



A Community  
Pharmacy  
That Cares.

# Neighbourly to Acquire Rubicon Pharmacies

Acquisition of 100 Pharmacies

March 10, 2022

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## Canadian Prospectus Information

A final base shelf short form prospectus of the Company dated October 19, 2021 containing important information relating to the securities described in this document has been filed with the securities regulatory authorities in each of the provinces and territories of Canada. A copy of the final base shelf prospectus, any amendment to the final base shelf prospectus and any applicable shelf prospectus supplement (collectively, the "**Prospectus**") is required to be delivered with this document. This document does not provide full disclosure of all material facts relating to the securities offered. Investors should read the Prospectus and any amendment to the Prospectus for disclosure of those facts, especially risk factors relating to the securities offered, before making an investment decision.

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Where this presentation quotes any information or statistics from any external source, it should not be interpreted that the Company has adopted or endorsed such information or statistics as being accurate. As it relates to information provided by Rubicon, while the Company, after conducting due diligence that it believes to be a prudent and thorough level of investigation, believes it to be accurate in all material respects, an unavoidable level of risk remains regarding the accuracy and completeness of such information. The Company also advises investors that some of the information presented herein is based on or derived from statements by third parties, has not been independently verified by or on behalf of the Company, and that no representation or warranty, express or implied, is made as to, and no reliance should be placed on, the fairness, accuracy, completeness or correctness of this information or any other information or opinions contained herein, for any purpose whatsoever.

## U.S. Non-Solicitation

This presentation is not an offer of securities for sale in the United States and is not an offer to sell or solicitation of an offer to buy any securities of Neighbourly, nor shall it form the basis of, or be relied upon in connection with any contract for purchase or subscription. The subscription receipts of Neighbourly will only be offered in the provinces and territories of Canada by means of the prospectus referred to above. Securities may not be offered or sold in the United States absent registration under the United States Securities Act of 1933, as amended (the "**U.S. Securities Act**") or an exemption from registration thereunder. These securities have not been and will not be registered under the U.S. Securities Act or the securities laws of any state and may not be offered or sold in the United States or to, or for the account of, a U.S. Person (as defined under Regulation D of the U.S. Securities Act) absent registration under the U.S. Securities Act and applicable state securities laws or pursuant to an applicable exemption therefrom.

# Disclaimer (Cont'd)

## Non-IFRS Measures

This presentation contains references to certain measures that are not recognized under International Financial Reporting Standards ("IFRS") that are used by the Company and Rubicon as indicators of financial performance, such as, (a) with respect to Neighbourly: Adjusted EBITDA, Adjusted EBITDA Margin, Pro Forma Revenue, Pro Forma Adjusted EBITDA, Acquisition Pro Forma Adjusted EBITDA and Acquisition Pro Forma Revenue, and (b) with respect to Rubicon: Rubicon Adjusted EBITDA and Rubicon Adjusted EBITDA Margin. These measures are not recognized under 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 these non-IFRS measures to the most directly comparable IFRS measures.

## Presentation of Financial Information

The financial information of Neighbourly referred to in this presentation is reported in Canadian dollars and have been prepared in accordance with IFRS. All financial information of Rubicon referred to in this presentation 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 presentation assumes that all ROFRs will be waived and not be exercised by the relevant parties.

Please refer to Neighbourly's management discussion and analysis for the 16-week and 40-week periods ended January 1, 2022 incorporated by reference in the Prospectus for the definition of the following non-IFRS measures: Adjusted EBITDA, Adjusted EBITDA Margin, 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. Rubicon Adjusted EBITDA Margin is defined as Rubicon Adjusted EBITDA divided by Rubicon's revenue for the period. Neighbourly defines Acquisition Pro Forma Adjusted EBITDA as Pro Forma Adjusted EBITDA as adjusted to give effect to the completion of the Acquisition, the Offering and the Concurrent Private Placement and related advances and drawdowns under the Restated Credit Facilities (as defined herein), as if each had been completed on January 2, 2021, assuming all ROFRs will be waived and not be exercised by the relevant parties, and further adjusted for the pro forma impact of other locations acquired by Neighbourly on or after January 1, 2022 to date as if owned on January 2, 2021; and Acquisition Pro Forma Revenue is defined as Pro Forma Revenue as adjusted to give effect to the completion of the Acquisition, the Offering and the Concurrent Private Placement and related advances and drawdowns under the Restated Credit Facilities, as if each had been completed on January 2, 2021, assuming all ROFRs will be waived and not be exercised by the relevant parties, and further adjusted for the pro forma impact of other locations acquired by Neighbourly on or after January 1, 2022 to date as if owned on January 2, 2021.

As used in this presentation, "LTM Acquisition Pro Forma Adjusted EBITDA" and "LTM Acquisition Pro Forma Revenue" refers to Pro Forma Adjusted EBITDA and Pro Forma Revenue, respectively, each as defined by Neighbourly, calculated on a pro forma basis for the Acquisition, and derived by adding our unaudited pro forma condensed consolidated financial information for the 40 weeks ended January 1, 2022 to our unaudited pro forma condensed consolidated financial information for the 52 weeks ended March 27, 2021 appearing in the Prospectus and subtracting our unaudited pro forma condensed consolidated financial information for the 40 weeks ended January 2, 2021. Neighbourly's financial information for LTM presented herein (other than, for the avoidance of doubt, LTM Acquisition Pro Forma Adjusted EBITDA and LTM Acquisition Pro Forma Revenue) has been derived by adding Neighbourly's unaudited interim consolidated financial information for the 40 weeks ended January 1, 2022 to its audited consolidated financial information for the 52 weeks ended March 27, 2021 and subtracting its unaudited interim consolidated financial information for the 40 weeks ended January 2, 2021, all as derived from the financial statements of Neighbourly described herein. Rubicon's financial information for LTM presented herein has been derived by adding Rubicon's unaudited interim consolidated financial information for the nine months ended September 30, 2021 to its audited consolidated financial information for the fiscal year ended December 31, 2020 and subtracting its unaudited interim consolidated financial information for the nine months ended September 30, 2020, all as adjusted in order to give effect to accounting policies that comply with IFRS and as applied by Neighbourly, and derived from the financial statements of Rubicon included in the Prospectus. Adjustments to Rubicon's historical financial statements included in the Prospectus include reclassification adjustments to provide a consistent basis of presentation and classification with the consolidated financial statements of Neighbourly.

When used in this presentation, LTM means, (i) when used in relation to Neighbourly or Acquisition pro forma financial information, the trailing 52-week period ended January 1, 2022, and (ii) when used in relation to Rubicon, the trailing 12-month period ended September 30, 2021.

When used in this presentation, FY2022 refers to Neighbourly's financial year ending March 26, 2022, and FY2023 refers to Neighbourly's financial year ending March 25, 2023.

# Caution Regarding Forward Looking Statements

This presentation contains “forward-looking information” and “forward-looking statements” within the meaning of applicable securities laws. Forward-looking information may relate to our future financial outlook and anticipated events or results and may include information regarding our financial position, business strategy, growth strategies, budgets, operations, financial results, taxes, dividend policy, capital structure, plans and objectives. Particularly, information regarding our expectations of future results, performance, achievements, prospects or opportunities or the markets in which we operate is forward-looking information. In some cases, forward-looking information can be identified by the use of forward-looking terminology such as “plans”, “targets”, “expects” or “does not expect”, “is expected”, “an opportunity exists”, “budget”, “scheduled”, “estimates”, “outlook”, “forecasts”, “projection”, “prospects”, “strategy”, “intends”, “anticipates”, “does not anticipate”, “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.

This forward-looking information includes, among other things, statements relating to: the completion and use of proceeds of the Offering and the Concurrent Private Placement; expectations regarding completion of the Acquisition and timing thereof; the expected impact of the Acquisition on the Company’s operations, prospects, opportunities, financial condition, cash flow and overall strategy; anticipated sources of financing of the purchase price of the Acquisition; the strategic rationale for the Acquisition; the strength, complementarity and compatibility of Rubicon with Neighbourly’s existing business and teams; expectations regarding industry trends, overall market growth rates and our growth rates and growth strategies; and expectations regarding the Company’s financial position as a result of the Acquisition.

This forward-looking information and other forward-looking information are based on our opinions, estimates and assumptions in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors that we currently believe 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. Certain 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.

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 the following risk factors described in greater detail under the heading entitled “Risk Factors” in the Prospectus (including in the documents incorporated by reference therein): failure to complete the Acquisition in all material respects in accordance with the Purchase Agreement; 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, if any, may not be available to fund a portion of the Purchase Price for the Acquisition; increased indebtedness after completion of the Acquisition; failure to receive consents of third parties to the change of control triggered by the Acquisition under relevant agreements and store leases; 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; the Rubicon business being adversely impacted during the pendency of the Acquisition; potential unforeseen difficulties in integrating the Rubicon business into the Company’s systems and operations; dependence on key employees and the loss of certain key Rubicon personnel; the discovery of significant undisclosed costs or liabilities associated with the Acquisition; 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, and 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. 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 pro forma information set forth in this presentation should not be considered to be what the actual financial position or other results of operations would have necessarily been had the Acquisition or other recently completed or proposed acquisitions been completed as, at, or for the periods stated (including, in particular, in the event one or more ROFRs are exercised by the relevant parties). The opinions, estimates or assumptions referred to above are described in greater detail in the “Risk Factors” section of the Prospectus.

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. Accordingly, prospective investors should not place undue reliance on forward-looking information, which speaks only as of the date made. The forward-looking information contained in this presentation represents our expectations as of the date of this presentation, and are subject to change after such date. However, we disclaim 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 presentation is expressly qualified by the foregoing cautionary statements.

# Transaction Summary

|                               |   |
|-------------------------------|---|
| <b>Purchase Price</b>         | <ul style="list-style-type: none"> <li>The cash purchase price for the acquisition is \$435M, not including the assumption of leases and subject to customary post-closing net working capital adjustments and ROFRs <ul style="list-style-type: none"> <li>Represents a pre-synergies multiple of 12.0x<sup>1</sup> Rubicon's Adjusted EBITDA<sup>2</sup> for the trailing 12-month period ended September 30, 2021</li> <li>Effective multiple expected to be lower after giving effect to i) synergies, ii) planned real estate dispositions, and iii) tax assets</li> </ul> </li> <li>All of the Rubicon pharmacies are subject to ROFRs in favour of certain third parties; if any ROFRs are exercised, the pharmacies affected by the exercised ROFRs ("ROFR Pharmacies") will be excluded from the acquisition and the purchase price will be adjusted downward by an amount equal to the value attributed to the ROFR Pharmacies</li> </ul> |
| <b>Financial Highlights</b>   | <ul style="list-style-type: none"> <li>Mid-teens accretive to Earnings per Share based on FY2023<sup>3</sup> full year contribution</li> <li>Estimated near-term cost synergies of approximately \$2.5M <ul style="list-style-type: none"> <li>Expect 75% of synergies to be realized within 30 days, and 100% to be realized within 90 days post-closing</li> </ul> </li> <li>Acquisition increases scale and diversification, expected to improve margins, and to enable an accelerated growth profile through an enhanced acquisition pipeline in the Canadian Prairies</li> </ul>   |
| <b>Financing</b>              | <ul style="list-style-type: none"> <li>\$250M equity issuance comprised of a \$130M public equity offering and a \$120M equity private placement from Persistence Capital Partners (excluding the 15% over-allotment option)</li> <li>Prudent capital structure with Pro Forma net debt / LTM Adjusted EBITDA<sup>4</sup> of ~3.0x at close<sup>5</sup></li> <li>Provides a clear path to deleveraging following the Acquisition</li> <li>Significant incremental financing capacity and free cash flow available to pursue future M&amp;A opportunities</li> </ul>   |
| <b>Timing &amp; Approvals</b> | <ul style="list-style-type: none"> <li>Expected to close in Q1 FY2023 (Q2 CY2022)</li> <li>Subject to customary closing conditions and regulatory approvals and third party (including lenders) consents</li> </ul>   |

# | Today's Presenters



**Chris Gardner**

Chief Executive Officer



**Terri Smyth**

Chief Financial Officer

# Rubicon at a Glance



## The Rubicon Network 100 Locations Across Four Provinces

6

14

62

18

- Like Neighbourly, Rubicon's **primarily rural-focused** portfolio focuses on **smaller, underserved communities** where pharmacies are the **centre of healthcare delivery**
- Locations operate under **complementary banner programs** (*Pharmasave, PharmaChoice and McKesson*)

**\$303M**

Revenue<sup>1</sup>

**\$39M**

Adj. EBITDA<sup>1,2</sup>

**13%**

Adj. EBITDA Margin<sup>1,2</sup>

**6.1M**

Prescriptions Filled<sup>1</sup>

# | Strong Strategic Rationale

- Shares Neighbourly's values of a healthcare first operating strategy
- Complementary platform in key Western Canadian provinces
- Material identified potential synergies, with upside through implementation of Neighbourly's operational best practices
- Mid-teens accretive to Earnings per Share based on FY2023<sup>1</sup> full year contribution



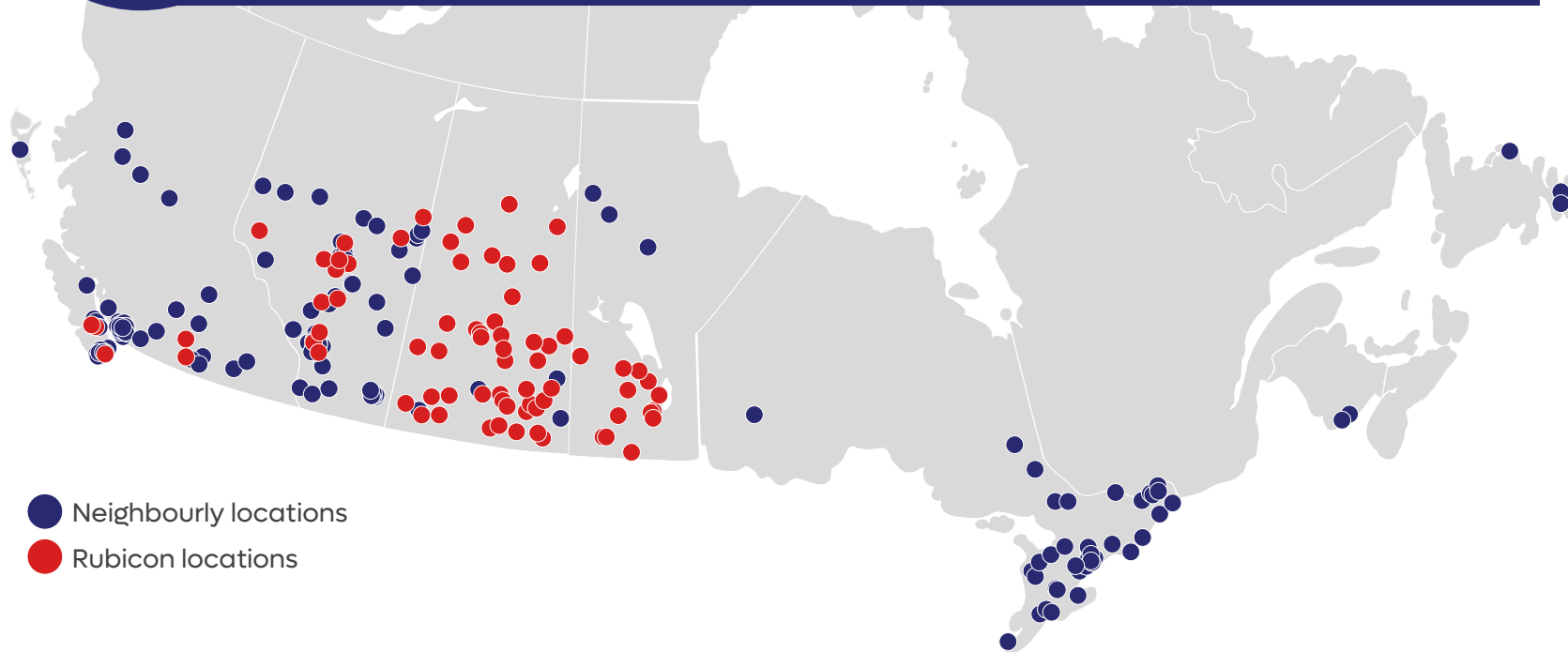
**Cements Neighbourly's Position as  
Canada's **Largest and Fastest Growing**  
Network of **Community Pharmacies****



# Expanded, Complementary Footprint



**The New Neighbourly Network**  
271 Locations Across Canada



● Neighbourly locations  
● Rubicon locations

**+62%**

LTM<sup>3</sup> Pro Forma Revenue<sup>1</sup>

**+70%**

LTM<sup>3</sup> Pro Forma Adj. EBITDA<sup>1,2</sup>

**+58%**

Locations

Note: Map is for illustrative purposes and may not represent all locations.

(1) Pro Forma Revenue, Pro Forma Adjusted EBITDA, LTM Acquisition Pro Forma Revenue, LTM Acquisition Pro Forma Adjusted EBITDA and Rubicon Adjusted EBITDA are non-IFRS measures and do not have any standard meaning under IFRS. Refer to "Non-IFRS Measures" in the disclaimer of this presentation and to the Appendix for additional information, including a reconciliation to the most comparable IFRS measures.

(2) Includes approximately \$2.5M of near-term cost synergies.

(3) Neighbourly 12-month period ended January 1, 2022, and Rubicon 12-month period ended September 30, 2021.

# Accelerating Scale and Growth



**Highly strategic**  
acquisition of a scaled  
platform in  
**complementary**  
geographies



**Significant increase** to Pro  
Forma Revenue<sup>1</sup> and Adj.  
EBITDA<sup>1</sup>



**Mid-teens accretive** to  
EPS based on FY2023<sup>2</sup> full  
year contribution

| (In \$ Millions)  | Neighbourly<br>Pharmacy | Rubicon<br>PHARMACIES  | Neighbourly<br>Pharmacy<br>+<br>Rubicon<br>PHARMACIES |
|---|-------------------------|------------------------|---|
|   | Q3 FY2022 <sup>3</sup>  | Sept 2021 <sup>4</sup> |   |
| # of Locations  | 171                     | 100                    | <b>271</b>  |
| LTM Pro Forma<br>Revenue <sup>1</sup>                   | \$488                   | \$303                  | <b>\$791</b>  |
| LTM Pro Forma<br>Adjusted EBITDA <sup>1</sup>           | \$59                    | \$39                   | <b>\$100<sup>5</sup></b>                              |
| LTM Pro Forma<br>Adjusted EBITDA<br>Margin <sup>1</sup> | 12.0%                   | 12.7%                  | <b>12.6%</b>  |

(1) Pro Forma Revenue, Pro Forma Adjusted EBITDA, Adjusted EBITDA Margin, LTM Acquisition Pro Forma Revenue, LTM Acquisition Pro Forma Adjusted EBITDA, LTM Pro Forma Adjusted EBITDA Margin, Rubicon Adjusted EBITDA and Rubicon Adjusted EBITDA Margin are non-IFRS measures and do not have any standard meaning under IFRS. Refer to "Non-IFRS Measures" in the disclaimer of this presentation and to the Appendix for additional information, including a reconciliation to the most comparable IFRS measures.  
 (2) Neighbourly FY2023 is for the 12-month period ending March 25, 2023.  
 (3) 12-month period ended January 1, 2022.

(4) 12-month period ended September 30, 2021.  
 (5) Includes approximately \$2.5M of near-term cost synergies.

# Material Identified Synergy Potential

- Implementation of Neighbourly's operating best practices
- Improvement of commercial and purchasing terms
- Real estate and administrative optimization

**70bps**

Anticipated improvement  
in Pro Forma CG&A costs as  
a percentage of LTM  
revenue<sup>1</sup>

**\$2.5M**

Approximate near-  
term cost synergies

**75%**

Expected synergies  
within 30 days, 100%  
within 90 days

# Transaction Summary

|                               |   |
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| <b>Financial Highlights</b>   | <ul style="list-style-type: none"> <li>Mid-teens accretive to Earnings per Share based on FY2023<sup>3</sup> full year contribution</li> <li>Estimated near-term cost synergies of approximately \$2.5M               <ul style="list-style-type: none"> <li>Expect 75% of synergies to be realized within 30 days, and 100% to be realized within 90 days post-closing</li> </ul> </li> <li>Acquisition increases scale and diversification, expected to improve margins, and to enable an accelerated growth profile through an enhanced acquisition pipeline in the Canadian Prairies</li> </ul>   |
| <b>Financing</b>              | <ul style="list-style-type: none"> <li>\$250M equity issuance comprised of a \$130M public equity offering and a \$120M equity private placement from Persistence Capital Partners (excluding the 15% over-allotment option)</li> <li>Prudent capital structure with Pro Forma net debt / LTM Adjusted EBITDA<sup>4</sup> of ~3.0x at close<sup>5</sup></li> <li>Provides a clear path to deleveraging following the Acquisition</li> <li>Significant incremental financing capacity and free cash flow available to pursue future M&amp;A opportunities</li> </ul>   |
| <b>Timing &amp; Approvals</b> | <ul style="list-style-type: none"> <li>Expected to close in Q1 FY2023 (Q2 CY2022)</li> <li>Subject to customary closing conditions and regulatory approvals and third party (including lenders) consents</li> </ul>   |

(1) Multiple calculated as the Purchase Price of \$435M plus Rubicon lease liabilities of \$29M divided by Adjusted EBITDA of \$39M for the trailing 12-month period ended September 30, 2021.

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

(3) Neighbourly FY2023 is the 12-month period ending March 25, 2023.

(4) Net Debt to trailing 12-month period Pro Forma Adjusted EBITDA, as defined in Neighbourly's credit agreement.

(5) Assumes cash generation until the expected close, the exercise in full of the over-allotment option, and approximately \$2.5M of near-term cost synergies.

# Attractive Financing Solution

- Attractive financing solution provides ample room and flexibility to **continue to pursue acquisition strategy**
- \$250M of new equity, including \$120M investment from **Persistence Capital Partners**
- Pro Forma leverage<sup>1</sup> of **~3.0x<sup>2</sup>** at close
- Rapid deleveraging profile and **long-term leverage target remains 2.5x<sup>4</sup>**

## Transaction Financing

| Sources and Uses (In \$ Millions)    | Base Deal    | Over-allotment Exercised in Full |
|--------------------------------------|--------------|----------------------------------|
| Public Equity Offering               | \$130        | \$150                            |
| Equity Private Placement             | \$120        | \$138                            |
| Cash from Balance Sheet <sup>3</sup> | \$40         | \$40                             |
| Term Loan                            | \$100        | \$100                            |
| Revolver Draw                        | \$66         | \$29                             |
| <b>Total Sources</b>                 | <b>\$456</b> | <b>\$457</b>                     |
| Purchase Price                       | \$435        | \$435                            |
| Estimated Transaction Costs          | \$21         | \$22                             |
| <b>Total Uses</b>                    | <b>\$456</b> | <b>\$457</b>                     |

## Pro Forma Ownership

| Ownership (Basic)                | Base Deal   | Over-allotment Exercised in Full |
|----------------------------------|-------------|----------------------------------|
| Persistence Capital Partners     | 50%         | 50%                              |
| Existing Public Equity Investors | 40%         | 39%                              |
| New Public Equity Investors      | 10%         | 12%                              |
| <b>Total Ownership</b>           | <b>100%</b> | <b>100%</b>                      |

(1) Net Debt to trailing 12-month period Pro Forma Adjusted EBITDA, as defined in Neighbourly's credit agreement.

(2) Assumes cash generation until the expected close, the exercise in full of the over-allotment option, and approximately \$2.5M of near-term cost synergies.

(3) Assumes cash generation until the expected close.

(4) As defined in Neighbourly's credit agreement.

# Better Together



**2,000+**  
Team Members



**1,500+**  
New Team Members





# Executing on Our Vision

- **Maintain acquisition momentum:** Pipeline remains robust, as Canada's fragmented market of 6,500 independent pharmacies still includes ~3,500 potential targets
- **Financial flexibility:** Pro Forma leverage<sup>1</sup> of ~3.0x<sup>2</sup> at close with a long-term leverage target of 2.5x<sup>1</sup>
- **Organic improvement:** Continue to implement new efficiencies of scale across our expanded network

## 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

# Summary

- Cements our position as Canada's **largest and fastest growing network** of community pharmacies
- Complementary footprint significantly strengthens our presence in **Manitoba and Saskatchewan**
- Prudent acquisition financing is expected to preserve our strong cash flow profile while protecting **financial flexibility**
- Rubicon's portfolio fits our strategy to operate pharmacies in **smaller, underserved communities** with a **healthcare first** operating strategy
- We remain committed to executing our growth strategy and maintaining our **acquisition momentum**





# Appendix

# 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   |
| <b>Loss and comprehensive loss for the period</b> | (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             |
| <b>Adjusted EBITDA</b>                            | 14,470         | 12,961      | 34,590         | 26,127      | 8,957          |
| Revenue   | 139,180        | 109,371     | 315,192        | 223,221     | 83,273         |
| <b>Adjusted EBITDA margin</b>                     | 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 24 weeks ended September 11, 2021                                   | -             |
| 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         |
| <b>Pro Forma Adjusted EBITDA for the 52 weeks ended January 1, 2022</b>   | <b>58,660</b> |

## 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          |
| <b>Pro Forma Revenue for the 52 weeks ended January 1, 2022</b>   | <b>488,253</b> |

# Reconciliation of Rubicon's Pro Forma Figures

| in 000's   | 9 months ended<br>Sept. 30, 2021 | 3 months ended<br>Dec. 31, 2020 |
|--|----------------------------------|---------------------------------|
| <b>Loss and comprehensive loss for the period</b>                                      | (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                             |
| <b>Adjusted EBITDA</b>   | <b>28,863</b>                    | <b>9,742</b>                    |
| Revenue  | 224,816                          | 77,990                          |
| <b>Adjusted EBITDA margin</b>  | <b>12.8%</b>                     | <b>12.5%</b>                    |
| <b>Pro Forma Adjusted EBITDA</b>   |                                  |                                 |
| 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                           |
| <b>Pro Forma Adjusted EBITDA for the 52 weeks ended September 30, 2021</b>             |                                  | <b>41,339</b>                   |
| <b>Pro Forma Revenue</b>   |                                  |                                 |
| Revenue for the 9 months ended September 30, 2021                                      |                                  | 224,816                         |
| Revenue for the 3 months ended December 31, 2020                                       |                                  | 77,990                          |
| <b>Pro Forma Revenue for the 52 weeks ended September 30, 2021</b>                     |                                  | <b>302,806</b>                  |

# Reconciliation of Neighbourly's Figures Pro Forma the Acquisition

in 000's

## Acquisition Pro Forma Adjusted EBITDA

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|   |               |
|---|---------------|
| 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        |
| <b>Acquisition Pro Forma Adjusted EBITDA for the 52 weeks ended January 1, 2022</b> | <b>99,999</b> |

## Acquisition Pro Forma Revenue

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|   |                |
|---|----------------|
| 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        |
| <b>Acquisition Pro Forma Revenue for the 52 weeks ended January 1, 2022</b> | <b>791,059</b> |



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Contact:

[investorrelations@nbly.ca](mailto:investorrelations@nbly.ca)