



Neighbourly Announces Successful Finish to Fiscal 2022 With Strong Fourth Quarter and Full Year Results

Focused execution of acquisition strategy resulted in adding 41 new locations in fiscal 2022;

With imminent closing of Rubicon, Neighbourly's national pharmacy network is now 275 locations

TORONTO, ON, June 23, 2022 – Neighbourly Pharmacy Inc. ("**Neighbourly**" or the "**Company**") (TSX: NBLY), Canada's largest and fastest growing network of independent pharmacies, today announced its financial results for the twelve-week period and fiscal year ended March 26, 2022 (the "**fourth quarter 2022**" and "**fiscal 2022**", respectively).

"Neighbourly's strong fourth quarter capped a tremendous year of growth. Since our IPO, we have nearly doubled in size, and looking forward to fiscal 2023, our business has established itself at scale, with 275 locations following the acquisition of Rubicon," stated Chris Gardner, the Company's Chief Executive Officer. "The strength and essential nature of our business, our financial flexibility and strong EBITDA growth position us well to pursue our robust pipeline of acquisitions to continue to drive future growth."

"Our pharmacy teams have performed exceptionally well through the pandemic while continuing to put our patients and our communities first, concluded Mr. Gardner. "As we emerge from the worst of these challenges, I want to thank them for their tireless efforts supporting our patients and communities that we serve."

Fourth Quarter 2022 Highlights

- Same store sales¹ in the fourth quarter increased 2.3%, while same store prescriptions increased 1.8% compared to the fourth quarter of 2021. Excluding clinic format pharmacies, which are generally more impacted by a slower return to in-person physician visits, same store scripts in the fourth quarter grew by 3.1%.
- Revenue for the fourth quarter increased by \$29.0 million or 34.9% to \$112.3 million, driven by the addition of 41 pharmacies over the prior four quarters.
- Adjusted EBITDA² for the fourth quarter increased by 26.3% to \$11.3 million, due to the incremental profitability of pharmacies added to the Company's network.
- Announced the acquisition of Rubicon Pharmacies, adding 100 pharmacy locations in key Western Canadian provinces upon closing, expected by June 27, 2022.
- Adjusted Earnings per Share³ for the fourth quarter of \$0.05 was up from an Adjusted Loss per Share of (\$0.08) for the fourth quarter of 2021.

¹ Same store sales is a supplementary measure which represents sales from stores that were owned and operated by the Company for the entirety of both periods and is a supplementary financial measure that is commonly used in the industry.

² Adjusted EBITDA is a non-IFRS measure. See "Non-IFRS Measures" and the reconciliation to the most directly comparable IFRS measure at the conclusion of this news release.

³ Adjusted Earnings (Loss) per share, Proforma Revenue and Proforma EBITDA are non-IFRS measures. See "Non-IFRS Measures" and the reconciliation to the most directly comparable IFRS measure at the conclusion of this news release.

Full Year 2022 Highlights

- Same store sales¹ for fiscal 2022 increased 3.1%, while same store prescriptions increased 1.5% over the same period. Excluding clinic format pharmacies, same store prescriptions for fiscal 2022 increased 3.6% compared to prior year.
- Revenue for fiscal 2022 increased by \$121.0 million or 39.5% to \$427.5 million, due to contributions from new acquisitions and organic growth in the existing store base.
- Adjusted EBITDA² for fiscal 2022 was \$45.9 million, an increase of \$10.8 million or 30.8%, primarily as a result of contributions from newly added pharmacies.
- Adjusted Earnings per Share³ for fiscal 2022 of \$0.38, increased 21% from \$0.32 for fiscal 2021.
- Pro-Forma Revenue³ of \$798.0 million and Pro-Forma Adjusted EBITDA³ of \$98.5 million.
- Acquired 41 pharmacies and announced the acquisition of Rubicon Pharmacies, adding 100 pharmacy locations in key Western Canadian provinces upon closing, expected by June 27, 2022.

Selected Fourth Quarter and Fiscal 2022 Results

<i>in 000's</i>	<i>Fourth quarter</i>		<i>Fiscal year</i>	
	<i>2022</i>	<i>2021</i>	<i>2022</i>	<i>2021</i>
Store count	171	132	171	132
Total Prescriptions	1,875	1,441	7,227	5,434
<i>Same-store prescription growth (%)</i>	1.8%	-0.8%	1.5%	3.5%
Revenue	\$ 112,317	\$ 83,273	\$ 427,509	\$ 306,494
<i>Same-store sales growth (%) ^(a)</i>	2.3%	0.4%	3.1%	3.1%
<i>Pharmacy revenue as a % of revenue</i>	80.0%	76.5%	78.4%	76.6%
Corporate, general & administrative ("CG&A") costs ^(b)	\$ 4,742	\$ 3,501	\$ 16,584	\$ 11,604
<i>CG&A as a % of revenue</i>	4.2%	4.2%	3.9%	3.8%
Adjusted EBITDA ^(c)	\$ 11,314	\$ 8,957	\$ 45,890	\$ 35,082
<i>Adjusted EBITDA margin (%)</i>	10.1%	10.8%	10.7%	11.4%
Pro-Forma Adjusted EBITDA for the 52 weeks ended ^(d)	\$ 98,530			
Pro-Forma Revenue for the 52 weeks ended ^(e)	\$ 798,023			
<i>Pro-Forma Adjusted EBITDA margin (%)</i>	12.3%			

^(a) Same-store sales represents sales from stores that were owned and operated by the Company for the entirety of both periods and is a supplementary financial measure that is commonly used in the industry. Neighbourly calculates same-store sales using revenue determined in accordance with IFRS.

^(b) Corporate, general & administrative costs represents costs incurred at the corporate level (as opposed to costs incurred at the store level) and is a component of Operating, general and administrative expenses. See reconciliation in the "Results of Operations" section of the MD&A

^(c) Adjusted EBITDA is a non-IFRS financial measure and does not have any standard meaning under IFRS. Refer to "Reconciliation of Non-IFRS Measures" at the conclusion of this news release for a reconciliation to the most comparable IFRS measure.

^(d) Pro-Forma Adjusted EBITDA is a non-IFRS financial measure and does not have any standard meaning under IFRS. Refer to "Reconciliation of Non-IFRS Measures" at the conclusion of this news release for a reconciliation to the most comparable IFRS measure.

^(e) Pro-Forma Revenue is a non-IFRS financial measure and does not have any standard meaning under IFRS. Refer to "Reconciliation of Non-IFRS Measures" at the conclusion of this news release for a reconciliation to the most comparable IFRS measure.

Impact of COVID-19

With the onset of the more virulent Omicron variant in December 2021, the spike in COVID infections delayed non-urgent trips to doctors' offices, resulting in lower than expected count of new prescriptions, particularly in clinical format pharmacies. In addition, COVID exposures created staffing shortages across our network, which lasted well into the fourth quarter. These shortages were exacerbated by the accelerated pace of vaccinations and booster shots, both of which are particularly labour-intensive. While these shortages have largely subsided, they persisted through the conclusion of fiscal 2022, impacting the Company's financial performance in the fourth quarter.

Declaration of Dividend

Neighbourly announced today that a quarterly dividend will be paid on August 18, 2022, to the Company's common shareholders of record as of July 21, 2022. The amount of the dividend will be \$0.045 for each common share. This dividend is an "eligible dividend" for Canadian income tax purposes.

Conference Call and Webcast Information

A conference call will be held at 8:30AM Eastern on June 23, 2022, to discuss Neighbourly's financial results for the fourth quarter 2022. Participants may join the Company's conference call by dialing 416-764-8650 or 1-888-664-6383 (ID: 19369406). For those unable to participate, playback will be made available an hour after the event at 416-764-8677 or 1-888-390-0541, utilizing passcode 369406#. The webcast of the call will also be archived and available on the Company's website.

The conference call will also be available via webcast on the Investor section of Neighbourly's website at <https://investors.neighbourlypharmacy.ca/events-and-presentations>.

Neighbourly's unaudited consolidated financial statements and accompanying notes, and Management's Discussion and Analysis for the fourth quarter 2022 are available on the Company's website at www.neighbourlypharmacy.ca and on SEDAR at www.sedar.com.

About Neighbourly Pharmacy Inc.

Neighbourly is Canada's largest and fastest growing network of community pharmacies. United by their patient first focus and their role as essential and trusted healthcare hubs within their communities, Neighbourly's pharmacies strive to provide accessible healthcare with a personal touch. Since 2015, Neighbourly has expanded its diversified national footprint to include 275 locations, reinforcing the Company's reputation as the industry's acquirer of choice.

For more information, please contact Marina Davies, VP, Investor Relations at mdavies@nbly.ca or visit www.neighbourlypharmacy.ca.

Non-IFRS Measures

This press release makes reference to certain non-IFRS measures, such as “Adjusted EBITDA”, “Adjusted EBITDA Margin”, “Pro-Forma Adjusted EBITDA”, “Pro-Forma Revenue”, “Adjusted Net Income (Loss)” and “Adjusted Earnings (Loss) Per Share.” Refer to the Company’s Management’s Discussion and Analysis dated June 22, 2022 for the fiscal year and twelve weeks ended March 26, 2022, which is available under the Company’s profile on SEDAR at www.sedar.com, for an explanation of the composition of those non-IFRS measures, an explanation of how these non-IFRS measures provide useful information to investors and the additional purposes for which management uses these non-IFRS financial measures. These measures are not recognized under International Financial Reporting Standards (“IFRS”) and do not have a standardized meaning prescribed by IFRS and are therefore unlikely to be comparable to similar measures presented by other companies. Rather, these measures are provided as additional information to complement those IFRS measures by providing further understanding of our results of operations from management’s perspective. Accordingly, these measures should not be considered in isolation nor as a substitute for analysis of our financial information reported under IFRS. These non-IFRS measures are used to provide readers with supplemental measures of our operating performance and thus highlight trends in our core business that may not otherwise be apparent when relying solely on IFRS measures. We also believe that market participants frequently use non-IFRS measures in the evaluation of issuers. Our management also uses non-IFRS measures in order to facilitate operating performance comparisons from period to period, to prepare annual operating budgets and forecasts and to determine components of management compensation. See the financial table at the conclusion of this press release for a reconciliation of Adjusted EBITDA, Adjusted EBITDA Margin, Pro-Forma Adjusted EBITDA, Pro-Forma Revenue and Adjusted Net Income (Loss) to the most directly comparable IFRS measures.

Securities regulations require that companies caution readers that earnings and other measures adjusted to a basis other than IFRS do not have standardized meanings and are unlikely to be comparable to similar measures used by other companies. Accordingly, the following measures should not be considered in isolation.

Key-Performance Indicators

This press release makes reference to certain key performance indicators, such as Same-store sales and corporate, general & administrative costs. We monitor key performance indicators to help us evaluate our business, measure our performance, identify trends affecting our business, formulate business plans and make strategic decisions. These key performance indicators are also used to provide investors with supplemental measures of our operating performance and thus highlight trends in our core business that may not otherwise be apparent when relying solely on IFRS measures. We also believe that securities analysts, investors and other interested parties frequently use industry metrics in the evaluation of issuers. Our key performance indicators may be calculated in a manner different than similar key performance indicators used by other companies.

Forward-Looking Statements

Forward-looking information in this news release includes, among other things, statements relating to the expected completion of probable acquisitions and timing thereof, the expected impact of probable acquisitions on the Company’s financial results and expected accretion, statements relating to the acceleration of our growth, the pursuit of accretive acquisitions at a similar pace to historical levels, the payment of dividends, same-store sales improvements and the expected impacts of the ongoing COVID-19 pandemic on our results of operation.

Forward-looking information is necessarily based on a number of opinions, estimates and assumptions that the Company considered appropriate and reasonable as of the date such statements are made in light of its experience and perception of historical trends, current conditions and expected future developments. Such estimates and assumptions include the satisfaction of all conditions of closing and the successful completion of probable acquisitions within the anticipated timeframe, including receipt of regulatory approvals. Further, forward-looking information is subject to known and unknown risks, uncertainties, assumptions and other factors that may cause the actual results, level of activity, performance or achievements to be materially different from those expressed or implied by such forward-looking information, including but not limited to risks and uncertainties related to probable acquisitions, including the failure to receive or delay in receiving regulatory approvals or otherwise satisfy the conditions to the completion such acquisitions, in a timely manner, or at all, and the reliance on information provided by the relevant sellers, as well as other factors discussed or referred to in the Company's Management's Discussion and Analysis for the fiscal year and twelve weeks ended March 26, 2022 (the "**MD&A**") and under the heading "Risk Factors" in the Company's annual information form (the "**AIF**") filed on June 23, 2022. If any of these risks or uncertainties materialize, or if the opinions, estimates, or assumptions underlying the forward-looking information prove incorrect, actual results or future events might vary materially from those anticipated in the forward-looking information. The opinions, estimates or assumptions referred to above and described in greater detail elsewhere in the MD&A as well as in the "Risk Factors" section of the AIF should be considered carefully by prospective investors. The pro forma information set forth in this press release should not be considered to be what the actual financial position or other results of operations would have necessarily been had the probable acquisitions discussed herein been completed as, at, or for the periods stated.

Although we have attempted to identify important risk factors that could cause actual results to differ materially from those contained in forward-looking information, there may be other risk factors not presently known to us or that we presently believe are not material that could also cause actual results or future events to differ materially from those expressed in such forward-looking information. There can be no assurance that such information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information. No forward-looking statement is a guarantee of future results. Accordingly, you should not place undue reliance on forward-looking information, which speaks only as of the date made. The forward-looking information contained in this press release represents the Company's expectations as of the date of this press release (or as the date they are otherwise stated to be made) and are subject to change after such date. However, the Company disclaims any intention or obligation or undertaking to update or revise any forward-looking information whether as a result of new information, future events, or otherwise, except as required under applicable securities laws in Canada. All of the forward-looking information contained in this news release is expressly qualified by the foregoing cautionary statements.

Condensed Consolidated Statements of Income (Loss) and Comprehensive Income (Loss)

<i>In 000's</i>	<i>Fourth Quarter Ended</i>		<i>Fiscal Year Ended</i>	
	<i>March 26, 2022</i>	<i>March 27, 2021</i>	<i>March 26, 2022</i>	<i>March 27, 2021</i>
Revenue	\$ 112,317	\$ 83,273	\$ 427,509	\$ 306,494
Cost of sales	70,396	52,060	269,037	191,778
Gross profit	41,921	31,213	158,472	114,716
Operating, general and administrative expenses	31,727	22,303	117,364	79,820
Acquisition, transaction and integration costs	2,905	3,113	26,637	7,179
Depreciation and amortization	7,200	5,783	25,354	19,118
Impairment loss	(19)	116	324	116
Operating (loss) income	108	(102)	(11,207)	8,483
Finance costs, net	2,456	5,788	4	16,004
Change in fair value of financial liabilities	—	(37,934)	67,228	80,405
Loss before income taxes	(2,348)	32,044	(78,439)	(87,926)
Provision for income taxes	(10,934)	1,775	(6,044)	2,591
Net Income (loss) and comprehensive Income (loss) for the period	\$ 8,586	\$ 30,269	\$ (72,395)	\$ (90,517)
Attributable to:				
Shareholders of the Company	\$ 8,311	\$ 29,926	\$ (73,356)	\$ (91,332)
Non-controlling interest	275	343	961	815
	8,586	30,269	(72,395)	(90,517)
Net Income (loss) per share	\$ 0.24	\$ 65.15	\$ (2.57)	\$ (198.82)

Condensed Consolidated Statements of Financial Position

<i>in 000's</i>	<i>March 26, 2022</i>		<i>March 27, 2021</i>	
Assets				
Current				
Cash	\$	40,410	\$	45,914
Trade and other receivables		24,616		17,202
Inventory		55,721		44,886
Prepaid expenses and other assets		2,009		1,611
Assets held for sale		—		2,715
Total Current Assets		122,756		112,328
Property and equipment, net		12,366		8,296
Right-of-use assets		47,163		31,703
Intangible assets, net		134,798		105,425
Goodwill		238,267		180,853
Deferred tax assets		13,288		1,717
Other assets		627		297
Total non-current assets		446,509		328,291
Total Assets	\$	569,265	\$	440,619
Liabilities and Shareholders' Equity				
Current				
Accounts payable and accrued liabilities	\$	61,226	\$	49,191
Promissory notes payable		62		802
Current portion of long-term borrowings		2,500		5,575
Current portion of mortgages payable		—		146
Current portion of lease liabilities		14,705		9,972
Preferred share liability		—		295,844
Total Current Liabilities		78,493		361,530
Long-term borrowings		83,656		190,920
Mortgages payable		—		1,159
Lease liabilities		37,177		26,155
Deferred tax liabilities		21,317		15,295
Warrant liability		—		4,358
Total non-current liabilities		142,150		237,887
Total liabilities		220,643		599,417
Shareholders' equity				
Share capital		585,764		23
Contributed Surplus		5,131		348
Deficit		(249,956)		(165,632)
Total shareholders' equity		340,939		(165,261)
Non-controlling interest		7,683		6,463
Total shareholders' equity		348,622		(158,798)
Total liabilities and shareholders' equity	\$	569,265	\$	440,619

Condensed Consolidated Statements of Cash Flows

<i>in 000's</i>	Fourth Quarter Ended		Fiscal Year Ended	
	March 26, 2022	March 27, 2021	March 26, 2022	March 27, 2021
Operating Activities:				
Net loss for the period	8,586	30,269	(72,395)	\$ (90,517)
Adjustments to net income for non-cash items				
Depreciation and amortization	7,200	5,783	25,354	19,118
Impairment loss	(19)	116	324	116
Share based compensation	1,120	46	4,783	185
Loss on disposal of property and equipment	124	2	113	2
Finance costs, net	2,456	5,788	4	16,004
Change in fair value of financial liabilities	-	(37,934)	67,228	80,405
Provision for income taxes	(10,934)	1,775	(6,044)	2,591
Lease renewals and modifications	(141)	(34)	(205)	166
Expected credit loss expense	-	-	11	-
Change in non-cash operating working capital	1,002	944	(4,392)	9,427
Income taxes recovered (paid)	(637)	(232)	(3,731)	(521)
	8,757	6,523	11,050	36,976
Financing Activities:				
Proceeds from issuance of common shares, net of issuance costs	1,894	(869)	217,985	(869)
Proceeds from issuance of preferred shares, net of issuance costs	-	38,908	-	70,618
Proceeds from exercise of stock options	192	23	317	23
Proceeds from exercise of warrants	-	-	9	-
Proceeds from promissory notes payable	-	(1)	-	740
Repayment of promissory notes payable	-	-	(740)	-
Proceeds from long-term borrowings	-	-	-	34,514
Repayment of long-term borrowing	-	-	(100,168)	(6,008)
Transaction costs related to long-term borrowings	(1,029)	(94)	(2,944)	(888)
Repayment of mortgages payable	-	(36)	(1,304)	(73)
Interest Paid	(790)	(2,864)	(4,716)	(12,567)
Dividends and distributions paid	(1,656)	(827)	(5,673)	(903)
Payment of lease liabilities	(3,888)	(2,713)	(12,869)	(9,185)
	(5,277)	31,527	89,897	75,402
Investing Activities:				
Acquisition of property and equipment	(1,106)	(254)	(2,973)	(982)
Acquisition of intangible assets	(125)	(48)	(610)	(327)
Acquisition of other assets	-	-	(15)	-
Business combinations, net of cash acquired	(1,971)	(1,067)	(103,116)	(69,985)
Restricted cash, net	-	756	-	893
Interest received	37	13	263	30
	(3,165)	(600)	(106,451)	(70,371)
Net change in cash for the period	315	37,450	(5,504)	42,007
Cash, beginning of the period	40,093	8,464	45,914	3,907
Cash, end of period	40,410	45,914	40,410	45,914

Reconciliation from IFRS to Non-IFRS Measures

The following tables provide a reconciliation of loss and comprehensive loss to Adjusted EBITDA, Adjusted Net Income (Loss) and Pro-Forma Adjusted EBITDA, and of Revenue to Pro-Forma Revenue, for the periods indicated:

in 000's	Fourth quarter		Fiscal	
	2022	2021	2022	2021
Loss and comprehensive loss for the period	8,586	30,269	(72,395)	(90,517)
Income tax expense (recovery)	(10,934)	1,775	(6,044)	2,591
Finance (income) costs, net	2,456	5,788	4	16,004
Fair value changes of financial liabilities	-	(37,934)	67,228	80,405
Depreciation and amortization	7,200	5,783	25,354	19,118
Impairment loss	-	116	324	116
Acquisition, transaction and integration costs	2,886	3,113	26,637	7,179
Share-based compensation ^(a)	1,120	47	4,782	186
Adjusted EBITDA	11,314	8,957	45,890	35,082
Revenue	112,317	83,273	427,509	306,494
Adjusted EBITDA margin	10.1%	10.8%	10.7%	11.4%

Pro-Forma Adjusted EBITDA

Adjusted EBITDA for the 52 weeks ended March 26, 2022	45,890
Incremental Adjusted EBITDA for new stores acquired after March 27, 2021 as if owned on March 27, 2021 ^(b)	9,567
Incremental Adjusted EBITDA for stores acquired, or to be acquired on or after March 26, 2022 to date as if owned on March 27, 2021 ^(c)	42,575
Adjustment for professional, other fees and COVID-related for the 52 weeks ended March 26, 2022 ^(d)	498
Pro-forma Adjusted EBITDA for the 52 weeks ended March 26, 2022	98,530

Pro-Forma Revenue

Revenue for the 52 weeks ended March 26, 2022	427,509
Incremental Revenue for new stores acquired after March 27, 2021 as if owned on March 27, 2021 ^(e)	62,498
Incremental Revenue for stores acquired, or to be acquired on or after March 26, 2022 to date as if owned on March 27, 2021 ^(f)	308,015
Pro-forma Revenue for the 52 weeks ended March 26, 2022	798,023

Notes:

^(a) Represents non-cash expenses recognized in connection with share-based compensation in respect of our legacy stock option plan and omnibus long-term equity incentive equity compensation plan.

^(b) The Company regularly acquires pharmacies and estimates that if it had acquired each of the pharmacies that it acquired during Fiscal 2022 on the first day of the fiscal year 2022, it would have recorded additional Adjusted EBITDA of \$9,567 for Fiscal 2022. This estimate is based on the amount of EBITDA budgeted by the Company for each of the acquired pharmacies to be earned at the time of their acquisition. There can be no assurance that if the Company had acquired these pharmacies on the first day of Fiscal 2022, they would have actually generated such budgeted EBITDA, nor is this estimate indicative of future results.

^(c) The Company regularly acquires pharmacies and estimates that if it had acquired each of the pharmacies that it acquired or has announced to be acquired after Fiscal 2022 on the first day of Fiscal 2022, it would have recorded additional Adjusted EBITDA of \$42,575 for Fiscal 2022. This estimate is based on the amount of EBITDA budgeted by the Company for each of the acquired pharmacies to be earned at the time of their acquisition. There can be no assurance that if the Company had acquired these pharmacies on the first day of Fiscal 2022, they would have actually generated such budgeted EBITDA, nor is this estimate indicative of future results.

^(d) Represents the acute incremental labour and relief costs incurred as a result of increased absenteeism related to the Omicron variant of the COVID-19 pandemic that are not expected to recur. These costs were estimated based upon incremental sick pay related to mandatory quarantine requirements and the corresponding higher cost to cover an absent employee shift including relief related travel and other costs.

^(e) The Company regularly acquires pharmacies and estimates that if it had acquired each of the pharmacies that it acquired during Fiscal 2022 on the first day of the fiscal year 2022, it would have recorded additional Revenue of \$62,498 for Fiscal 2022. This estimate is based on the amount of Revenue budgeted by the Company for each of the acquired pharmacies to be generated at the time of their acquisition. There can be no assurance that if the Company had acquired these pharmacies on the first day of Fiscal 2022, they would have actually generated such budgeted Revenue, nor is this estimate indicative of future results.

^(f) The Company regularly acquires pharmacies and estimates that if it had acquired each of the pharmacies that it acquired or has announced to be acquired after Fiscal 2022 on the first day of Fiscal 2022, it would have recorded additional Revenue of \$308,015 for Fiscal 2022. This estimate is based on the amount of Revenue budgeted by the Company for each of the acquired pharmacies to be generated at the time of their acquisition. There can be no assurance that if the Company had acquired these pharmacies on the first day of Fiscal 2022, they would have actually generated such Revenue, nor is this estimate indicative of future results.

<i>in 000's</i>	<i>Fourth quarter</i>		<i>Fiscal</i>	
	<i>2022</i>	<i>2021</i>	<i>2022</i>	<i>2021</i>
Net Income (Loss) and comprehensive Income (Loss) for the period	8,586	30,269	(72,395)	(90,517)
Adjustments, pre-tax:				
Fair value changes of financial liabilities	-	(37,934)	67,228	80,405
Amortization on customer lists	3,389	3,216	12,136	10,106
Impairment loss	-	116	324	116
Acquisition, transaction and integration costs	2,886	3,113	26,637	7,179
Share-based compensation ^(a)	1,120	47	4,782	186
Gain on Debt Modification ^(b)	-	-	(10,356)	-
Income tax impact on non-IFRS adjustments	(1,409)	(1,175)	(6,822)	(3,682)
Deferred tax (recovery) expense ^(c)	(12,827)	908	(9,319)	1,222
Adjusted Net Income (Loss)	1,745	(1,440)	12,215	5,015
Adjusted weighted average number of shares (000's) ^(d)	34,434	17,968	31,911	15,904
Adjusted Earnings (Loss) per share^(d)	0.05	(0.08)	0.38	0.32

Notes:

^(a) Represents non-cash expenses recognized in connection with share-based compensation in respect of our legacy stock option plan and omnibus long-term equity incentive equity compensation plan.

^(b) Represents the non-cash gain on debt modification related to the revaluation of the Company's credit facility that was refinanced concurrent with the IPO with an extended maturity and more favourable interest rate terms.

^(c) Represents the portion of the Company's tax provision that is deferred as detailed in the notes the Annual Financial Statements.

^(d) Weighted average number of shares outstanding adjusted to reflect all preferred shares and related accrued dividends outstanding as though they were converted to common shares at the beginning of the respective period.