



Neighbourly Pharmacy

Scotiabank Bank to School Conference
September 2021

Disclaimer

This presentation is dated September 14, 2021, and has been prepared in connection with the earnings reporting for the period ending June 19, 2021 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 19, 2021 and under the heading “Risk Factors” in the final long form prospectus dated May 17, 2021 filed in connection with the IPO. 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.

Investment Highlights

- Leading national operator
- Healthcare first strategy supported by favourable demographics
- Acquirer of choice in a fragmented market
- Track record of successful acquisition and integration
- Experienced management steering scalable platform



Neighbourly is Canada's **largest** and **fastest** growing network of community pharmacies. With 146 locations, we are the third largest national pharmacy operator.

\$420_M

Pro-Forma Revenues¹

\$51_M

Pro-Forma
Adjusted EBITDA¹

82

Locations Acquired
Over the Last Eight
Quarters

Note: Pro-Forma adjustments made to attribute full year credit to new locations in the period.

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

Pharmacy is Foundational



55%

of Canadians visit
a pharmacy every week

10x

higher frequency of visits to
pharmacies than any other
healthcare provider

80%

of Canadian customers
return to the same pharmacy

90%

of Canadians are insured by
either public or private plans

**To date, Neighbourly's pharmacy teams have
administered over 70,000 COVID-19 vaccines.**

The Neighbourly Network

Strategies

- Operate pharmacies in smaller, underserved communities
- Store formats and sizes appropriate to their markets
- Generate 70% to 80% of revenues from prescriptions

Benefits

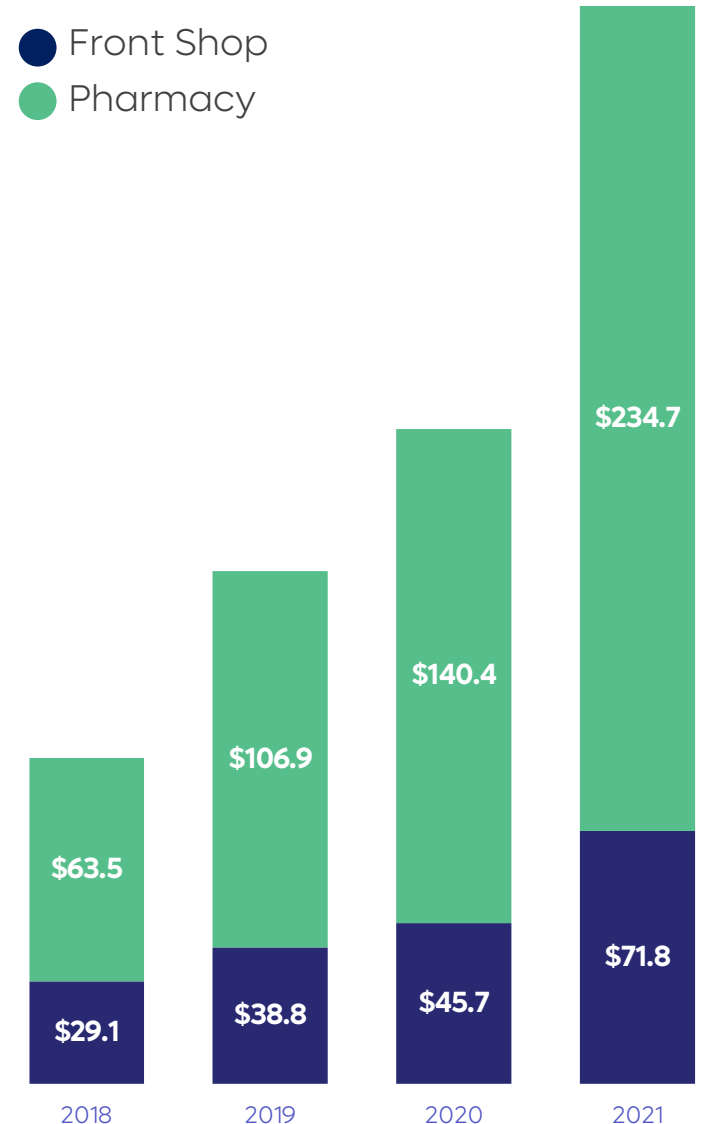
- Less competitive markets
- Serve multiple healthcare needs, generating higher margins
- Prioritize patient care and community involvement

82 Community
3,000 to 6,000 sq ft

64 Clinic
Less than 2,000 sq ft

Revenue Breakdown by Segment
(\$ in millions)

- Front Shop
- Pharmacy



Three Growth Pillars

- Acquisitions
- Organic Improvement
- External Tailwinds



Consolidating a Highly Fragmented Industry

11,000 Canadian Pharmacies

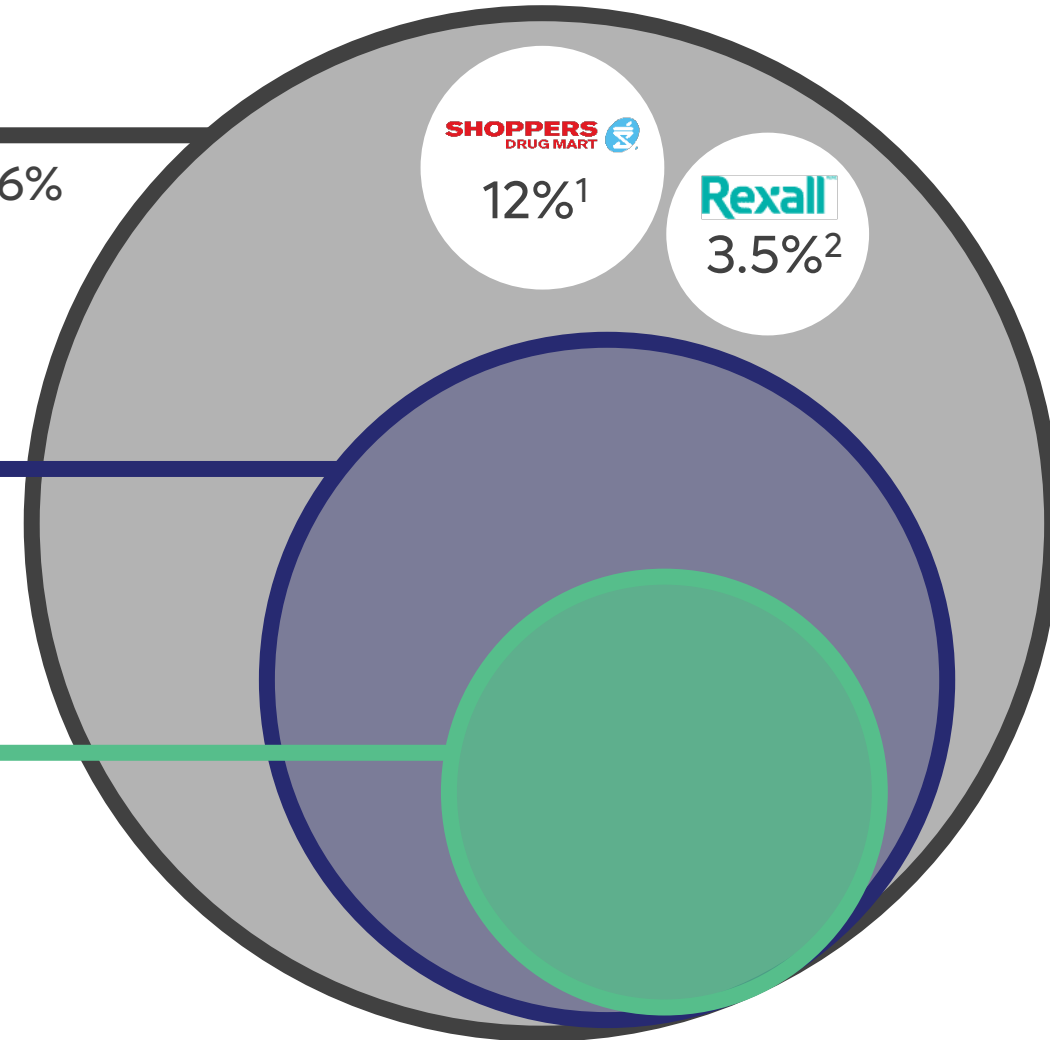
Combined market share of two largest competitors is only 16%

6,500 Independent Pharmacies

Many experiencing succession challenges

3,600 Acquisition Targets

Although Neighbourly's outlet share is just 1.2%, despite acquiring and integrating 82 locations over the last eight quarters



Expertise Developed as the Acquirer of Choice

Neighbourly has built a reputation as the acquirer of choice by understanding what vendors value most:

- Protect brands and legacies
- Rapid closing to suit vendors' schedules
- Minimal disruption to staff and patients

This understanding has established the company as the acquirer of choice, provided significant acquisition and integration expertise, and allowed us to rapidly develop a network of 146 stores across 28 transactions since 2015.



Multiple Drivers of Same Store Sales Growth

New Clinical Services

Capitalizing on pharmacists' expanding scope of practice to generate incremental revenue.

Increasing Prescription Count

Anticipate growth in-line with industry expectation.

New Products and Pricing

Use of analytics to add products and services while optimizing pricing and merchandising.

Enhanced Care Strategy

Leveraging technology to develop patient relationships and enhanced access to care.

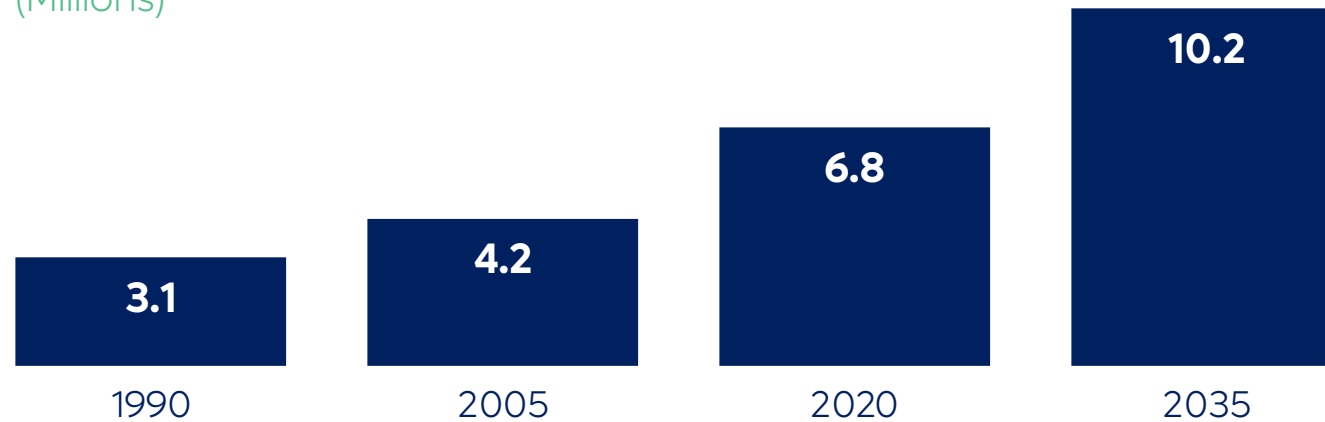
22.2%

Growth in Clinical Services Revenue
Per Prescription Filled from FY18 to FY21

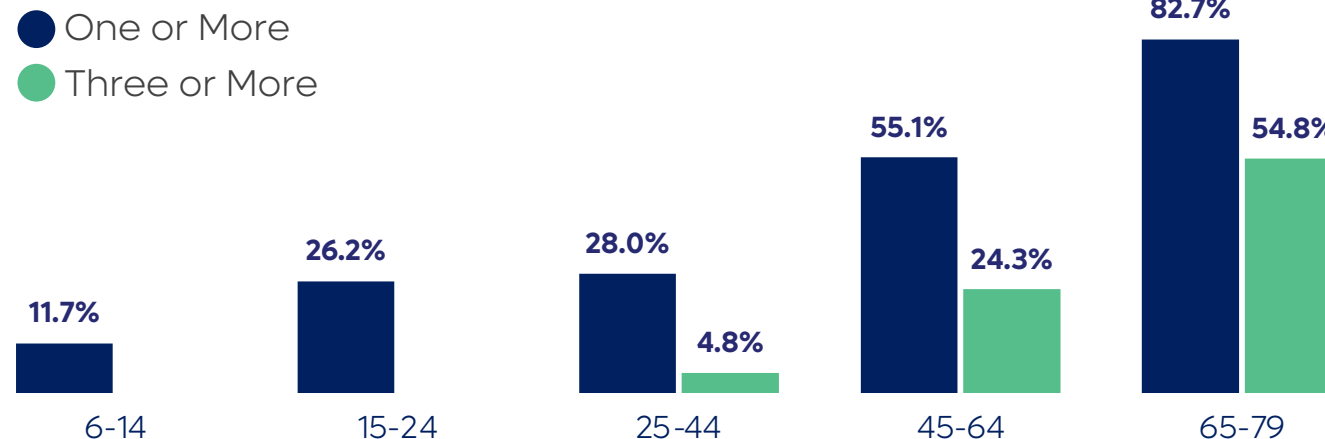
External Tailwinds

Serving an Aging Population

Canadian Population Aged 65+
(Millions)



Prescription Medication Usage by Age Group



The Canadian population aged 65 or over is expected to increase by **50%** from 2020 to 2035.

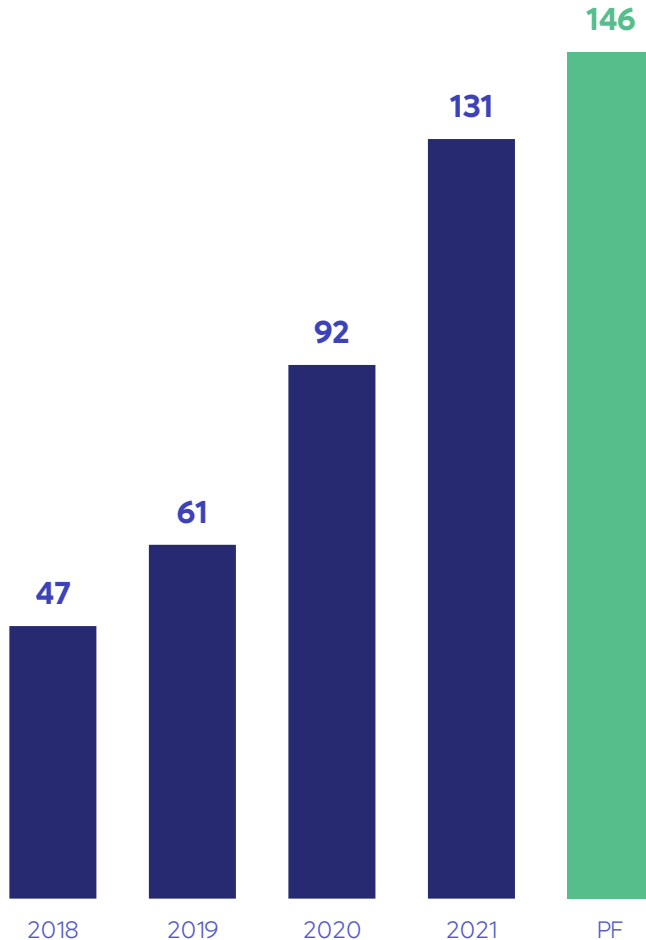
Financial Performance



Historical Financial Performance

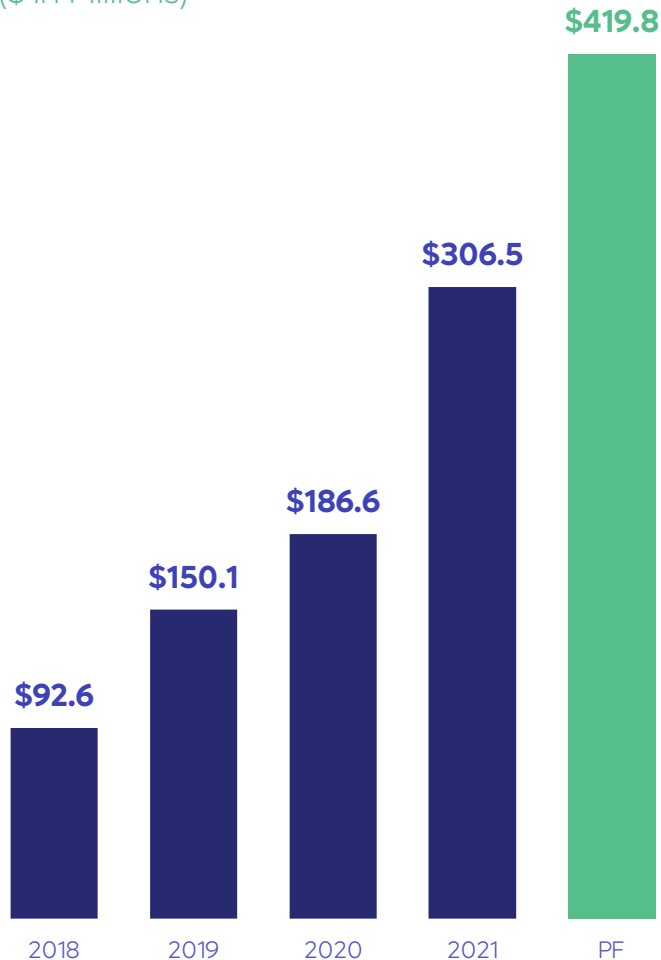
Acquisitions Driving Revenue and EBITDA Improvement

Pharmacy Count



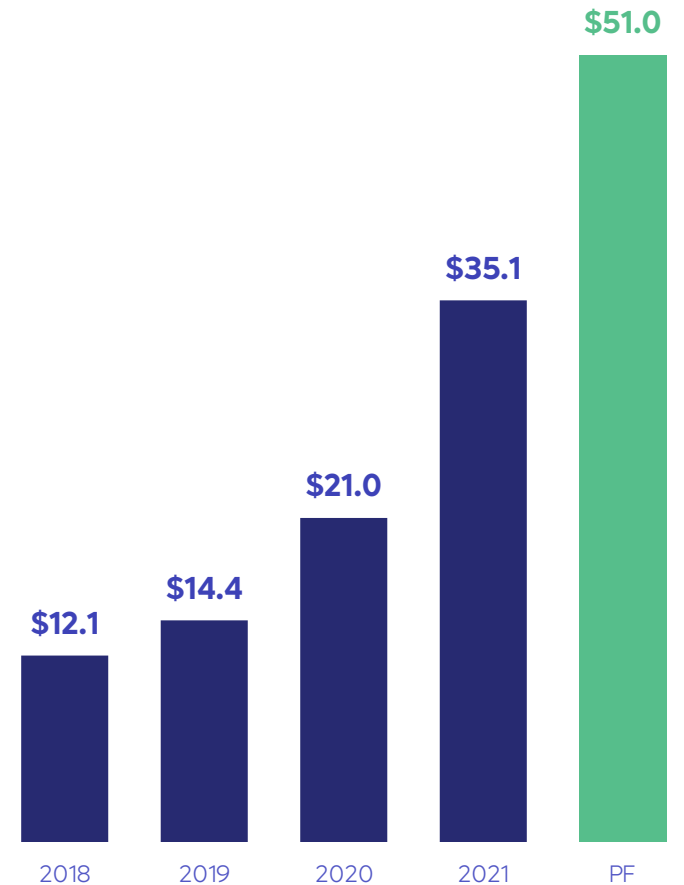
Revenue

(\$ in Millions)



Adjusted EBITDA¹

(\$ in Millions)



Acquisitions Continue to Drive Revenue and EBITDA

\$85.3M

Q1.22 Revenue
+55.2%

\$10.1M

Q1.22 Adj. EBITDA¹
+54.1%

11.9%

Q1.22 Adj. EBITDA Margin¹
12.0% in Q1.21

- Strong results driven by the 40² locations added to Neighbourly's network over the course of the last four quarters.
- Revenue from these locations accounted for \$25.1 million (82.7%) of Neighbourly's Q1 2022 increase.

COVID-19 Related Same Store Variability

8.2%

Same Store Sales Growth

0.1%	6.0%	5.5%	0.4%
Q1.21	Q2.21	Q3.21	Q4.21

Historical

- Driven by normalization of consumer buying patterns and average prescription value.
- Trailing eight-quarter average of 4.4%

-2.1%

Same Store RX Count Growth

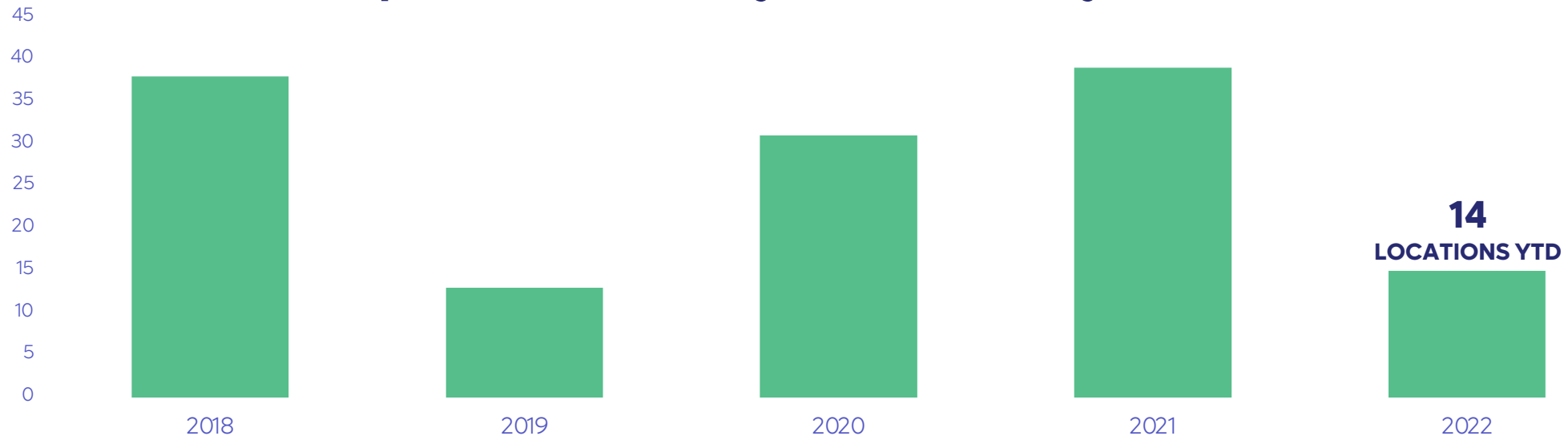
8.0%	5.6%	3.1%	-0.8%
Q1.21	Q2.21	Q3.21	Q4.21

Historical

- Driven by implementation of 30-day fill policy in Q1 2021.
- Trailing eight-quarter average of 3.1%

Pace of Acquisition

Acquired Pharmacy Locations by Fiscal Year



- Timing of acquisitions is inherently unpredictable and lumpy, but Neighbourly expects to maintain its recent pace of adding ~35 locations per year.
- Highly fragmented market of 6,500 independent pharmacies, including 3,600 potential acquisition targets.
- Attention created by IPO has increased inbound activity.

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A Community
Pharmacy
That Cares.

Appendix

Pro-Forma Capitalization

(In \$ Millions)

	First Quarter 2022	Acquisitions	Pro-Forma
Debt	\$101.3	\$-	\$101.3
Lease Liabilities	\$38.1	\$5.5	\$43.6
Total Debt	\$139.4		\$144.9
Cash	<i>\$112.4</i>	<i>(\$35.9)</i>	<i>\$76.5</i>
Net Debt	\$27.0		\$68.4
Pro-Forma Adjusted EBITDA¹			\$51.0
Net Debt / Pro-Forma Adjusted EBITDA			1.34x

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	
	2022	2021
Loss and comprehensive loss for the period	-\$79,936	-\$4,960
Income tax expense (recovery)	\$3,254	-
Finance (income) costs, net	-\$7,107	\$3,542
Fair value changes of financial liabilities	\$67,228	\$3,786
Depreciation and amortization	\$4,745	\$3,810
Impairment loss	-	-
Acquisition, transaction and integration costs	\$18,352	\$358
Share-based compensation	\$610	\$48
Adjusted EBITDA	\$10,146	\$6,584
Revenue	\$85,345	\$54,994
Adjusted EBITDA margin	11.9%	12.0%

Reconciliation of Pro-Forma

in 000's

Pro-Forma Adjusted EBITDA

Adjusted EBITDA for the 12 weeks ended June 19, 2021	\$10,146
Adjusted EBITDA for the 40 weeks ended March 27, 2021	\$28,498
Incremental Adjusted EBITDA for new stores acquired after June 20, 2020 as if owned on June 20, 2020	\$4,016
Incremental Adjusted EBITDA for stores acquired, or to be acquired on or after June 19, 2021 to date as if owned on June 20, 2020	\$6,853
Adjustment for professional, other fees and COVID-related for the 12 weeks ended June 19, 2021	-
Adjustment for professional, other fees and COVID-related for the 40 weeks ended March 27, 2021	\$1,518
Pro-forma Adjusted EBITDA for the 52 weeks ended June 19, 2021	\$51,031

Pro-Forma Revenue

Revenue for the 12 weeks ended June 19, 2021	\$85,345
Revenue for the 40 weeks ended March 27, 2021	\$251,500
Incremental Revenue for new stores acquired after June 20, 2020 as if owned on June 20, 2020	\$30,758
Incremental Revenue for stores acquired, or to be acquired on or after June 19, 2021 to date as if owned on June 20, 2020	\$52,208
Pro-forma Revenue for the 52 weeks ended June 19, 2021	\$419,811



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