



## Healthcare Industry Highlights

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April 14<sup>th</sup>, 2020



## SNAPSHOT SERIES: IMPACT OF COVID-19 ON THE HEALTHCARE SECTOR

DAVID MURPHY, PRESIDENT & CEO, CENTRIC HEALTH CORP.



*Centric Health is one of Canada's leading, and most trusted providers of comprehensive Specialty Pharmacy services and solutions to seniors, serving more than 31,000 residents in over 460 seniors communities across Canada*

- *Origin Merchant Partners: How has the COVID-19 crisis impacted your business?*
  - **David Murphy:** As a pharmacy business, we are an essential service. Because we service seniors in long-term care and retirement homes - some of the most vulnerable people in our society at this time - it's been critical to keep our business operational.
- *OMP: What are your operational challenges in this environment?*
  - **DM:** Our team has been working almost around the clock to maintain continuity of operations. Through all of this, we're doing our best to safeguard employee health and address potential supply chain issues.
  - We're protecting employees, getting people who can work at home to do so, but there are limitations to that, because the core of our pharmacy operations require our pharmacists and support staff to be on site. So we continuously monitor workflow to maximize distance between people, and communicate with employees regularly, ensuring we have contingency plans for every scenario.
  - On the supply chain side, we've had to work very collaboratively with our wholesaler and distributor, ensuring medication supply to meet the needs of the seniors we serve. It's taken a lot of coordination and work, but at this point, we've prevented any disruptions. We've also been actively sourcing PPE stock; some of our home operator partners are short of PPE, and as their workers are on the front line, it's critical to get them supplied.
- *OMP: Do you see any silver linings?*
  - **DM:** Definitely. This crisis has forced us to re-examine all of our processes and workflow, and we'll come out of this understanding how to do things differently and better. We'll also emerge with a broader public recognition of the role that specialty pharmacists play, for example, on the Centric team, delivering essential medications to seniors in residences.
  - But most of all, it's been gratifying to see people step up and take care of each other, including our employees, who are going above and beyond, sometimes at risk to themselves, to do extraordinary things for our customers and for their colleagues.



## SNAPSHOT SERIES: IMPACT OF COVID-19 ON THE HEALTHCARE SECTOR (CONT'D)

SVEN GRAIL, CO-CEO, ALTIMA DENTAL AND  
MCI THE DOCTOR'S OFFICE



*Altima Dental: provides dental care to patients at more than 100 clinic locations across Canada*

*MCI The Doctor's Office: is one of the largest primary medical care groups in Canada with over 25 clinics located across Ontario and Alberta*

- *Origin Merchant Partners: How has the COVID-19 crisis impacted your dental and medical operations?*
  - **Sven Grail:** Let me start with dental, with the exception of emergency care, dental clinics were mandated to be closed by regulators across Canada. Due to the generalized shortage of PPE we have shifted our protocols to heavily include teledentistry, allowing advanced screening for patients requiring emergency care.
  - On the medical side, our biggest challenge is, again, the shortage of PPE. Our offices can't operate if we can't protect our staff. To accommodate patient needs and keep our staff safe, we've shifted about half of our patient care to telemedicine.
- *OMP: Is government stepping up to support these changes in patient care?*
  - **SG:** Pre-COVID-19, OHIP was considering expanded coverage for telemedicine, but it was not a priority. With the crisis, this had to be expedited, but things are still moving slower than they should. Our physicians (and many others) are prioritizing "doing the right thing", and seeing patients virtually, but without knowing when and if they will get paid.
- *OMP: What are your biggest concerns about medical patient care during this time?*
  - **SG:** Patients are understandably delaying conventional care as much as possible to reduce exposure to COVID-19, even where they have conditions that should be treated now. We are likely to see unintended consequences because of this. We're also concerned about the "at risk" patients – the elderly, and those with underlying conditions, and our team is focused on reaching out and managing their care through telemedicine and pharmacy delivery.
- *OMP: Are there shifts in the way you're delivering services that may stick post-crisis?*
  - **SG:** Definitely. In the health care setting, it's tough to drive change, but COVID-19 has created an environment that is facilitating that. Typically, medicine and dentistry are counter-cyclical; it's very unusual for front line health care to be trampled, as it is currently. That is making doctors and dentists much more receptive to new ideas. We are quickly learning how much can be effectively delivered to patients through telemedicine and teledentistry, and I think this will have a lasting impact. Ultimately, we expect that this may accelerate the era of precision medicine, while also improving the quality of and access to both dental and medical care.



## SNAPSHOT SERIES: IMPACT OF COVID-19 ON THE HEALTHCARE SECTOR (CONT'D)

MICHAEL HELD, FOUNDER & CEO, LIFESPEAK INC

LIFESPEAK



*LifeSpeak is a wellness and education platform that provides employees and their family members with around-the-clock access to North America's leading health experts*

- *Origin Merchant Partners: How has this crisis impacted Lifespeak?*
  - **Michael Held:** It goes without saying that I am deeply saddened by the devastating personal and economic losses felt by countless families around the world as a result of COVID-19. It is within this context that I can share with you that I feel very fortunate that LifeSpeak has grown exponentially during this crisis.
- *OMP: What is driving the growth?*
  - **MH:** COVID-19 has created so much fear and uncertainty, and there is a great deal of misinformation out there. Our experts address the physical and mental health concerns related to COVID-19, and the changes it has brought to all of our lives, and our clients are using the platform as a way to support their employees with trusted information that's offered digitally and that doesn't require any "live" interaction or training.
  - In addition, because of our content offering, we've had an influx of new business: organizations looking for quick, turnkey solutions that they can implement in a very short period of time. Interestingly, we have seen a disproportionate uptick in new global business, as organizations seek ways to stay connected and engaged with their dispersed workforces (and obviously the more global a company is, the more dispersed their workforce is).
- *OMP: What are your greatest business challenges through this?*
  - **MH:** One of our biggest challenges from a business standpoint is that we are dealing with the combination of the company being busier than ever, our employees' home lives being busier than ever, and the heightened level of anxiety our employees (and all of us) are feeling about the state of the world. We're making extra efforts to safeguard the wellbeing of our people by ensuring the lines of communication are open, and raising awareness of the resources and support we've made available to them.
- *OMP: Do you see any shifts that might stick for the longer term?*
  - **MH:** Market demand for corporate wellness education and mental health programs has been growing rapidly over the past several years. But this crisis has accelerated demand, as companies that hadn't acted previously are scrambling to ensure they are fully equipped to support their workforces - including their remote workers - with these services. The crisis has also highlighted the damage that misinformation can have on employees, and correspondingly the value that expert-led and vetted education holds, and I think this recognition will stick for the long term.



## COVID-19 DEVELOPMENTS

*WE SINCERELY APPRECIATE ALL THE EFFORTS OF THOSE WORKING IN HEALTHCARE TO HELP US GET THROUGH THIS*

### News Scan

Healthcare news is dominated by COVID-19, as enormous resources around the world are being mobilized to develop novel treatments, vaccines and technologies as well as repurposed treatments previously approved, in an attempt to manage and prevent COVID-19 and future infectious disease outbreaks. Here are some highlights from Canada and around the world:

- On April 9<sup>th</sup>, **Carebook**, a digital health company based in Montreal, announced the coming Canadian launch of a COVID-19 smartphone app that will allow users to monitor their vital signs by simply staring into their phone's screen. The app, developed by Tel Aviv-based **Binah.ai**, measures heart rate, respiratory rate and oxygen saturation in the blood in less than a minute, and recommends when to seek medical help
- On April 9<sup>th</sup>, **Vir Biotechnology** ("**Vir**") announced a manufacturing agreement with Samsung Biologics, who will perform large scale manufacturing services for Vir's COVID-19 monoclonal antibody program
- On April 9<sup>th</sup>, **Pfizer Inc.** and **BioNTech SE**, a German-based immunotherapy company with mRNA vaccine development expertise, provided details of their previously announced collaboration to advance multiple COVID-19 vaccine candidates into human clinical testing. The first clinical trials may begin as early as the end of April 2020, assuming regulatory clearance. Pfizer will pay BioNTech US\$185 million in upfront cash and equity payments plus potential for future milestone payments of up to US\$563 million, for a total consideration up to US\$748 million. Pfizer and BioNTech will share development costs equally
- On April 6<sup>th</sup>, **GlaxoSmithKline** ("**GSK**") announced they were investing \$250 million in San Francisco-based infectious disease specialist **Vir Biotechnology** ("**Vir**"), to research and develop solutions for COVID-19. The collaboration leverages GSK's genomic expertise and Vir's monoclonal antibody platform to identify promising therapeutic antibody candidates which can be accelerated into phase 2 clinical trials within the next three to five months
- On April 6<sup>th</sup>, **Inovio Pharmaceuticals**, a Pennsylvania-based biotech developing a vaccine to prevent COVID-19, announced receipt of the FDA's approval to start testing its DNA vaccine candidate in healthy volunteers. They began dosing patients on that date, with plans to enroll 40 adults at the University of Pennsylvania's Perelman School of Medicine in Philadelphia and the Center for Pharmaceutical Research in Kansas City, MO. Initial data on immune responses and side effects are anticipated by late summer
- On March 12<sup>th</sup>, **AbCellera**, a Vancouver-based antibody therapeutics company, and **Eli Lilly and Company** announced an agreement to co-develop antibody products for the prevention and treatment of COVID-19. AbCellera's screening program has identified over 500 unique human antibody sequences from recovered patients, that are candidates for development as a treatment. They anticipate initiating clinical trials as early as July 2020





## HEALTHCARE SERVICES

### News Scan

- On April 8<sup>th</sup>, **WELL Health Technologies** (“**WELL**”) announced the closing of their ~\$6 million investment in **Insig Corporation** (“**Insig**”), a developer of telemedicine platforms and clinical automation software. The investment includes the issuance of shares and a secured convertible promissory note, which together would make WELL Insig’s largest shareholder
  - On March 16<sup>th</sup>, **WELL** announced the closing of a second tranche of convertible debentures for C\$1 million, with participation from Li Ka-shing, bringing the aggregate offering to C\$11 million. The debentures carry a 10.0% interest rate and a C\$2.30 per share conversion price
- On March 24<sup>th</sup>, **Centric Health Corporation** (“**Centric**”) announced it has entered into a definitive agreement to acquire **Remedy Holdings Inc.** (“**Remedy**”) and the Remedy’sRX Specialty Pharmacy business, a specialty pharmacy business serving over 18,500 long-term care beds across Ontario and Western Canada, for up to C\$44 million. The combined entity is expected to be the clear market leader with over 50,000 beds serviced. **Origin Merchant Partners** acted as financial advisor to Centric
  - Also on March 24<sup>th</sup>, **Centric** announced a C\$30 million senior term loan financing by **Crown Capital Partners**. Proceeds from the financing will be used to repay Centric’s outstanding debt and help fund the Remedy’sRX acquisition
- On March 20<sup>th</sup>, **Klinik Health Ventures Corp.** (“**Klinik**”) announced that it has entered into a LOI with 2576560 Ontario Inc. doing business as **NeuPath Health**, Canada’s largest provider of chronic pain management services operating 12 clinics across Ontario. Klinik is a Capital Pool Company and intends for this transaction to constitute its Qualifying Transaction
- On March 4<sup>th</sup>, **New Look Vision Group**, a leader in the eyecare industry in Canada, announced the acquisition of Miami-based **Lunette Holding LLC** (“**Lunette**”), which principally operates under Edward Beiner banner. Lunette specializes in fashion and high-performance eyewear and is expected to generate annualized revenues of C\$15.5 million

### Key Indicators

(in USD millions, unless otherwise indicated)	Market Cap	TEV	TEV / Revenue		TEV / EBITDA		Price % of 52-Week High
			2020E	2021E	2020E	2021E	
New Look Vision Group Inc.	263.1	361.3	2.0x	1.6x	16.4x	8.8x	66.4%
Akumin Inc.	140.3	599.0	2.4x	2.0x	11.0x	7.5x	47.6%
WELL Health Technologies Corp.	128.9	131.4	4.3x	3.2x	neg	nmf	76.5%
CRH Medical Corporation	115.1	225.1	1.9x	1.7x	6.4x	5.5x	38.1%
Centric Health Corporation	39.0	86.3	0.7x	0.6x	7.6x	6.0x	63.8%
<b>Average</b>			<b>2.3x</b>	<b>1.8x</b>	<b>10.3x</b>	<b>6.9x</b>	<b>58.5%</b>



## HEALTHCARE TECHNOLOGY

### News Scan

- On April 9<sup>th</sup>, **VitalHub Corp.** (“**Vitalhub**”), a mission-critical technology solutions provider, announced the first deployment of its electronic screening tool for COVID-19 at **Sunnyside Home Long-Term Care**, a long-term care facility owned by the Region of Waterloo. The tool is designed as a solution to manage ongoing resident screening for COVID-19, enabling facilities to configure recurring screening activities and track symptom trending
  - On March 17<sup>th</sup>, **Vitalhub** announced the closing of a bought deal offering for gross proceeds of C\$15.3 million. Under the agreement, Vitalhub issued approximately 8.5 million common shares at a price of C\$1.80 per share, with the proceeds intended to be used for acquisitions, working capital and general corporate purposes
- On April 7<sup>th</sup>, **Tyto Care** (“**Tyto**”), a telehealth company, announced that it has raised US\$50 million in an oversubscribed financing round co-led by **Insight Partners**, **Olive Tree Ventures**, and **Qualcomm Ventures LLC**, bringing Tyto’s cumulative funding to over US\$105 million. The funding will allow Tyto to accelerate commercialization of its telehealth app and modular device, which allows consumers to record sound, video, and image to share with their doctors
- On March 25<sup>th</sup>, **Reliq Health Technologies** (“**Reliq**”), a developer of mobile health and telemedicine solutions, announced the signing of a contract with **MedTech Evolutions** to provide its iUGO Care platform to 27,000 chronic disease patients across four southern US states. The platform enables patients to receive high quality virtual health care, reducing the risk of exposure to COVID-19, with expected monthly revenue of US\$65 per patient
- On January 27<sup>th</sup>, **Profound Medical Corp.**, a commercial-stage medical device company, announced the closing of a US\$40 million underwritten public offering of common shares. The net proceeds of the offering are expected to be used to fund the continued launch and commercialization of TULSA-PRO, its transurethral prostate tissue ablation system

### Key Indicators

(in USD millions, unless otherwise indicated)	Market Cap	TEV	TEV / Revenue		TEV / EBITDA		Price % of 52-Week High
			2020E	2021E	2020E	2021E	
Profound Medical Corp.	170.8	167.2	25.6x	8.4x	neg	neg	54.1%
Hamilton Thorne Ltd.	93.8	96.6	2.3x	2.2x	12.1x	10.7x	68.7%
Vitalhub Corp.	27.9	26.9	3.0x	2.6x	16.2x	10.5x	60.5%
Neovasc Inc.	16.2	26.5	15.0x	2.8x	neg	neg	17.9%
<b>Average</b>			<b>11.5x</b>	<b>4.0x</b>	<b>14.1x</b>	<b>10.6x</b>	<b>50.3%</b>



## PHARMACEUTICALS

### News Scan

- On April 8<sup>th</sup>, **Medexus Pharmaceuticals Inc. (“Medexus”)** announced that price negotiations for Triamcinolone Hexacetonide Injectable Suspension 20mg/ml in Canada are complete with expected public reimbursement to roll out in the coming months
- On April 6<sup>th</sup>, **GW Pharmaceuticals (“GW”)**, a biopharmaceutical company focused on discovering, developing, and commercializing novel therapeutics from its proprietary cannabinoid platform, announced that it has received notification from the **United States Drug Enforcement Agency (“DEA”)** that GW’s epilepsy drug cannabidiol (Epidiolex) is no longer considered a controlled substance by the US Federal Government
- On March 31<sup>st</sup>, **Nuvo Pharmaceuticals Inc. (“Nuvo”)**, a Canadian focused healthcare company, announced that it has received notice from **Takeda Pharmaceutical Co. (“Takeda”)** that Japan’s Ministry of Health, Labour, and Welfare has approved Cabpirin combination tablets, that will be co-promoted in Japan by Takeda and **Otsuka Pharmaceutical Co.** Takeda owns a non-exclusive license to Nuvo’s Japanese patent no. 4756823 which covers the Cabpirin formulation
- On March 16<sup>th</sup>, **ADVANZ PHARMA Corp. Limited (“ADVANZ”)** announced it had entered into an agreement to acquire **Correvio Pharma Corp. (“Correvio”)**, a Vancouver-based specialty pharma company focused on the provision of high-quality brands to acute care physicians and patients, for a total purchase price of US\$76 million.
- On March 3<sup>rd</sup>, **Clayton, Dubilier & Rice (“CD&R”)** announced it had reached an agreement to acquire **Huntsworth**, a pharmaceutical focused British marketing and services company for US\$511 million. U.S. based buyout firm, CD&R, expressed the access to European and North American markets that this acquisition would provide, underpinned by stable pharmaceutical industry trends

### Key Indicators

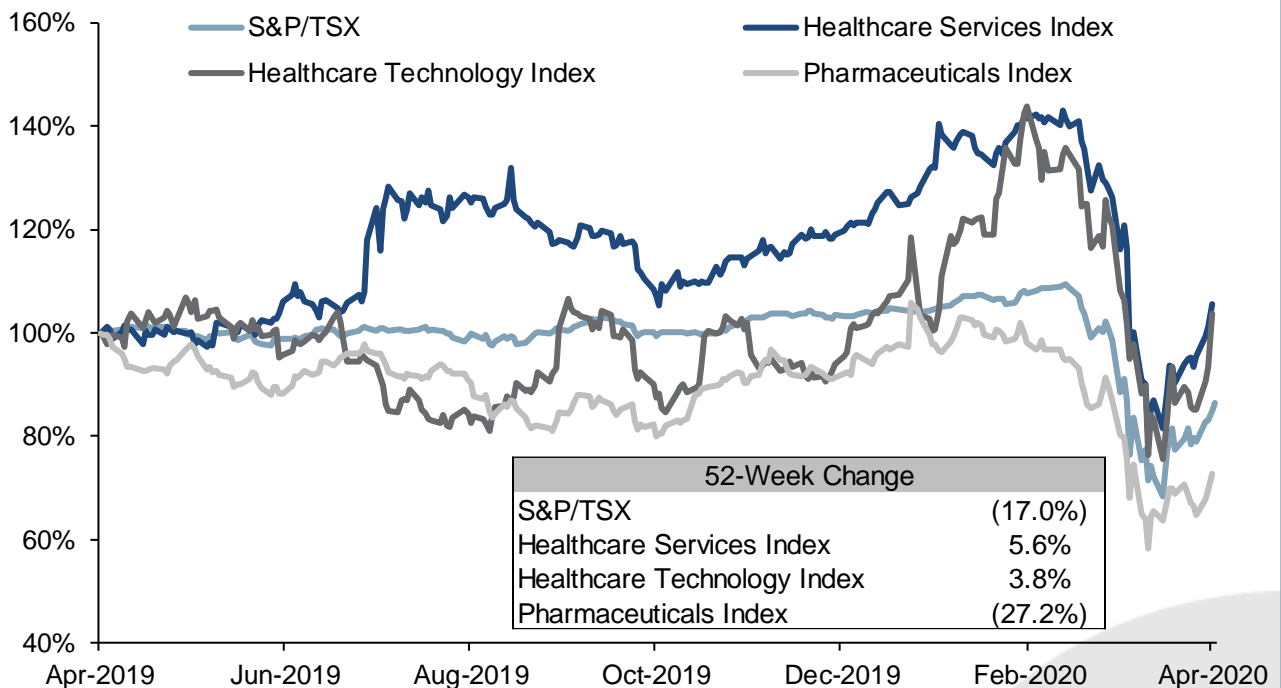
	Market Cap	TEV	TEV / Revenue		TEV / EBITDA		Price % of 52-Week High
			2020E	2021E	2020E	2021E	
<i>(in USD millions, unless otherwise indicated)</i>							
Bausch Health Companies Inc.	5,229.1	28,247.1	3.3x	3.2x	8.2x	7.7x	46.4%
Knight Therapeutics Inc.	646.3	469.2	2.6x	2.2x	23.7x	14.1x	75.2%
HLS Therapeutics Inc.	390.4	438.6	7.0x	5.8x	17.2x	14.0x	66.4%
Theratechnologies Inc.	124.8	135.0	1.6x	1.2x	14.4x	5.2x	27.8%
<b>Average</b>			<b>3.6x</b>	<b>3.1x</b>	<b>15.9x</b>	<b>10.2x</b>	<b>54.0%</b>





## MARKET PERFORMANCE

### Indexed Segment Performance<sup>1</sup>



### Charting the Course

- The S&P/TSX Index has declined 17% over the last 12 months, with unprecedented market volatility over the last couple of months. The Index is down 21% from the February 20<sup>th</sup> highs. It's up 25% over the March 23<sup>rd</sup> lows
- Healthcare Services have generally outperformed the S&P/TSX over the last year. As essential services, they have been able to preserve some or all of the demand for their services. Also, COVID-19 is accelerating the reimbursement framework for telemedicine, and supporting adoption by healthcare professionals
- Healthcare Tech providers that enable remote consultation, self-assessment, or other technology solutions have similarly outperformed the S&P/TSX
- Our Pharma Index has underperformed the S&P/TSX. Performance is impacted by concerns over demand, as social isolation to contain COVID-19 is preventing detailing of doctors, and questions around supply chain

1. Index segments are comprised of equally weighted market prices for the companies in each category as noted in the earlier pages of the report



## About Origin Merchant Partners

Origin Merchant Partners is an independent investment bank that provides value added corporate finance, mergers and acquisitions and merchant banking services delivered by senior professionals. Our clients engage us for our dedicated, high level of service and independent advice to address their strategic and financial plans

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