Neighbourly Pharmacy

A Community Pharmacy That Cares.

Financial Results for the First Quarter 2023

August 2, 2022

Disclaimer

This presentation is dated August 2, 2022 and has been prepared in connection with the earnings reporting for the periods ended June 18, 2022 of Neighbourly Pharmacy Inc. (“the “Company”, “Neighbourly”, “us” or “we”).

Forward Looking Statements

This presentation contains “forward-looking information” and “forward-looking statements” (collectively, “forward-looking information”) within the meaning of applicable securities laws. Forward-looking information may relate to our future financial results and may include information regarding our financial position, business strategy, growth strategies, financial results, taxes, dividend policy, plans, and objectives. In some cases, forward-looking information can be identified by the use of forward-looking terminology such as “expects”, “estimates”, “outlook”, “forecasts”, “projection”, “prospects”, “intends”, “anticipates”, “believes”, or variations of such words and phrases or statements that certain actions, events, or results “may”, “could”, “would”, “might”, “will”, “will be taken”, “occur”, or “be achieved”.

Forward-looking information in this presentation includes, among other things, statements relating to the acceleration of our growth, the pursuit of additional acquisition opportunities, the payment of dividends, same-store sales improvements and the expected impacts of the ongoing COVID-19 pandemic on our results of operation.

This forward-looking information and other forward-looking information are based on the Company’s opinions, estimates, and assumptions in light of its experience and perception of historical trends, current conditions, and expected future developments, as well as other factors that the Company currently believes are appropriate and reasonable in the circumstances. Despite a careful process to prepare and review the forward-looking information, there can be no assurance that the underlying opinions, estimates, and assumptions will prove to be correct.

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, are 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 the risk factors set forth in the Company’s Management's Discussion and Analysis for the twelve-weeks ended June 18, 2022 and in the "Risk Factors" section of 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 forward-looking information contained in this presentation represents the Company’s expectations as of the date of this presentation(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.

Non-IFRS Measures

This presentation makes reference to certain non-IFRS measures, such as Adjusted EBITDA, Pro-Forma Adjusted EBITDA, and Pro-Forma Revenue. 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 "Appendix" of this presentation for reconciliations of Adjusted EBITDA, Pro-Forma Adjusted EBITDA, and Pro-Forma Revenue to the most directly comparable IFRS measures.

Key Performance Indicators

This presentation 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

Presenters

Chris Gardner

Chief Executive Officer

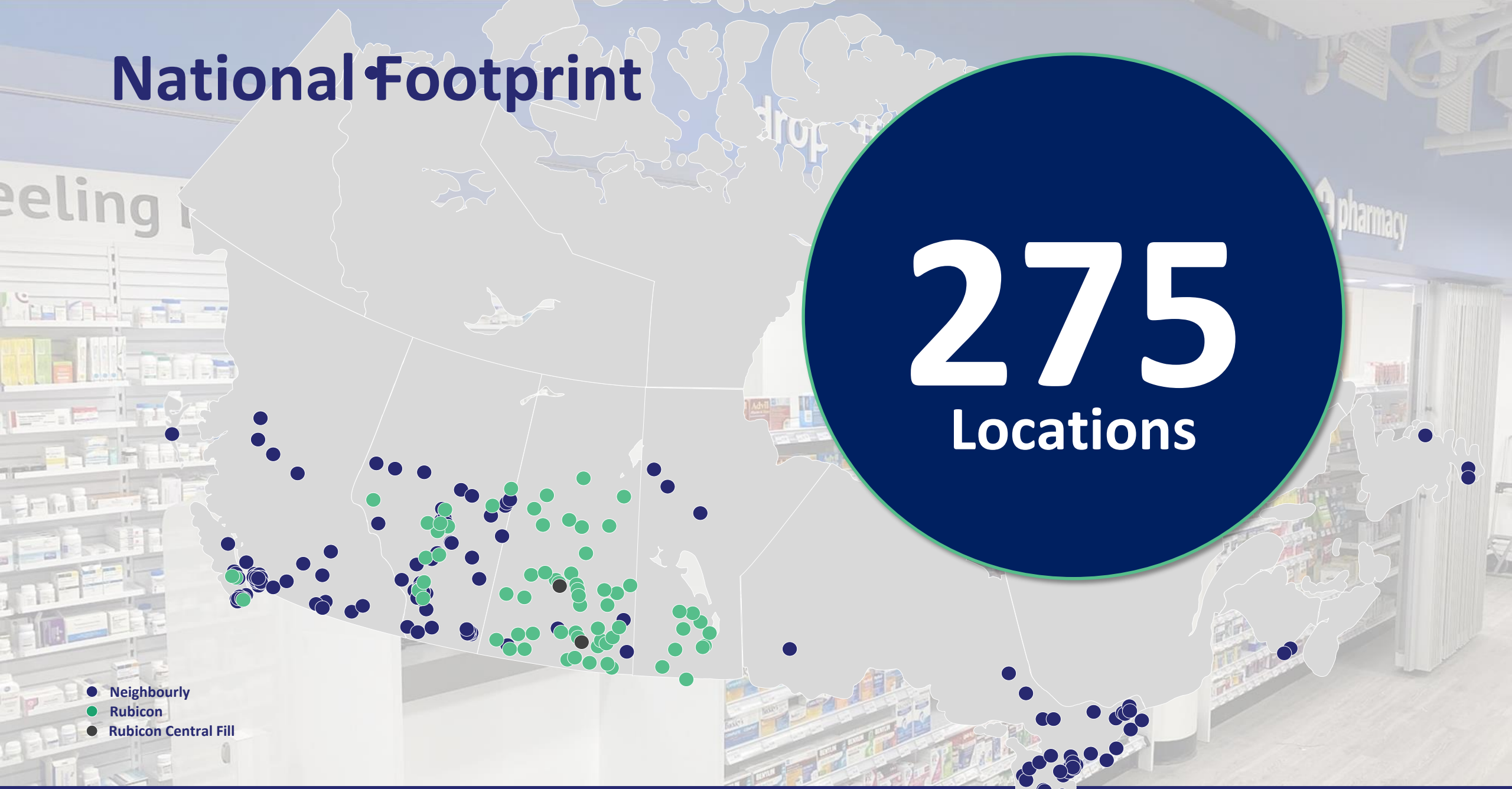
Terri Smyth

Chief Financial Officer

Following the end of Q1.23, Rubicon Acquisition completed on June 27, 2022

Welcome, Rubicon team!

National Footprint



Neighbourly Pharmacy

Continued Growth in Q1.23

+34%
Q1 Revenue Growth

1.9M
Prescriptions filled
+30% YoY

+11%
Q1 EBITDA[1] Growth

Key Highlights

- Strong revenue growth in first quarter, driven by acquisitions completed in the past 12 months
- Over 1.9 million prescriptions filled in Q1.23, +30% from Q1.22, new scripts continue to lag pre-pandemic levels
- Double digit EBITDA growth, slightly muted by higher mix of clinic format pharmacies, (40% of pharmacy revenue compared to 32% in prior year) and temporary incremental costs to cover for current vacancies

(1) Non-IFRS measure. See "Non-IFRS Measures" in the Disclaimer.

Continued Growth in Q1.23

1.8%

Q1.23 Same Store Sales[1] Growth

Q1.22	Q2.22	Q3.22	Q4.22
8.2%	1.2%	2.2%	2.3%

- Trailing eight-quarter average of 3.5%
- Excluding clinic format, same store sales growth of +2.6%

0.4%

Q1.23 Same Store Rx Count[2] Growth

Q1.22	Q2.22	Q3.22	Q4.22
-2.1%	2.9%	2.7%	1.8%

Historical

- Growth of 1.3% (excluding clinic format)

- New prescription volumes continue to lag pre-pandemic levels, especially at clinic pharmacies

(1) Same-store sales represents sales from stores that were owned and operated by the Company for the entirety of both periods. Neighbourly calculates same-store sales using revenue determined in accordance with IFRS.
(2) Prescription Count represents the sum of transactions processed pursuant to an order by a prescriber in a given time frame (excludes Pharmacy Services such as vaccinations).

Neighbourly Clinic Format Performance

	Neighbourly	Neighbourly Post -Rubicon
Clinic Format Stores	**67** 39% of total	**92** 34% of total
Revenue Contributions	**Q1.23 40% of pharmacy revenue** **Q1.22 32% of pharmacy revenue**	
Gross Margin Contributions	Generally, clinic pharmacies dispense a higher mix of higher priced, branded medication which comes at a lower margin rate	
Impact to Current Trend	1. Clinic pharmacies have a lower margin rate profile 2. Clinic format are most impacted by lag in new prescriptions	
Outlook	Neighbourly margin profile to improve post Rubicon acquisition due to shift in format and geography mix	

Q1.23 Operational Metrics

Revenue Highlights - Pharmacy is Our Foundation

$114.4M

Q1.23 Revenue
+$29M or +34.0%

- Continued upside as in-person visits resume

1.9M

Prescriptions filled in Q1.23

- Up 30% compared to prior year

80.0%

Q1.23 Pharmacy Revenue Percentage

- Consistency reflects strategy of patient-focused locations

Q1.23 Financial Metrics

EBITDA Highlights

$11.3M

Q1.23 Adj. EBITDA[1]
+11.0%

9.8%

Q1.23 Adj. EBITDA Margin[1]
11.9% in Q1.23 ; 10.1% in Q4.22

Adjusted EBITDA benefited from new locations and same store growth across the network, offset by:

1. Higher mix of clinical pharmacies, ~40% of revenue compared to 32% a year ago.
   Clinic pharmacies tend to dispense high-cost, branded specialty medications with high dollar value but at lower margin rate
2. Temporary increase in labour and travel costs needed to fill current pharmacist vacancies.
   While pharmacist turnover rate has remained consistent with historic levels, it is taking longer to fill vacancies

(1) Non-IFRS measure. See "Non-IFRS Measures" in the Disclaimer.

Q1.23 Financial Metrics

Scalable Platform Provides Operating Leverage

4.0%

Q1.23

CG&A[1] as a Percentage of Revenue

3.3%	4.0%	3.9%	4.2%
Q1.22	Q2.22	Q3.22	Q4.22

Historical Quarterly

- Up from 3.3% in Q1.22, reflecting incremental public company costs compared to a year ago. Down sequentially from 4.2% in Q4.22
- This metric is expected to improve over time as Neighbourly's scalable platform gains increased operating leverage, as it will with the addition of Rubicon

(1) 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.

Pro-Forma Capitalization

($, Millions)

	Q1.23	Offering Proceeds	Rubicon Acquisition	Pro-Forma
Debt	$100.1		$141.0	$241.1
Lease Liabilities	$52.3		$29.4	$81.7
Total Debt	**$152.4**		**$170.4**	**$322.8**
Less Cash	*$35.0*	*$287.9*	*($313.0)*	*$10.0*
Net Debt	**$117.3**			**$312.7**

Pro-Forma Adjusted EBITDA[1]	**$95.5M**
Net Debt / Pro-Forma Adjusted EBITDA	**3.3X**

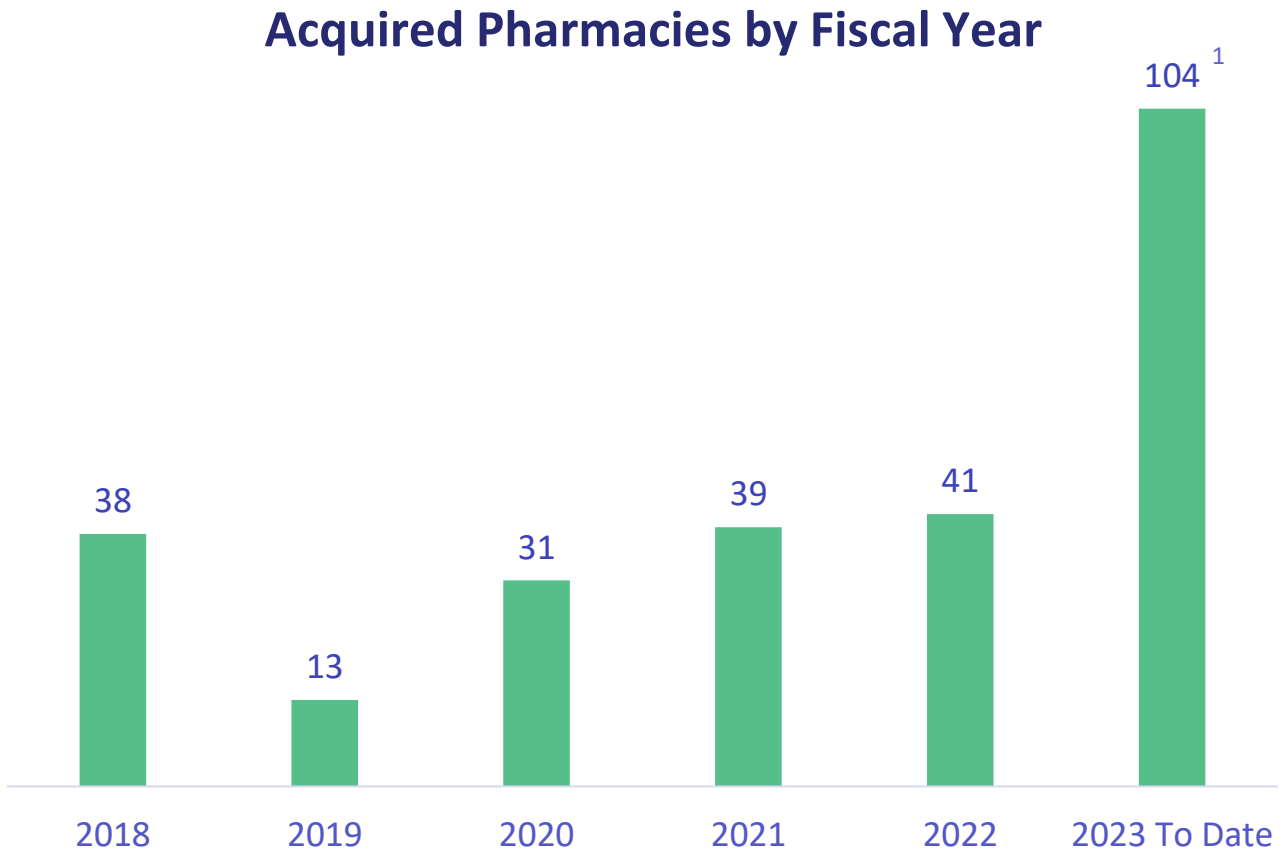
- Balance Sheet remains well positioned to continue to fund acquisition strategy
- Rapid deleveraging profile and long-term leverage target remains 2.5x

(1) Non-IFRS measure. See "Non-IFRS Measures" in the Disclaimer.

Robust Acquisition Pipeline

Acquisition Criteria

- Share Neighbourly's values
- Operate within smaller markets or established medical clinics
- Act as a significant healthcare provider for their community
- Derive the majority of their revenue from prescriptions
- Possess meaningful scale



[1] includes greenfield location opened

Neighbourly Pharmacy

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Visit:

www.neighbourlypharmacy.ca

Contact:

investorrelations@nbly.ca

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Appendix

Reconciliation of Adjusted EBITDA

The following table provides a reconciliation of loss and comprehensive loss to Adjusted EBITDA for the periods indicated:

in 000's	First quarter *2023*	First quarter *2022*	40 weeks ended *2022*
Loss and comprehensive loss for the period	(743)	(76,936)	4,541
Income tax expense (recovery)	512	3,254	(9,298)
Finance costs, net	2,515	(7,107)	7,111
Fair value changes of financial liabilities	-	67,228	-
Depreciation and amortization	6,889	4,745	20,609
Impairment loss	-	-	324
Acquisition, transaction and integration costs	1,113	18,352	8,285
Share-based compensation[1]	974	610	4,172
Adjusted EBITDA	11,260	10,146	35,744
Revenue	114,376	85,345	342,164
Adjusted EBITDA margin	*9.8%*	*11.9%*	*10.4%*

1. 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.

Reconciliation of Pro-Forma Figures

in 000's

Pro-Forma Adjusted EBITDA	
Adjusted EBITDA for the 12 weeks ended June 18, 2022	11,260
Adjusted EBITDA for the 40 weeks ended March 26, 2022	35,744
Incremental Adjusted EBITDA for new stores acquired after June 19, 2021 as if owned on June 19, 2021[2]	6,663
Incremental Adjusted EBITDA for stores acquired, or to be acquired on or after June 18, 2022 to date as if owned on June 19, 2021[3]	41,339
Adjustment for professional, other fees and COVID-related for the 40 weeks ended March 26, 2022[4]	498
Pro-forma Adjusted EBITDA for the 52 weeks ended June 18, 2022	**95,505**

Pro-Forma Revenue	
Revenue for the 12 weeks ended June 18, 2022	114,376
Revenue for the 40 weeks ended March 26, 2022	342,164
Incremental Revenue for new stores acquired after June 19, 2021 as if owned on June 19, 2021[5]	40,042
Incremental Revenue for stores acquired, or to be acquired on or after June 18, 2022 to date as if owned on June 18, 2021[6]	302,806
Pro-forma Revenue for the 52 weeks ended June 18, 2022	**799,388**

Notes:

[2] The Company regularly acquires pharmacies and estimates that if it had acquired each of the pharmacies that it acquired during the 52 weeks prior to June 18, 2022 on June 19, 2021, it would have recorded additional Adjusted EBITDA of $6,663 for the 52 weeks ended June 18, 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 June 19, 2021, they would have actually generated such budgeted EBITDA, nor is this estimate indicative of future results.

[3] 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 June 18, 2022 on June 19, 2021, it would have recorded additional Adjusted EBITDA of $41,339 for the 52 weeks ending June 18, 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 June 19, 2021, they would have actually generated such budgeted EBITDA, nor is this estimate indicative of future results.

[4] Represents the acute incremental labour and releif 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.

[5] The Company regularly acquires pharmacies and estimates that if it had acquired each of the pharmacies that it acquired during the 52 weeks prior to June 18, 2022 on June 19, 2021, it would have recorded additional Revenue of $40,042 for the thirteen periods ended June 18, 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 June 19, 2021, they would have actually generated such budgeted Revenue, nor is this estimate indicative of future results.

[6] 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 June 18, 2022 on June 19, 2021, it would have recorded additional Revenue of $302,806 for the 52 weeks ended June 18, 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 June 19, 2021, they would have actually generated such

Revenue, nor is this estimate indicative of future results.