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Neighbourly Announces Agreement to Acquire Rubicon Pharmacies, Growing Both Locations and Revenues by Approximately 60%

Acquisition of 100 Locations Cements Neighbourly's Position as Canada's Largest and Fastest Growing Network of Community Pharmacies

\$435 Million Acquisition Will Be Partially Financed Through a \$130 Million Public Equity Offering of Subscription Receipts and an Additional \$120 Million Investment by PCP, Neighbourly's Largest Shareholder

TORONTO, ON, March 10, 2022 – Neighbourly Pharmacy Inc. (TSX: NBLY) ("**Neighbourly**" or the "**Company**"), Canada's largest and fastest growing network of independent pharmacies, announced today that the Company has entered into a definitive agreement (the "**Purchase Agreement**") to acquire all of the issued and outstanding shares in the capital of the entity that owns and operates, directly or indirectly through its subsidiaries, the network of retail pharmacies known as Rubicon Pharmacies ("**Rubicon**" or "**Rubicon Pharmacies**"), for a total cash consideration of \$435 million (the "**Purchase Price**"), subject to customary post-closing adjustments and ROFRs (as defined below) (the "**Acquisition**"). The Acquisition is expected to increase Neighbourly's Pro Forma Revenues¹ by approximately 62% and Pro Forma Adjusted EBITDA² by approximately 70% and be mid-teens accretive³ to Earnings per Share based on FY2023⁴ full year contribution.

"This acquisition represents a combination of Canada's community pharmacy leaders," stated Chris Gardner, the Company's Chief Executive Officer. "Rubicon's locations are ideally positioned to expand Neighbourly's presence from Manitoba to British Columbia, providing us with a significant and complementary footprint. The pharmacies within this primarily rural portfolio are similar to our own, acting as the centre of healthcare delivery for smaller, underserved communities. However, our greatest similarity is our shared values: both companies place an unmatched priority upon patient-focused care."

"Upon completion of this acquisition, Neighbourly will have added over 140 locations over its last four quarters, nearly doubling the size of our network. We are very pleased with how we have executed upon our stated strategy of growth by acquisition. Despite both this growth and the magnitude of today's acquisition, Canada continues to offer a wealth of high-quality acquisition opportunities. We look forward to continuing our pursuit of these opportunities as we integrate

¹ Pro Forma Revenue is a non-IFRS measure and does not have any standard meaning under IFRS. See "Non-IFRS Measures" at the conclusion of this news release.

² Adjusted EBITDA is a non-IFRS measure and does not have any standard meaning under IFRS. See "Non-IFRS Measures" at the conclusion of this news release.

³ "Accretion" or "accretive" is defined as the expected change in Neighbourly's net earnings per share after giving effect to the Acquisition and any Acquisition related adjustments.

⁴ Neighbourly FY2023 is the 12-month period ending March 25, 2023.

Rubicon's pharmacies into our network and welcome its more than 1,500 employees to our exceptional team."

Transaction Highlights

- Acquisition of 100 pharmacies represents a complementary platform across key Western Canadian provinces, bringing the total number of locations in Neighbourly's network to 271, an increase of 58%.
- Cash purchase price of \$435.0 million represents a pre-synergies multiple of approximately 12.0 times Rubicon's Adjusted EBITDA⁵ for the trailing 12-month period ended September 30, 2021.
- Effective multiple expected to be lower after giving effect to i) synergies, ii) planned real estate dispositions, and iii) tax assets.
- Acquisition will increase Neighbourly's revenues by approximately 62% and Adjusted EBITDA⁶ by approximately 70%.
- Neighbourly anticipates realizing a total of approximately \$2.5 million in cost synergies within 90 days of the Acquisition's completion.
- The Acquisition is expected to be mid-teens accretive⁷ to Earnings per Share based on FY2023⁸ full year contribution.
- The Acquisition will be partially financed through a \$250 million equity issuance of subscription receipts, of which approximately 48% will be purchased on a private placement basis by an affiliate of Persistence Capital Partners ("PCP"), Neighbourly's largest shareholder, and the balance will be distributed by way of public offering. The balance of the purchase price will be financed through draw downs on the Company's Restated Credit Facilities (as defined below) and cash on hand.
- Closing of the Acquisition is subject to customary conditions for transactions of this nature, including the receipt of necessary third party consents and regulatory approvals. Neighbourly expects the completion of the Acquisition to occur during the second quarter of calendar year 2022.

About Rubicon Pharmacies

Rubicon Pharmacies is Western Canada's largest owner and operator of independent pharmacies, including more than sixty locations in Saskatchewan. Its stated mission is to provide, "the highest

⁵ Rubicon Adjusted EBITDA is a non-IFRS measure and does not have any standard meaning under IFRS. See "Non-IFRS Measures" at the conclusion of this news release for additional information including a reconciliation to the most comparable IFRS measure. Multiple calculated as the cash purchase price of \$435 million plus Rubicon's estimated lease liabilities under IFRS of \$29 million as at September 30, 2021, divided by Rubicon Adjusted EBITDA of \$39 million.

⁶ Adjusted EBITDA is a non-IFRS measure and does not have any standard meaning under IFRS. See "Non-IFRS Measures" at the conclusion of this news release.

⁷ "Accretion" or "accretive" is defined as the expected change in Neighbourly's net earnings per share after giving effect to the Acquisition and any Acquisition related adjustments.

⁸ FY2023 refers to Neighbourly's fiscal year ending March 25, 2023.

quality experience for the people we serve with a focus on improving health.” The meaningful bond between customers and pharmacists is an integral part of Rubicon’s strategy.

Initially formed through the acquisition of 32 pharmacies in 2017, Rubicon Pharmacies has grown to 100 locations over the past five years. Rubicon generated approximately \$303 million of revenue and approximately \$39 million of Adjusted EBITDA⁹ during the twelve-month period ended September 30, 2021.

Integration of Rubicon and Expected Cost Synergies

Neighbourly has a successful track record of seamlessly integrating its acquired pharmacies. Following completion of the Acquisition, the Company has identified opportunities to achieve approximately \$2.5 million in near-term cost synergies through the implementation of operating best practices, improvement of commercial and purchasing terms, and real estate and administrative optimization.

The Company believes that approximately 75% of these synergies will be fully realized within 30 days of the Acquisition’s completion, with the balance realized over the following 60 days.

Public Offering of Subscription Receipts

Neighbourly has entered into an agreement with Scotiabank and RBC Capital Markets as joint-bookrunners (the “**Joint Bookrunners**”), on behalf of a syndicate of underwriters (the “**Underwriters**”), to issue and sell, on a bought deal basis, subscription receipts of Neighbourly (the “**Offering**”), with each subscription receipt representing the right to receive one common share of Neighbourly (a “**Common Share**”). The agreement contemplates the issuance of 4,500,000 subscription receipts at a price of \$28.95 per subscription receipt for gross proceeds of approximately \$130 million and up to approximately \$150 million in the event the underwriters exercise their over-allotment option.

The Company has granted the Underwriters an over-allotment option, exercisable for a period of 30 days from the date of the closing of the Offering, to purchase up to an additional number of subscription receipts equal to 15% of the subscription receipts to be sold pursuant to the Offering at the offering price to cover over-allotments, if any, and for market stabilization purposes.

The subscription receipts distributed pursuant to the Offering will be offered in all provinces and territories of Canada pursuant to a prospectus supplement (the “**Prospectus Supplement**”) to the short form base shelf prospectus of Neighbourly dated October 19, 2021 (the “**Base Shelf Prospectus**”) to be filed by Neighbourly on or about March 14, 2022, as well as in the United States by way of private placement to “qualified institutional buyers” in reliance upon the exemption from registration provided by Rule 144A under the U.S. Securities Act of 1933, as amended (the “**1933 Act**”).

The proceeds from the Offering will be held in escrow pending the completion of the Acquisition. If the Acquisition is completed on or prior to 5:00 p.m. on January 10, 2023 (the “**Outside Date**”), the

⁹ Adjusted EBITDA of Rubicon is a non-IFRS measure and does not have any standard meaning under IFRS. Refer to “Non-IFRS Measures” in this news release for additional information including a reconciliation to the most comparable IFRS measure.

net proceeds will be released to the Company and the subscription receipts will be exchanged on a one-for-one basis for Common Shares for no additional consideration or further action. The Offering is scheduled to close on or about March 18, 2022.

Holders of subscription receipts will also receive on the date of closing of the Acquisition, an amount equal to any dividends declared by Neighbourly and payable to holders of Common Shares of record as of dates from and including the closing date of the Offering to but excluding the date of closing of the Acquisition.

If the Acquisition is not completed on or prior to the 5:00 p.m. on the Outside Date, the holders of Subscription Receipts will receive a cash payment equal to the offering price of the Subscription Receipts plus their *pro rata* share of the interest actually earned on the escrowed funds during the term of the escrow and their *pro rata* share of the interest that would have been earned on 50% of the underwriters' fee were such fee included in the escrowed funds.

Private Placement of Subscription Receipts

Neighbourly has also entered into a subscription agreement with an affiliate of PCP pursuant to which Neighbourly and PCP have agreed that PCP will acquire, on a private placement basis (the “**Concurrent Private Placement**”), 4,150,000 subscription receipts, representing 12.1% of the issued and outstanding Common Shares of Neighbourly on the date hereof (the “**Placement Subscription Receipts**”) at a price of \$28.95 per Placement Subscription Receipt, for aggregate gross proceeds of approximately \$120 million (and up to 4,772,500 Placement Subscription Receipts, representing 13.9% of the issued and outstanding Common Shares of Neighbourly on the date hereof, for aggregate gross proceeds of approximately \$138 million in the event PCP exercises its option to acquire additional Private Placement Subscription Receipts (the “**Private Placement Option**”) exercisable subject to, and *pro rata* to, the exercise of the over-allotment option of the Underwriters). The attributes of the Placement Subscription Receipts are substantially identical to those of the subscription receipts offered under the Offering.

The Placement Subscription Receipts and the underlying Common Shares will be subject to a four month hold from the closing date of the Concurrent Private Placement.

Conditions to Completion of Offering and Concurrent Private Placement

The issuance of subscription receipts pursuant to the Offering and Concurrent Private Placement is subject to customary closing conditions and approvals of applicable securities regulatory authorities, including the TSX. Closing of the Offering and Concurrent Private Placement is scheduled to occur concurrently with, and be conditional upon, each other.

Transaction Structure

All of the Rubicon Pharmacies' locations are subject to rights of first refusal (“**ROFRs**”) in favour of certain third parties. If one or more ROFRs are exercised by a third party before the Acquisition closing, the Acquisition closing will still occur but the pharmacies affected by the exercised ROFR(s) (the “**ROFR Pharmacies**”) will be excluded from the purchase and sale contemplated by the

Acquisition and the Purchase Price will be adjusted downward by an amount equal to the value attributed to the ROFR Pharmacies in accordance with the terms of the Purchase Agreement.

Conditions to Completion of the Acquisition

The Acquisition, the Offering, and the Concurrent Private Placement have been unanimously approved by the directors of Neighbourly entitled to vote thereon, and remain subject to customary closing conditions, including regulatory approvals. In addition, the conditions to the completion of the Acquisition in the Purchase Agreement include that any ROFR shall have either been extinguished or waived by the applicable ROFR party, or that the transaction pursuant to which the applicable ROFR parties acquired any ROFR Pharmacies shall have been consummated. Subject to the foregoing, closing of the Acquisition is expected to occur during the first quarter of Fiscal 2023 (the second quarter of the calendar year 2022).

Related Party Transaction Matters

PCP and its affiliates own Common Shares of Neighbourly representing approximately 50% of the Common Shares issued and outstanding as of January 1, 2022. Following the closing of the Offering and the Concurrent Private Placement (assuming no exercise of the over-allotment option or Private Placement Option, but assuming the conversion of the Placement Subscription Receipts), PCP and its affiliates would beneficially own or control, directly or indirectly, 21,363,422 Common Shares, representing approximately 49.6% of the issued and outstanding Common Shares of Neighbourly.

As a result of the foregoing, the Concurrent Private Placement is a “related party transaction” for the purposes of Multilateral Instrument 61-101 – *Protection of minority security holders in special transactions* (“**MI 61-101**”). The Company has relied on the exemptions from the valuation and minority approvals of MI 61-101 contained in paragraphs 5.5(a) and 5.7(a) of MI 61-101 on the basis that neither the fair market value of the Concurrent Private Placement (including the 4% capital commitment fee payable, in consideration for providing certainty regarding financing a portion of the aggregate Purchase Price, in respect of 3,443,122 Placement Subscription Receipts, representing 9.99% of the issued and outstanding Common Shares of Neighbourly on the date hereof), nor the consideration thereof, exceeds 25% of the market capitalization of Neighbourly.

In connection with the review by the Board of Neighbourly of the Concurrent Private Placement, and the approval thereof, Mr. Stuart M. Elman, the Chairman of the Board and managing partner of PCP, did not participate in the deliberations relating to the Concurrent Private Placement and the related capital commitment fee, and abstained from voting on such matter.

New Credit Facilities

In connection with the Acquisition, affiliates of Scotiabank and RBC provided a commitment letter providing for commitments to replace or amend and restate the Company’s existing credit agreement with the following credit facilities: (a) an upsized \$200 million revolving credit facility maturing May 25, 2026 (the “**Revolving Credit Facility**”), (b) an upsized \$200 million senior term loan credit facility maturing May 25, 2026 (the “**Term Facility**”) (together with the Revolving Credit Facility, the “**Restated Credit Facilities**”), and (c) a new \$250 million bridge credit facility maturing nine (9)

months following the Acquisition closing (the “**Acquisition Bridge Facility**” and together with the Restated Credit Facilities, the “**New Credit Facilities**”).

The New Credit Facilities will be governed by a sixth amendment and restatement of the Company’s fifth amended and restated credit agreement dated May 25, 2021. On the closing of the Acquisition, assuming no exercise of the over-allotment option related to the Offering and the Concurrent Private Placement, Neighbourly expects to draw approximately \$165 million incrementally from the Restated Credit Facilities. Assuming completion of the Offering and the Concurrent Private Placement, the Company does not expect to draw on the Acquisition Bridge Facility.

Advisors

RBC and Scotiabank are acting as financial advisors to Neighbourly on the Acquisition, and Scotiabank and RBC Capital Markets are acting as joint-bookrunners on the Offering. Minden Gross LLP is acting as legal advisor to Neighbourly on the Acquisition, Stikeman Elliott LLP is acting as Neighbourly’s counsel on the Offering and the Acquisition and as legal advisor to Neighbourly on regulatory and competition matters with respect to the Acquisition, and McCarthy Tétrault LLP is acting as Underwriters’ counsel on the Offering.

Conference Call

Neighbourly will hold a conference call today at 4:15PM Eastern to discuss the Acquisition. Participants may join the Company’s conference call by dialing 416-764-8650 or 1-888-664-6383 (ID: 11007480). 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 007480#.

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>. The webcast of the call will also be archived and available on the Company’s website.

Availability of Documents

Copies of related documents, such as the Base Shelf Prospectus, Prospectus Supplement and the underwriting agreement will be available under the Company’s profile on SEDAR (www.sedar.com) as part of the public filings of Neighbourly.

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 271 locations (on a pro forma basis, after giving effect to the Acquisition), reinforcing the Company’s reputation as the industry’s acquirer of choice.

For more information, please contact investorrelations@nbly.ca or visit www.neighbourlypharmacy.ca.

Neither the subscription receipts nor the underlying Common Shares offered have been, and they will not be, registered under 1933 Act, as amended, and such securities may not be offered or sold in the United States, absent registration or an applicable exemption from registration. This news release shall not constitute an offer to sell or the solicitation of an offer to buy the subscription receipts or the underlying Common Shares. The offering or sale of the subscription receipts and the underlying Common Shares shall not be made in any jurisdiction in which such offer, solicitation or sale would be unlawful.

Non-IFRS Measures

This news release makes reference to certain non-IFRS measures that are used by the Company and Rubicon as indicators of financial performance, such as, (a) with respect to Neighbourly: Adjusted EBITDA, Pro Forma Revenue, Pro Forma Adjusted EBITDA, and (b) with respect to Rubicon: Rubicon Adjusted EBITDA. Refer to the Company's Management's Discussion and Analysis dated February 15, 2022 for the 16-week and 40-week periods ended January 1, 2022, which is available under the Company's profile on SEDAR at www.sedar.com, for an explanation of the composition of the following 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: measures: Adjusted EBITDA, Pro Forma Revenue and Pro Forma Adjusted EBITDA. Rubicon Adjusted EBITDA is defined as profit (loss) for the twelve-month period ended September 30, 2021 before income tax expense (recovery), finance (income) costs, net, depreciation and amortization, and other expenses. 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 news release for a reconciliation of these non-IFRS measures to the most directly comparable IFRS measures.

Presentation of Financial Information

The financial information of Neighbourly referred to in this news release is reported in Canadian dollars and have been prepared in accordance with IFRS. All financial information of Rubicon referred to in this news release is reported in Canadian dollars and has been derived from audited and unaudited historical financial statements of Rubicon that were prepared in accordance with Canadian accounting standards for private enterprises. The recognition, measurement and disclosure requirements of Canadian GAAP applicable to private enterprises differ from those of Canadian GAAP applicable to publicly accountable enterprises, which are IFRS.

The disclosure contained in this news release assumes that all ROFRs will be waived and not be exercised by the relevant parties.

Forward-Looking Statements

This news release 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”. In addition, any statements that refer to expectations, intentions, projections or other characterizations of future events or circumstances contain forward-looking information. Statements containing forward-looking information are not historical facts but instead represent management’s expectations, estimates and projections regarding future events or circumstances. Forward-looking information in this news release includes, among other things, statements relating to the Acquisition, the proposed Offering and Concurrent Private Placement, the terms of the Offering and Concurrent Private Placement, the filing of the Prospectus Supplement qualifying the distribution of the subscription receipts under the Offering, the closing of the Acquisition, the Offering and the Concurrent Private Placement and timing thereof, the expected impact of the Acquisition on the Company’s operations, prospects, opportunities, financial condition, cash flow and overall strategy, the listing of the Subscription Receipts and the underlying Common Shares, the purchase price for the Acquisition which is subject to post-closing adjustments and ROFRs, the potential exercise or waiver of ROFRs with respect to some or all Rubicon Pharmacies, anticipated sources of financing of the purchase price for the Acquisition, the Company’s financial results after giving effect to the Offering, the Concurrent Private Placement and the Acquisition, anticipated capital expenditures relating to the Acquisition, the strategic rationale for the Acquisition, the strength, complementarity and compatibility of Rubicon with Neighbourly’s existing business and teams.

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 assumptions in respect of our ability to build our market share; our ability to retain key personnel; our ability to maintain and expand geographic scope; our ability to execute on our expansion plans; our ability to continue investing in infrastructure to support our growth; our ability to obtain and maintain existing financing on acceptable terms; currency exchange and interest rates; the impact of competition; the changes and trends in our industry or the global economy; the changes in laws, rules, regulations, and global standards, the satisfaction of all conditions of closing and the successful completion of the Acquisition, the Offering and the Concurrent Private Placement within the anticipated timeframe, including receipt of regulatory, stock exchange and other required approvals and waivers of ROFRs; the estimated purchase price of the Acquisition, including post-closing adjustments and ROFRs; the availability of borrowings to be drawn down under the New Credit Facilities and the utilization thereof; the receipt of consent of third parties to the change of control triggered by the Acquisition under relevant agreements and store leases; the successful and timely integration of Rubicon in the timeframe anticipated; the realization of the anticipated benefits, economies of scale, operating efficiencies, costs savings and synergies of the Acquisition in the timeframe anticipated, including impacts on growth and accretion in various financial metrics; and the absence of significant undisclosed costs or liabilities associated with the Acquisition, are material factors made in preparing forward-looking information and management’s expectations.

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 the Acquisition, the Offering and the Concurrent Private Placement, including the failure to complete the Acquisition in all material respects in accordance with the Purchase Agreement; the failure to obtain, in a timely manner or at all, regulatory, stock exchange and other required approvals and waivers of ROFRs, or to otherwise satisfy the conditions to the completion of, the Offering, the Concurrent Private Placement and the Acquisition; necessary borrowings under the New Credit Facilities may not be available to fund a portion of the Acquisition; risks related to increased indebtedness after completion

of the Acquisition; the failure to receive consents of third parties to the change of control triggered by the Acquisition under relevant agreements and store leases; the failure to realize the anticipated benefits, economies of scale, operating efficiencies, costs savings and synergies of the Acquisition in the timeframe anticipated, or at all; the materiality of post-closing adjustments under the Purchase Agreement; the Rubicon business may be adversely impacted during the pendency of the Acquisition; the risk of potential unforeseen difficulties in integrating the Rubicon business into the Company's systems and operations; risks related to the dependence of the Company on key employees and the loss of certain key Rubicon personnel; significant undisclosed costs or liabilities associated with the Acquisition may be discovered; risks of reliance on information provided by Rubicon and the risk of inaccurate or incomplete information, historical and/or stand-alone financial information may not be representative of future performance, uncertainty as to expected financial condition and economic performance following the completion of the Acquisition, and heightened exposure to regulatory environment in the Canadian Prairies following the Acquisition; as well as other factors discussed or referred to in the Company's Management's Discussion and Analysis for the 16-week and 40-week periods ended January 1, 2022 and under the heading "Risk Factors" in the final long form prospectus dated May 17, 2021 filed in connection with the initial public offering of Neighbourly, both of which are available on SEDAR at www.sedar.com under the Company's profile. 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.

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 news release represents the Company's expectations as of the date of this news 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.

Reconciliation from IFRS to Non-IFRS Measures

Reconciliation of Neighbourly's Adjusted EBITDA

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

in 000's	16 weeks ended		40 weeks ended		12 weeks ended
	Jan 1, 2022	Jan 2, 2021	Jan 1, 2022	Jan 2, 2021	Mar 27, 2021
Loss and comprehensive loss for the period	(652)	(111,954)	(80,980)	(120,786)	30,269
Income tax expense (recovery)	863	756	4,890	816	1,775
Finance (income) costs, net	2,652	5,063	(2,452)	10,216	5,788
Fair value changes of financial liabilities	-	110,855	67,228	118,339	(37,934)
Depreciation and amortization	7,996	5,730	18,155	13,335	5,783
Impairment loss	320	-	343	-	116
Acquisition, transaction and integration costs	1,824	2,466	23,743	4,068	3,113
Share-based compensation	1,467	45	3,663	139	47
Adjusted EBITDA	14,470	12,961	34,590	26,127	8,957
Revenue	139,180	109,371	315,192	223,221	83,273
Adjusted EBITDA margin	10.4%	11.9%	11.0%	11.7%	10.8%

Reconciliation of Neighbourly's Pro Forma Figures

in 000's

Pro Forma Adjusted EBITDA

Adjusted EBITDA for the 40 weeks ended January 1, 2022	\$34,590
Adjusted EBITDA for the 12 weeks ended March 27, 2021	\$8,957
Incremental Adjusted EBITDA for new stores acquired after January 2, 2021 as if owned on January 2, 2021	\$13,178
Incremental Adjusted EBITDA for stores acquired, or to be acquired on or after January 1, 2022 to date as if owned on January 2, 2021	\$400
Adjustment for professional, other fees and COVID-related for the 40 weeks ended January 1, 2022	\$498
Adjustment for professional, other fees and COVID-related for the 12 weeks ended March 27, 2021	\$1,037
Pro Forma Adjusted EBITDA for the 52 weeks ended January 1, 2022	\$58,660

Pro Forma Revenue

Revenue for the 40 weeks ended January 1, 2022	\$315,192
Revenue for the 12 weeks ended March 27, 2021	\$83,273
Incremental Revenue for new stores acquired after January 2, 2021 as if owned on January 2, 2021	\$87,754
Incremental Revenue for stores acquired, or to be acquired on or after January 1, 2022 to date as if owned on January 2, 2021	\$2,034
Pro Forma Revenue for the 52 weeks ended January 1, 2022	\$488,253

Reconciliation of Rubicon's Pro Forma Figures

in 000's	9 months ended <i>Sept. 30, 2021</i>	3 months ended <i>Dec. 31, 2020</i>
Loss and comprehensive loss for the period	(13,785)	(3,945)
Income tax expense (recovery)	(4,981)	(1,799)
Finance (income) costs, net	29,353	9,324
Depreciation and amortization	17,387	5,629
Other expenses (as detailed in notes to financial statements)	109	122
Management fees and expenses	465	183
Board of Director fees and expenses	230	75
One time bad debt write off and other	85	154
Adjusted EBITDA	28,863	9,742
Revenue	224,816	77,990
Adjusted EBITDA margin	12.8%	12.5%
Pro Forma Adjusted EBITDA		
Adjusted EBITDA for the 9 months ended September 30, 2021		28,863
Adjusted EBITDA for the 3 months ended December 31, 2020		9,742
Management estimate of identified synergies as if realized starting September 30, 2020		2,735
Pro Forma Adjusted EBITDA for the 52 weeks ended September 30, 2021		41,339
Pro Forma Revenue		
Revenue for the 9 months ended September 30, 2021		224,816
Revenue for the 3 months ended December 31, 2020		77,990
Pro Forma Revenue for the 52 weeks ended September 30, 2021		302,806

Reconciliation of Neighbourly's Figures Pro Forma the Acquisition

in 000's

Pro Forma Adjusted EBITDA

Neighbourly Pro Forma Adjusted EBITDA for the 52 weeks ended January 1, 2022	58,660
Rubicon Pro Forma Adjusted EBITDA for the 52 weeks ended September 30, 2021	41,339
Pro Forma Adjusted EBITDA for the 52 weeks ended January 1, 2022	99,999

Pro Forma Revenue

Neighbourly Pro Forma Revenue for the 52 weeks ended January 1, 2022	488,253
Rubicon Pro Forma Revenue for the 52 weeks ended September 30, 2021	302,806
Pro Forma Revenue for the 52 weeks ended January 1, 2022	791,059