW PHARMACY

MNP Corporate Finance Inc. acted as exclusive financial advisor to Wakaw Pharmacy Inc. in structuring and negotiating this transaction.



MNP
CORPORATE FINANCE INC.

pfm CAPITAL INC.
has acquired a majority interest in
CIM COMMERCIAL INDUSTRIAL MANUFACTURING LTD.

MNP Corporate Finance Inc. acted as exclusive financial advisor to Commercial Industrial Manufacturing Ltd. in structuring and negotiating this transaction.



MNP
CORPORATE FINANCE INC.

Canadian Dental Labs
has acquired
Hallmark Dental Laboratory

MNP Corporate Finance Inc. provided financial and tax due diligence services to Canadian Dental Laboratories Limited Partnership.



MNP
CORPORATE FINANCE INC.

JULIAN GROUP LTD.
has acquired
ALL THINGS CEDAR

MNP Corporate Finance Inc. acted as exclusive financial advisor to All Things Cedar Inc. in structuring and negotiating this transaction.



MNP
CORPORATE FINANCE INC.

GraceMed
has acquired
CANADIAN DERMATOLOGY CENTRE

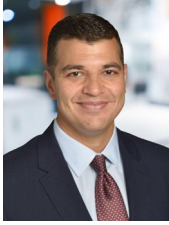
MNP Corporate Finance Inc. provided financial and tax due diligence services to GraceMed.

Leadership Team

Transaction Leadership



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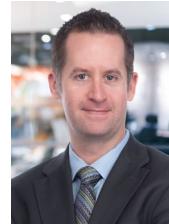
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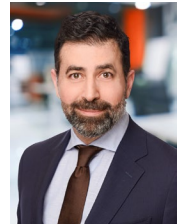
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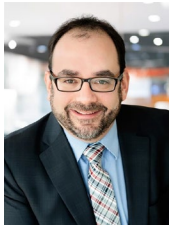
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