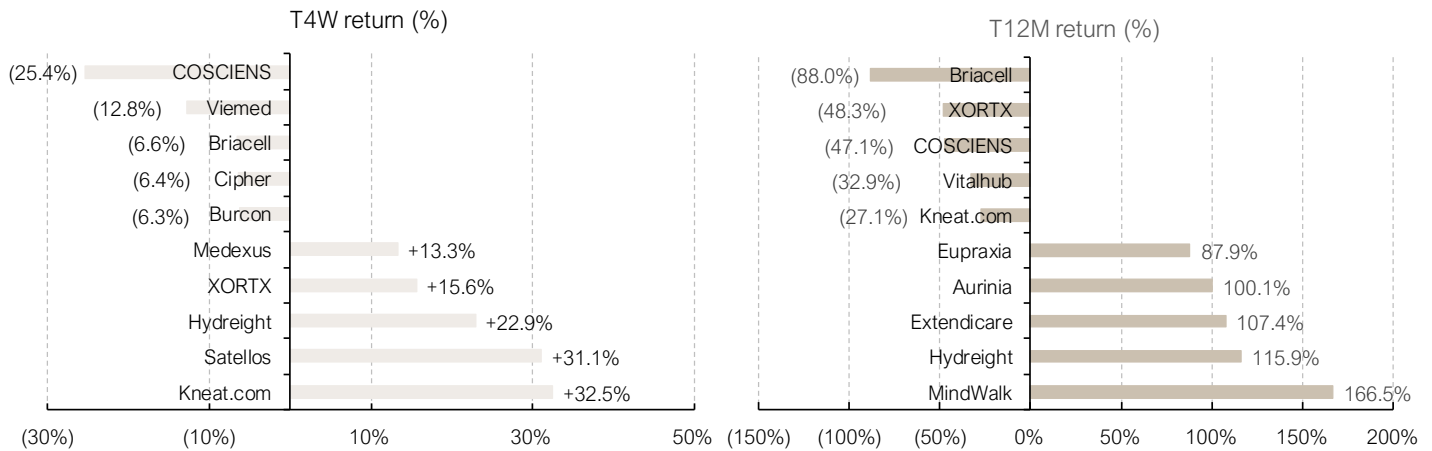


Core Highlights of the Week

Top Movers

Exhibit 1. Top Healthcare/Biotechnology Movers for the Trailing Four-Week & YTD Periods



Source: Leede Financial, Refinitiv

Updates From Our Healthcare Universe

- Eupraxia Pharmaceuticals – New Esophageal Pathologies Provide Clear Medical Targets For EP-104 To Which We Ascribe Value – PT Increase, Buy rating.** Earlier this week, we participated in a key opinion leader webinar that Eupraxia hosted at the Chicago-based Digestive Diseases Week annual conference, during which the firm & its collaborators described the medical justification for targeting esophageal strictures as a seminal secondary esophageal disease market for the firm to target with its locally-delivered extended-release zero-order release kinetics-based anti-inflammatory DiffuSphere fluticasone propionate formulation EP-104GI.

 - Though it is unusual for us to ascribe tangible market value to a clinical program that has not yet commenced, we already have abundant medical evidence that EP-104GI performs clinically as it was designed to locally mitigate inflammatory pathologies in eosinophil-infused esophageal tissue & that is an activity that we are confident will be relevant to future esophageal strictures-based Phase II/III clinical trials that Eupraxia chooses to fund in coming quarters.
 - Summary & valuation.** We published a Eupraxia-specific report on this theme (just ask us for the document if interested in reviewing), in which we derived strictures-specific royalty revenue projections for EP-104GI & in so doing increasing our PT to US\$15.50 from US\$12.75 previously. Our financial forecasts are now exclusively in USD. The report summarized our valuation methodologies that are still based on the average of NPV (20% discount rate) & multiples of EBITDA/fd EPS in a defined future fiscal year (we now use F2032 as the reference year in those methodologies – US\$220.2M & US\$1.95/shr, respectively). At current price levels, our PT corresponds to a one-year return of 104.5%; EPRX shares have already appreciated 39.3% since we initiated coverage on the stock in late Oct/25.

Please see end of report for important disclosures.

- **K-Bro Linen reported FQ126 financial results – Solid EBITDA/AFFO Performance Relative To Expectations In A Seasonally Soft Financial Period – BUY.** Earlier this week, AB-based linen/laundry-processing firm K-Bro Linen, for which we maintained our BUY rating & PT of C\$49.00, reported financial data for the FQ126 March-end period that was seasonally soft at least in comparison to trailing FQ325 data but was comparatively strong by the EBITDA/AFFO standards we have historically observed in FQ1 for the firm, driven to comparative strength by its recently-acquired UK peer Stellar Mayan.
 - That acquisition provided a higher proportion of hospital/healthcare-based clients that tend to exhibit less seasonality than hospitality sector-focused clients do & so that acquisition alone should smooth out K-Bro's quarterly seasonality in coming periods, though without any expectation that it will disappear entirely (hospitality volumes are predictably stronger in the May-to-September period). As with Eupraxia, we published a K-Bro-specific report earlier this week, observing therein that FQ126 consolidated revenue/EBITDA/margin & AFFO/payout ratio of \$139.1M/\$22.6M/16.2% & \$9.4M/41.5% compared favorably to FQ425 data of \$146.8M/\$25.1M/17.1% & \$13.5M/28.9%, respectively, with the AFFO delta predominantly driven by differentiated levels of working capital & maintenance capex impact on operating cash flow. As with our Eupraxia commentary above, we will be pleased to provide our most recent K-Bro research report on request, just let us know.
 - Comparison to FQ125 is mitigated by the absence of any revenue/EBITDA contribution from Stellar Mayan, but EBITDA margin improvement in FQ126 vs FQ125 was notable to us & thus bears emphasis as a point of evidence for the rationale in acquiring Stellar Mayan which could have been acquired solely for achieving scale & not profitability enhancement. For the record, FQ125 data were \$91.0M/\$12.4M/13.6% & \$5.8M/55.1%. When we characterize FQ126 as seasonally soft, we are usually comparing to a trailing FQ3 period, so for supplemental comparison, K-Bro's FQ325 data (which included a full period of Stellar Mayan contribution) were \$155.9M/\$32.0M/20.5% & \$19.6M/19.9%. We continue to reflect favorably on K-Bro's operating excellence that routinely achieves EBITDA margin at or above 20% in a healthcare/hospitality services outsourcing business where margin at that level seemed unachievable, or at least it did before we assumed coverage of the firm.
 - **Summary & valuation.** As indicated, we maintained our rating/PT on KBL, with our valuation based on the average of multiples ascribed to our F2027 EBITDA-EPS-AFFO forecasts of \$106.5M, \$2.35/shr & \$5.01/shr, respectively. Of these projections, our F2027 AFFO forecast is probably the most aggressive & will depend more substantively on shifts in working capital balance, maintenance capex & magnitude of repayment on LT debt/lease obligations, all of which are elements that of course do not impact income statement-specific metrics. But our sustained Buy rating is notionally based on our view that K-Bro's dividend policy incurs virtually no risk even if we use an annualized run-rate of a seasonally soft quarter as the basis for that conclusion, & on our expectations for the firm to steadily drive absolute levels of annualized EBITDA/cash flow in coming quarters, both in domestic & UK markets.
- **Profound Medical reported FQ126 financial results.** ON-based prostate disease-focused ultrasound ablation technology developer Profound Medical (PRN-T/PROF-Q, Buy, PT US\$11.50) reported FQ126 financial data for the March-end quarter that were in line with our expectations, generating FQ126 consolidated revenue of US\$5.3M based on procedure-based consumables & service/maintenance revenue of US\$2.5M (comparable to US\$2.6M in FQ425 though down from US\$4.1M in FQ325) & TULSA-PRO capital sales of US\$2.9M that were down from US\$3.7M in FQ425 but well above most trailing quarters on that metric & regardless, we suspect that year-end TULSA-PRO system placements/sales will be disproportionately high in FQ4 periods going forward anyway, based on our experience for timing of medical equipment sales by academic facilities & hospitals.
 - Holding gross margin at or above 70% has rarely been a challenge for Profound & it was not in FQ126 either, with gross margin of 71.8% essentially at trailing average that throughout F2025 ranged from 66.8% (in FQ425) to 74.3% (in FQ325). EBITDA loss in the quarter was still substantial at (US\$6.9M) but we would expect EBITDA losses to diminish in future periods as TULSA-PRO unit sales & procedure volumes ramp up to our forecasted levels in F2026-to-F2036 & as R&D expenses decline to constitutive levels, now that most of the costs ascribed to the 201-patient CAPTAIN trial have now been incurred.
 - As summarized in Profound's FQ126 MD&A, the firm now has eighty TULSA-PRO systems installed worldwide, mostly in US hospitals & urology/radiology centers, with another six systems sold but not yet operational. We were encouraged by Profound's feedback that US insurers are starting to see the value in TULSA-PRO ultrasound ablation for treating localized prostate disease & that KY-based national health insurance provider Humana (HUM-NY, NR) is the first of

what we assume will be many US insurers that will endorse the utility of TULSA-PRO through procedure coverage in future periods. It seems plausible to us to assume that TULSA-PRO's well-documented superiority on post-procedure side effects (post-procedure bleeding, duration of hospital stay post-procedure, to name two) in comparison to da Vinci surgical robot-enabled radical prostatectomy provided impetus for TULSA-PRO's heightened profile with private insurers, though establishment of formal TULSA-PRO-specific Medicare reimbursement codes provides a major impetus for private insurance coverage, independent of CAPTAIN data.

- Profound exited the quarter with US\$50.3M in cash & US\$4.5M in debt & thus has sufficient capital to fund TULSA-PRO commercial & working capital requirements well into F2028 on a FQ126 operating cash flow run-rate, independent of our forecasts that assume revenue/gross margin growth in future quarters that should mitigate quarterly cash losses.

Exhibit 2. Financial Forecast Summary for Profound Medical

<i>Year-end December 31</i> <i>(US\$000, exc share data)</i>	2024A	2025A	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E	2035E	2036E
TULSA-PRO, capital equipment	2,440	6,368	15,263	22,400	27,200	32,000	34,000	36,000	36,000	36,000	36,000	36,000	36,000
TULSA-PRO, consumables/ procedure-based revenue	7,300	8,990	13,715	24,585	44,402	72,842	104,649	133,865	166,601	197,588	214,088	230,588	247,088
Service, maintenance	940	740	600	772	1,103	1,497	1,685	1,873	2,061	2,248	2,436	2,624	2,812
Total prod revenue	10,680	16,098	29,578	47,757	72,705	106,339	140,334	171,737	204,661	235,836	252,524	269,211	285,899
Revenue growth, y/y (%)	78%	51%	84%	61%	52%	46%	32%	22%	19%	15%	7%	7%	6%
Gross margin	7,037	11,393	19,969	32,634	50,818	74,438	98,234	120,216	143,263	165,085	176,767	188,448	200,129
Gross margin (%)	65.9%	70.8%	67.5%	68.3%	69.9%	70.0%	70.0%	70.0%	70.0%	70.0%	70.0%	70.0%	70.0%
Sales & marketing expense	19,617	16,001	16,106	17,697	15,792	18,078	18,243	20,608	22,513	23,584	22,727	22,883	22,872
Gen & administrative expense	0	10,000	9,603	6,536	7,270	10,634	15,858	18,891	20,466	21,225	21,465	22,075	22,872
Research & develop expense	16,965	20,596	17,043	8,898	5,274	6,380	5,613	6,011	6,140	5,896	5,050	5,115	5,146
EBITDA	(29,545)	(35,204)	(22,782)	(496)	22,482	39,346	58,519	74,706	94,144	114,380	127,524	138,375	149,239
EBITDA margin (%)	NA	NA	NA	NA	31%	37%	42%	44%	46%	49%	51%	51%	52%
EBITDA growth, y/y (%)	NA	NA	NA	NA	(4,628%)	75%	49%	28%	26%	21%	11%	9%	8%
Cumul non-operating exp (amort exp, stock option, interest, F/X)	(1,727)	7,114	1,543	1,850	1,850	1,850	1,850	1,850	1,850	1,850	1,850	1,850	1,850
Tax expense	(2)	252	25	582	5,158	9,374	14,167	18,214	23,073	28,133	31,419	34,131	36,847
Net income, fully-taxed	(27,816)	(42,570)	(24,350)	(2,928)	15,474	28,121	42,502	54,642	69,220	84,398	94,256	102,393	110,542
EPS (basic)	(\$1.07)	(\$1.33)	(\$0.67)	(\$0.08)	\$0.43	\$0.77	\$1.17	\$1.50	\$1.90	\$2.32	\$2.59	\$2.82	\$3.04
EPS (fd)	(\$1.00)	(\$1.23)	(\$0.62)	(\$0.07)	\$0.39	\$0.71	\$1.08	\$1.39	\$1.76	\$2.14	\$2.39	\$2.60	\$2.80
P/E	NA	NA	NA	NA	18.2x	10.0x	6.6x	5.2x	4.1x	3.3x	3.0x	2.8x	2.6x
EV/EBITDA (basic S/O)	NA	NA	NA	NA	1.7x	1.0x	0.7x	0.5x	0.4x	0.3x	0.3x	0.3x	0.3x

Source: Historic data – Profound Medical financial filings; Forecasts/Estimates – Leede Financial

- We were encouraged to see Profound provide some TULSA-PRO data reflecting how the device is used (& how often) in clinical practice post-installation, focusing on the twenty legacy devices that have already established some orthodoxy around how MR-guided ultrasound ablation is incorporated into existing standard-of-care for treating localized prostate disease. Profound tabulated all of the data to which we will refer & the tables are fairly straightforward to understand so we will not dwell on specific data points too excessively, but there were a few patterns that we will be monitoring going forward, including the following:
 - ♦ First of all, we were struck by just how infrequently TULSA-PRO ablation is used for treating benign forms of prostate disease, specifically we assume benign prostatic hyperplasia (BPH) which while predictive of future prostate pathologies is simply an enlargement of the prostate gland that is associated with urological side effects that compression of the urethra can cause. Most TULSA-PRO published data is focused on localized prostate tumor ablation, including the TACT trial on which the device's FDA approval was based & of course the CAPTAIN trial to which we referred before, so it is not overly surprising that most early TULSA-PRO procedure volumes would be oncology-focused & not endocrinology-focused. We believe that over time, TULSA-PRO could be incorporated into more BPH treatment, perhaps not as an initial substitute for pharmacologic intervention with alpha blockers like tamsulosin/Flomax or 5-alpha reductase inhibitors like dutasteride/Avodart but as a second-line intervention for patients experiencing sustained urological side effects that orally-active drug therapies are not reversing.
 - ♦ But secondly, we were encouraged to see that mature TULSA-PRO operators are increasing procedure volumes over time & clearly not becoming disenchanted with patient outcomes. Of the twenty flagship early TULSA-PRO adopters to which procedure volume data were provided, the trajectory on quarterly procedure volumes is sustainably upward, growing almost linearly from about seven procedures per quarter in FQ125 to over eleven

procedures per TULSA-PRO system in FQ126. We assume that Profound will update procedure volume statistics for these seminal TULSA-PRO systems in coming quarters & undoubtedly has confidence that the trendline is upward into FQ226 as well.

Exhibit 3. Valuation Summary for Profound Medical

NPV, discount rate		5%	10%	15%	20%	25%	30%
Implied value per share		\$38.93	\$26.39	\$18.42	\$12.85	\$9.70	\$7.29
Price/earnings multiple, F2030	P/E	5%	10%	15%	20%	25%	30%
Implied share price ¹	10	\$8.65	\$7.52	\$6.58	\$5.79	\$5.13	\$4.56
	20	\$17.30	\$15.04	\$13.16	\$12.48	\$10.26	\$9.12
	30	\$25.95	\$22.56	\$19.74	\$17.37	\$15.39	\$13.68
EV/EBITDA multiple, F2030		4x	6x	8x	10x	12x	14x
Implied share price ^{1,2}		\$4.11	\$5.83	\$7.54	\$9.26	\$10.98	\$12.70
One-year Profound Medical target price (US\$) ^{1,2}				\$11.53			

¹ F2030 fully-diluted fully-taxed EPS forecast \$1.08/shr; EBITDA \$58.5M; NPV discounted at 20%; fd S/O 39.4M incorporates new equity offering consummated in Dec/25

² Balance sheet includes FQ126 cash of US\$50.3M (includes net proceeds from Dec/25 equity offering; FQ126 LT debt of US\$4.5M)

Source: Historic data – Profound Medical financial filings; Forecasts/Estimates – Leede Financial

- Summary & valuation.** We are maintaining our BUY rating & one-year PT of US\$11.50 on PRN/PROF, with our valuation still based on NPV (20% discount rate) & multiples of our F2030 adjusted EBITDA/fd EPS forecasts of US\$58.5M & US\$1.08/shr, both slightly revised from our prior forecasts in that year solely from incorporating FQ126 financial data as a new baseline from which we project TULSA-PRO unit sales & procedure volume growth in future periods.
 - Our investment thesis is focused squarely on unit sales ramp, procedure volume growth & the revenue associated with both of these metrics, & not in these early days of US commercial activities on EBITDA, though we do expect EBITDA losses to compress sequentially as revenue growth occurs. Our diligence on TULSA-PRO & on MR-guided focused ultrasound ablation in general leads us to conclude that the device can emerge as a high-profile option for treating localized prostate disease, providing a clear evidence-based option for patients seeking an alternative to radical prostatectomy or radiation therapy that until recently were the standards-of-care in this realm.
- Cipher Pharmaceuticals reported FQ126 financial results.** ON-based dermatology-focused specialty pharmaceutical firm Cipher Pharmaceuticals (CPH-T), for which we are maintaining our Buy rating while slightly revising our PT to C\$22.25 from C\$19.00 previously, solely from incorporating FQ126 data into our model, with specific emphasis on upwardly revising our gross margin & EBITDA margin assumptions that in retrospect were overly-conservative when compared to trailing data, including FQ126 data.
 - FQ126 financial summary – EBITDA establishes new quarterly high for the firm, at least in the Natroba era, driven by cost containment as much as by top-line performance. Headline FQ126 financial data was strong in absolute terms if not quite as transformative as impacted by Cipher's acquisition of ParaPro back in F2024. Cash flow generated in the quarter was able to fund ongoing debt reduction, allowing the firm to exit the quarter debt-free & with US\$6.4M in balance sheet cash that has no impediments to growth now that scheduled debt reduction & the fixed financial costs associated with debt are now both in the rearview mirror.
 - EBITDA was not quite at record levels – that was achieved back in FQ417 at US\$8.2M – but FQ126 revenue/EBITDA/margin data of US\$12.5M/US\$7.7M/61.6% compared favorably to FQ425 data of US\$12.2M/US\$6.5M/53.5% & to FQ125 data of US\$12.0M/US\$4.4M/36.7%. It appears that there is some seasonality in sales for Cipher's anti-microbial spinosyn A/D anti-head lice/scabies therapy Natroba that is apparent from trailing quarterly data, with FQ126 sales of US\$6.9M still solid & slightly above FQ125 Natroba sales of US\$6.7M, but it is clear that FQ225-FQ325 sales levels for this drug of US\$7.8M & US\$8.1M respectively were representative of head lice/scabies seasonal prevalence & we thus expect pending sales in FQ226-FQ326 to be correspondingly strong.

Exhibit 4. Financial Forecast Summary for Cipher

<i>Fiscal year-end Dec 31</i> <i>(US\$000, except EPS)</i>	2018A	2019A	2020A	2021A	2022A	2023A	2024A	2025A	2026E	2027E	2028E
US/RoW, royalty revenue											
Royalty rev, ConZip (US)	552	600	500	430	152	138	33	154	159	188	188
Royalty rev, Lipofen (US)	2,378	2,312	2,400	2,331	2,850	2,175	2,045	1,600	1,842	1,887	1,963
Royalty rev, Absorica (US)	12,942	11,300	9,929	7,648	5,143	6,148	4,545	1,800	2,244	2,185	2,185
Royalty rev, Natroba (RoW)	0	0	0	0	0	0	0	0	594	1,498	1,573
Canada/US, direct Rx sales											
Revenue, Epuris (Cda)	5,813	7,300	8,100	10,885	11,330	10,848	12,980	14,700	15,401	15,242	15,242
Revenue, Vaniqa/Actikerall/ Beteflam/other (Cda)	1,064	939	678	650	1,200	1,753	1,780	2,200	2,184	2,365	2,559
Revenue, Natroba (US)	0	0	0	0	0	0	11,980	29,997	31,383	32,952	34,600
Revenue, Natroba (Cda)	0	0	0	0	0	0	0	0	353	1,648	1,730
Total revenue	\$22,749	\$22,451	\$21,607	\$21,944	\$20,675	\$21,162	\$33,363	\$50,451	\$54,160	\$57,964	\$60,040
Revenue growth (%)	(43.6%)	(1.3%)	(3.8%)	1.6%	(5.8%)	2.4%	57.7%	51.2%	7.4%	7.0%	3.6%
Operational expenses	15,984	9,822	8,116	9,294	8,233	8,712	18,237	24,968	21,032	22,501	23,339
EBITDA	\$6,765	\$12,629	\$13,491	\$12,650	\$12,442	\$12,450	\$15,126	\$25,483	\$33,128	\$35,463	\$36,702
EBITDA growth (%)	(74.5%)	86.7%	6.8%	(6.2%)	(1.6%)	0.1%	21.5%	68.5%	30.0%	7.0%	3.5%
EBITDA margin (%)	29.7%	56.3%	62.4%	57.6%	60.2%	58.8%	45.3%	50.5%	61.2%	61.2%	61.1%
Non-operating expenses	\$3,379	\$4,570	\$6,598	\$1,593	\$1,392	\$2,417	\$9,992	\$7,285	\$11,052	\$11,052	\$11,052
Net interest exp (income)	\$712	\$786	\$291	\$80	(\$464)	(\$1,870)	(\$330)	\$1,165	\$51	\$0	\$0
Tax expense, exc tax loss carry-forward	\$1,922	\$3,071	\$3,554	\$3,413	(\$847)	(\$4,965)	\$54	\$12	\$4,326	\$6,160	\$6,469
Net income, fully-taxed	\$1,201	\$2,639	\$4,386	\$7,759	\$26,636	\$20,383	\$11,546	\$27,329	\$23,467	\$24,639	\$25,878
Fully-taxed EPS (basic)	\$0.04	\$0.10	\$0.16	\$0.29	\$1.06	\$0.81	\$0.45	\$1.08	\$0.92	\$0.96	\$1.01
Fully-taxed EPS (fd)	\$0.04	\$0.10	\$0.16	\$0.28	\$1.01	\$0.78	\$0.43	\$1.03	\$0.88	\$0.93	\$0.97
P/E (basic)	291.4x	133.3x	80.5x	44.6x	12.4x	16.2x	28.7x	12.2x	14.3x	13.6x	12.9x
EV/EBITDA	48.5x	26.0x	24.3x	26.0x	26.4x	26.4x	21.7x	12.9x	9.9x	9.3x	8.9x

Source: Historic data – Cipher financial filings; Forecasts/Estimates – Leede Financial Inc.

- As in many trailing quarters, Cipher was able to mitigate its tax expense exposure by recognizing tax losses acquired through the Correvio transaction back in F2017 & so a tax recovery of \$1.2M contributed to lifting FQ126 net income/EPS to US\$6.2M & US\$0.23/shr, respectively – not quite at FQ425 level of US\$13.3M (US\$0.51/shr) when tax recovery was US\$8.7M, but still a positive quarter on a net income basis. Cipher's cumulative tax recovery since FQ120 is US\$37.4M, obviously with net income augmentation by that magnitude over the twenty-five quarter trailing period.

Exhibit 5. Valuation Summary for Cipher

Price/earnings multiple, F2027	5x	10x	15x	20x	25x	30x	35x
Implied share price ^{1,2}	\$4.63	\$9.27	\$13.90	\$18.53	\$23.16	\$27.80	\$32.43
EV/EBITDA multiple, F2027	5x	7x	9x	10x	11x	13x	15x
Implied share price ^{1,2}	\$7.17	\$9.94	\$12.71	\$14.09	\$15.48	\$18.24	\$21.01
One-year Cipher target price (US\$)				\$16.31			
One-year Cipher target price (C\$) ³				\$22.29			

¹ Based on F2027 adj EBITDA forecast of US\$35.5M, F2027 adj fd EPS of US\$0.93, basic S/O 25.6M; fd S/O 27.1M

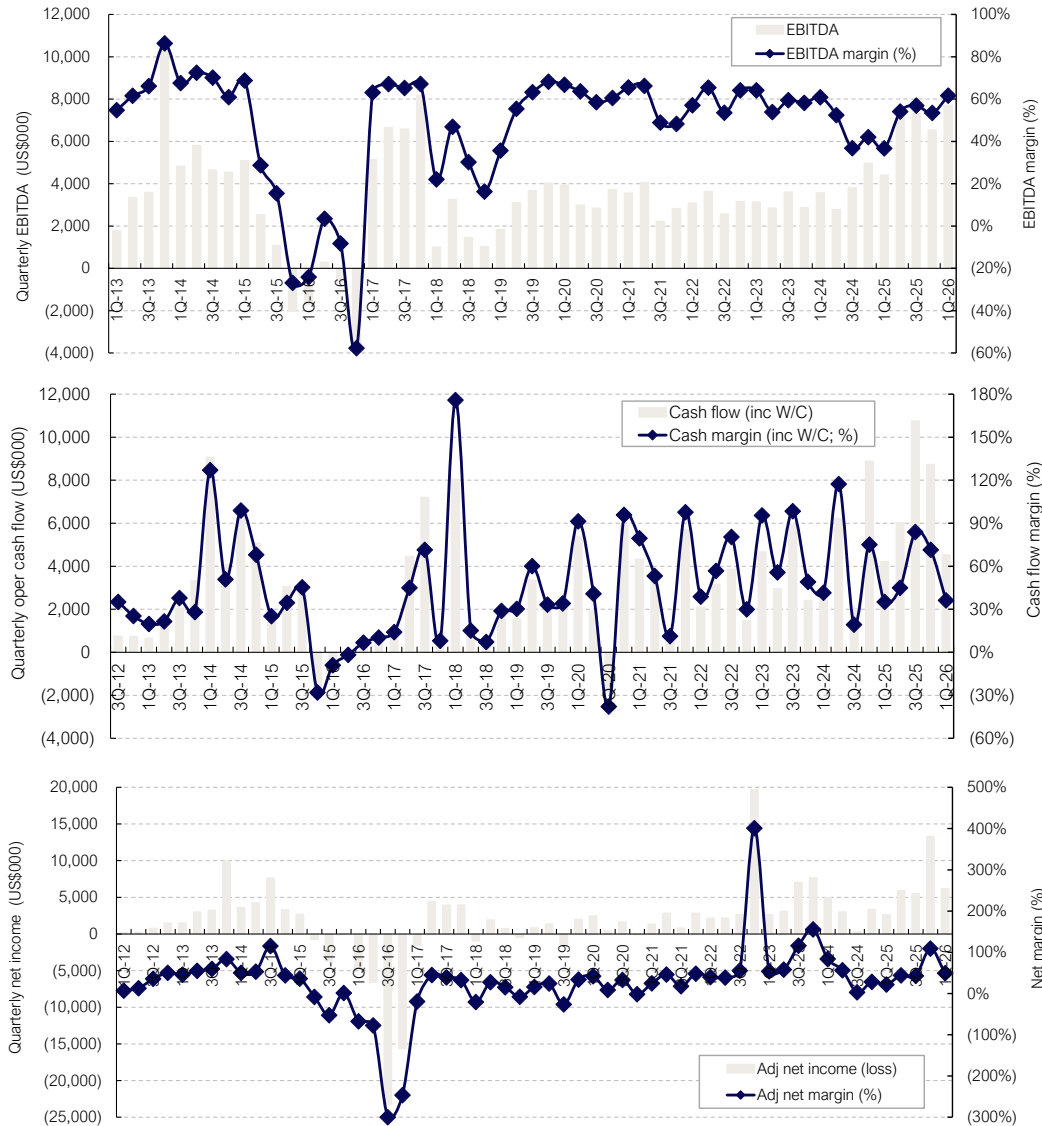
² Based on 20x EPS, 10x EV/EBITDA (F2027); FQ126 cash of US\$6.4M/C\$8.7M & no LT debt

³ PT in C\$ assumes USD:CAD exchange rate of 1.37x

Source: Leede Financial Inc.

- Absorica royalty revenue in the quarter of US\$0.6M were certainly superior to FQ425 performance when royalty revenue was essentially nil at US\$0.1M, but we do reflect with some disappointment in the fact that this super-bioavailable formulation is clearly capturing minimal market share in a US dermatology market that is dominated by generic isotretinoin formulations that do not have Absorica’s superior PK profile & thus superior cystic acne-reversing outcomes, yet the brand is languishing under Sun Pharma’s (SUN-BO, NR) stewardship, counter to Sun’s performance in prior years (notably in F2017 when Cipher’s EBITDA was largely Absorica-driven).

Exhibit 6. Historic Quarterly EBITDA, Cash Flow, Net Income & Margin Data for Cipher Pharmaceuticals, FQ113-FQ126

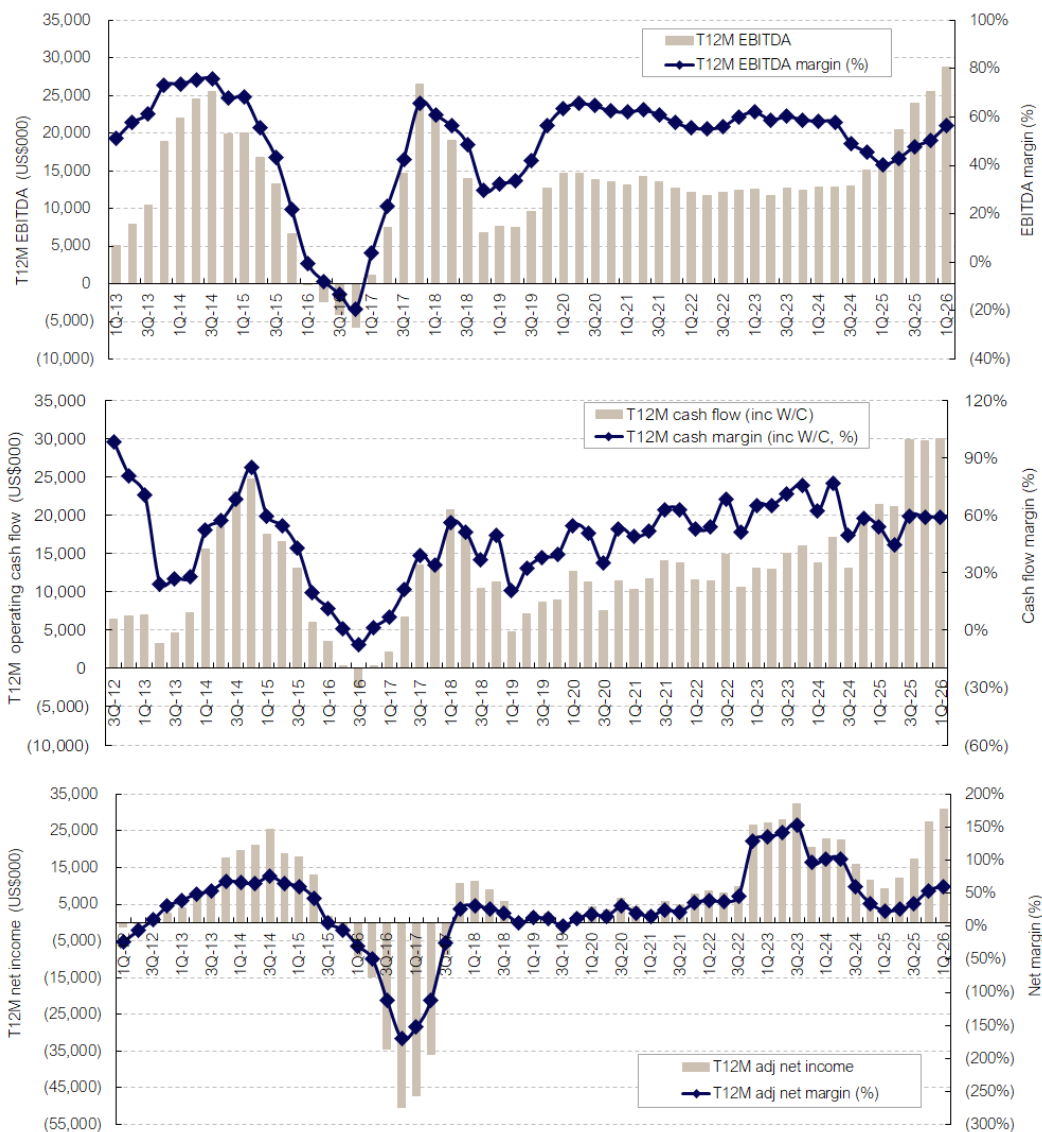


Source: Leede Financial, Cipher Pharmaceuticals financial filings

- Cipher is contractually able to acquire US Absorica marketing rights in FQ426 & we believe that the firm’s US marketing infrastructure now established through the ParaPro acquisition should be able to lift quarterly Absorica sales above trough levels that are currently generated by Sun. Cipher’s other major royalty-bearing Galephar PR (private) partnered drug CIP-fenofibrate/Lipofen generated royalty revenue of US\$0.5M that was comparable to prior periods & our expectations.
- Notwithstanding the fact that Cipher’s revenue/EBITDA is now dominated by Natroba & by Canadian direct sales of CIP-isotretinoin/Epuris, Absorica/Lipofen royalty revenue does contribute pure EBITDA to Cipher’s consolidated EBITDA & thus are both still solid contributors to quarterly profitability & to our EBITDA forecasts (royalty revenue was 8.9% of consolidated revenue but 14.5% of EBITDA).

- Shifting to cash flow, Cipher's pure FQ126 operating cash flow was exactly at EBITDA level at US\$7.7M & thus also establishing a recent quarterly high on this metric. Consolidated FQ126 operating cash flow was encumbered by a transient working capital deficit of (US\$3.1M) that was mostly driven by a (US\$4.8M) impact on contract liabilities related to timing of Natroba revenue recognition; we are not overly concerned by this deficit since it has frequently been at a surplus level in many recent quarters, including in FQ425 when contract liabilities positively impacted working capital by US\$2.3M or in FQ325 when the positive impact was US\$3.5M. Nonetheless, consolidated cash flow in the quarter of US\$4.5M was down from US\$8.7M in FQ425 for working capital-related reasons that are expected by us to reverse & possibly as soon as the present quarter.

Exhibit 7. Historic T12M EBITDA, Cash Flow, Net Income & Margin Data for Cipher Pharmaceuticals, FQ113-FQ126



Source: Leede Financial, Cipher Pharmaceuticals financial filings

- On the milestone watch, our model does not assume that Cipher's partnered (with Sweden-based Moberg Pharma [MOB-STO, NR]) topical terbinafine formulation MOB-015 will contribute materially if ever to our revenue/EBITDA projections, but the firm still holds Canadian marketing rights for this Phase III-stage onychomycosis therapy that was long-ago approved in a few EU-based geographies as Terclara & Moberg continues to feature the formulation in its own Rx portfolio (while still featuring Cipher in its financial filings as its Canadian MOB-015 marketing partner), notwithstanding its clinical/regulatory challenges in North American markets that are more relevant to Cipher. Cipher's main Canadian competitor in the domestic onychomycosis market is still Bausch Health's (BCH-NY, NR) topical

efinaconazole formulation Jublia & MOB-015 would need to compare favorably to this antifungal therapy in both clinical & commercial comparison before we would ascribe material revenue expectations to its adoption.

Exhibit 8. Comparable Companies for CIPHER

Company	Filing Curr.	Sym.	Shrs Out. (M)	Share Price 7-May	Mkt Cap (\$M)	Mkt Cap (C\$M)	Ent. Value (\$M)	Ent. Value (C\$M)	EV/EBITDA			Price/Earnings		
									(T12M)	(2026E)	(2027E)	(T12M)	(2026E)	(2027E)
Profitable Canadian healthcare firms														
Aurinia Pharmaceuticals	USD	AUPH	129.9	\$15.14	1,967	1,967	2,238	2,238	NA	10.2x	8.5x	7.1x	19.1x	14.4x
Bausch Health	USD	BHC	373.5	\$5.73	2,140	2,917	30,902	42,128	6.2x	5.9x	6.1x	NA	1.3x	1.4x
BioSynt	CAD	RX	11.6	\$14.64	170	170	142	142	11.7x	9.2x	7.8x	18.3x	15.6x	13.1x
CareRx	CAD	CRRX	62.9	\$3.55	223	223	288	288	NA	7.8x	7.0x	8.5x	24.1x	14.2x
Chartwell REIT	CAD	CSH.R	324.0	\$9.36	3,033	3,033	9,887	9,887	NA	19.6x	17.8x	NA	31.2x	24.6x
DRI Healthcare Trust	CAD	DHT.UN	55.0	\$16.10	886	886	1,490	1,490	7.1x	6.9x	6.6x	NA	7.5x	7.1x
Extendicare REIT	CAD	EXE	94.8	\$30.20	2,864	2,864	2,853	2,853	NA	12.2x	10.7x	26.7x	24.8x	21.2x
HLS Therapeutics	CAD	HLS	31.3	\$4.69	147	147	199	199	8.9x	7.2x	6.1x	NA	NA	NA
Jamieson Wellness	CAD	JWEL	41.5	\$33.93	1,407	1,407	1,856	1,856	NA	10.4x	9.4x	22.7x	16.0x	13.7x
K-Bro Linen	CAD	KBL	13.0	\$39.98	519	519	804	804	7.3x	7.4x	7.2x	25.2x	19.0x	18.4x
Kneat.com	CAD	KSI	96.1	\$4.79	460	460	440	440	NA	25.3x	17.2x	NA	NA	NA
Knight Therapeutics	CAD	GUD	98.3	\$8.35	820	820	784	784	NA	10.4x	9.7x	NA	51.4x	33.0x
Medexus ¹	CAD	MDP	32.0	\$2.86	92	92	139	139	7.5x	6.4x	4.6x	NA	NA	8.9x
Medical Facilities ¹	CAD	DR	17.6	\$12.40	218	218	407	407	NA	5.1x	5.1x	21.1x	6.1x	18.5x
Microbix Biotech	CAD	MBX	138.0	\$0.25	35	35	32	32	NA	NA	11.1x	NA	NA	NA
Vital Infrastructure	CAD	VITL.UN	250.0	\$5.60	1,400	1,400	2,676	2,676	10.3x	12.5x	12.7x	NA	NA	NA
Savaria	CAD	SIS	71.9	\$28.74	2,068	2,068	2,255	2,255	NA	11.0x	10.2x	29.9x	20.7x	18.4x
Sienna Senior Living	CAD	SIA	106.0	\$23.07	2,446	2,446	3,700	3,700	23.8x	18.5x	16.3x	49.0x	38.5x	33.4x
Viemed	USD	VMD	38.3	\$9.21	353	481	484	660	6.5x	5.3x	4.6x	23.8x	19.2x	14.9x
Vitalhub	CAD	VHI	63.3	\$7.94	502	502	387	387	NA	11.4x	9.5x	NA	31.5x	25.1x
Well Health	CAD	WELL	255.5	\$4.37	1,117	1,117	1,872	1,872	9.3x	10.5x	9.5x	NA	15.8x	11.5x
Average									9.9x	10.7x	9.4x	23.2x	21.4x	17.2x
Profitable specialty pharmaceutical firms														
AbbVie	USD	ABBV	1768.8	\$202.71	358,546	488,806	575,018	783,922	NA	12.9x	11.3x	NA	14.2x	12.5x
Amgen	USD	AMGN	539.7	\$329.09	177,613	242,139	304,567	415,217	12.8x	10.1x	10.4x	22.7x	14.7x	14.0x
Biogen	USD	BIIB	147.6	\$191.38	28,255	38,520	41,348	56,370	8.7x	9.7x	9.2x	20.5x	13.1x	11.8x
Fresenius	EUR	FREG	563.2	€40.74	22,946	36,742	50,539	68,900	11.4x	11.1x	10.4x	15.2x	11.2x	10.4x
Cardinal Health	USD	CAH	234.2	\$185.28	43,394	59,159	66,315	90,407	16.3x	16.3x	14.9x	28.2x	17.3x	15.5x
Dr. Reddy Labs	INR	500124	832.7	₹1,307	₹1,088,161	15,677	15,614	21,286	16.8x	18.9x	19.7x	19.5x	21.4x	23.8x
Gilead Sciences	USD	GILD	1241.2	\$134.06	166,398	226,851	250,896	342,046	NA	15.3x	14.3x	19.6x	15.5x	13.9x
Jazz Pharmaceuticals	USD	JAZZ	62.7	\$226.96	14,240	19,414	22,847	31,147	14.9x	10.4x	9.5x	NA	9.2x	9.0x
Neurocrine Biosciences	USD	NBIX	100.5	\$149.59	15,041	20,506	18,754	25,567	22.2x	20.7x	18.2x	22.3x	23.1x	15.6x
Perrigo	USD	PRGO	138.4	\$11.72	1,622	2,211	6,463	8,812	NA	10.4x	9.6x	NA	5.6x	5.0x
Sun Pharma/Ranbaxy ²	INR	524715	2399.3	₹1,834	₹4,401,340	63,410	60,347	82,271	32.9x	33.5x	29.1x	42.0x	36.4x	32.9x
Teva Pharmaceuticals ³	USD	TEVA	1164.6	\$36.01	41,939	57,175	76,384	104,134	14.5x	15.8x	13.6x	26.5x	14.7x	11.5x
United Therapeutics	USD	UTHR	42.4	\$569.18	24,154	32,930	30,062	40,983	19.0x	17.9x	14.9x	19.4x	20.1x	16.9x
Vertex Pharmaceuticals	USD	VRTX	253.8	\$425.00	107,867	147,055	137,488	187,437	26.9x	24.4x	20.7x	25.0x	22.2x	19.8x
Viatris	USD	VTRS	1164.4	\$17.39	20,249	27,606	45,407	61,903	13.0x	10.5x	10.0x	NA	7.1x	6.5x
Average									17.5x	15.9x	14.4x	23.7x	16.4x	14.6x
Cipher Pharma¹		CPH	25.6	\$13.11	336	458	329	449	NA	15.8x	12.7x	12.2x	17.6x	13.8x

¹ Share price converted to USD for stocks reporting financial data in USD but for which share value is reported in CAD

² Cipher's US Absorica marketing partner ³ Generic Absorica competitor (since April-21)

Source: Leede Financial, Consensus Data - Refinitiv

- Shifting to Cipher's Israel-based partner Can-Fite Biopharma (CANF-TASE, NR) with which Cipher holds regional marketing rights for Phase III-stage plaque psoriasis-targeted adenosine receptor antagonist drug piclidenoson, for which a 705-patient Phase III plaque psoriasis trial is described in the US NIH's clinical database & is described in Can-Fite's most recent investor presentation but has not yet commenced enrollment. Four-month PASI75 data are expected by mid-F2028 but that timeline of course is still dependent on timing/pace of patient enrollment that at present is ill-defined. We look forward to an update on this program either from Can-Fite or Cipher in coming quarters.
- The drug did perform well in comparison to another orally-active plaque psoriasis drug (Amgen's [AMGN-Q, NR] apremilast/Otezla) in the 529-patient Phase III COMFORT-1 trial (published in 2024 in the *Journal of the European Academy of Dermatology & Venereology*) & we thus believe that Can-Fite is justified in funding supplemental plaque psoriasis clinical testing in order to drive ahead with a formal NDA filing, possibly by early F2029. The drug does not impact our F2026-to-F2028 financial forecasts, not even at the level of R&D expenses that are solely incurred by Can-Fite, but it does provide us with some longer-term upside to Cipher's dermatology portfolio if pending Phase III performance matches COMFORT-1 performance.

- Summary & valuation.** Cipher's FQ126 revenue/EBITDA/cash flow were both positive & comparable to our expectations, though with modest outperformance that we are incorporating into our F2026 full-year financial forecasts & thus establishing a new baseline from which we project growth on these metrics. Accordingly, we are slightly lifting our PT to C\$22.25 from C\$19.00 previously, with our valuation still based on multiples of our F2027 EBITDA/fd EPS forecasts of US\$35.5M & US\$0.93/shr, respectively. Our fd EPS forecast is moderately conservative on a FQ126 run-rate basis, but while we project minimal tax expense impact on our net income/fd EPS projections, we are not overtly projecting tax recovery of any magnitude in any specific quarter during the F2026-to-F2028 period. Accordingly, tax recoveries if/when recognized in future periods could positively impact Cipher's net income growth trajectory beyond that which our formal forecasts are currently projecting.
- Medical Facilities reports FQ126 financial results.** SD-based specialty hospital operator Medical Facilities (DR-T), for which we are maintaining our Hold rating while revising our one-year PT to C\$17.50 from C\$15.50 previously, reported FQ126 financial data for the March-end quarter that was in our view quite strong by seasonal standards & by comparison to trailing performance by the firm's legacy physician-owned specialty surgical hospitals to which we ascribe value. Our PT increase arises mostly in acknowledgement of strong revenue performance from both of Medical Facilities' continuing specialty surgery operations at Sioux Falls SD & Little Rock AR, revenue levels that when considering that FQ1 is typically a seasonally soft financial period for the firm can establish new trough levels for quarterly revenue expectations during our F2026-to-F2028 forecast period. We justify this claim in our commentary below.

Exhibit 9. Financial Forecast Summary for Medical Facilities

<i>Year-end December 31</i>													
<i>(US\$000, except EPS)</i>	2016A	2017A	2018A	2019A	2020A	2021A	2022A	2023A	2024A	2025E	2026E	2027E	2028E
Sioux Falls Surg Hosp, revenue	\$97,562	\$114,143	\$115,635	\$118,489	\$119,316	\$128,619	\$134,132	\$147,183	\$153,726	\$156,140	\$169,185	\$170,877	\$172,586
Sioux Falls Surg Hosp, EBIT	\$33,665	\$42,265	\$37,873	\$37,904	\$36,474	\$40,496	\$35,248	\$34,121	\$40,436	\$34,645	\$39,379	\$38,611	\$41,260
Sioux Falls Surg Hosp, margin	35%	37%	33%	32%	31%	31%	26%	23%	26%	22%	23%	23%	24%
Arkansas Surg Hosp, revenue	\$67,349	\$70,600	\$67,849	\$69,711	\$71,955	\$71,085	\$73,231	\$90,983	\$92,347	\$98,026	\$102,469	\$103,494	\$104,529
Arkansas Surg Hosp, EBIT	\$14,364	\$15,499	\$13,359	\$14,318	\$18,814	\$15,384	\$8,224	\$18,718	\$21,481	\$19,607	\$20,866	\$21,074	\$21,285
Arkansas Surg Hosp, margin	21%	22%	20%	21%	26%	22%	11%	21%	23%	20%	20%	20%	20%
Other Hosp now divested, rev	\$176,445	\$205,665	\$251,907	\$233,266	\$198,591	\$212,028	\$207,026	\$207,416	\$164,010	\$88,010	\$0	\$0	\$0
Other Hosp now divested, EBIT	\$40,982	\$35,942	\$46,129	\$28,246	\$31,140	\$40,043	\$20,182	\$23,665	\$25,379	\$11,158	\$0	\$0	\$0
Other Hosp now divested, marg	23%	17%	18%	12%	16%	19%	10%	11%	15%	13%	NA	NA	NA
Total revenue	\$339,473	\$385,329	\$431,602	\$398,103	\$389,862	\$411,732	\$414,389	\$445,582	\$410,083	\$342,176	\$271,654	\$274,371	\$277,115
Revenue growth (%)	9%	14%	12%	(8%)	(2%)	6%	1%	8%	(8%)	(17%)	(21%)	1%	1%
EBITDA	\$90,706	\$94,647	\$99,018	\$96,248	\$95,682	\$104,127	\$72,251	\$88,646	\$84,797	\$73,685	\$63,261	\$63,894	\$64,533
EBITDA growth (%)	(9%)	4%	5%	(3%)	(1%)	9%	(31%)	23%	(4%)	(13%)	(14%)	1%	1%
EBITDA margin (%)	27%	25%	23%	24%	25%	25%	17%	19.9%	20.7%	21.5%	23.3%	23.3%	23.3%
Consolidated net income	\$39,689	\$46,579	\$51,549	\$59,677	\$39,259	\$46,618	\$12,869	\$43,999	\$68,554	\$46,963	\$35,709	\$30,426	\$31,305
Net inc, minority interest	\$47,440	\$25,942	\$30,622	\$25,422	\$37,520	\$30,993	\$16,700	\$21,145	\$30,348	\$19,191	\$10,861	\$7,606	\$7,826
Net inc, common share hrs	(\$7,751)	\$20,637	\$20,927	\$34,255	(\$1,837)	\$15,625	(\$3,831)	\$22,854	\$38,206	\$27,772	\$24,848	\$22,819	\$23,478
Consolidated EPS	\$1.28	\$1.50	\$1.66	\$1.92	\$1.26	\$1.50	\$0.45	\$1.75	\$2.89	\$2.52	\$2.11	\$1.94	\$1.99
EPS, minority interest	\$1.53	\$0.84	\$0.99	\$0.82	\$1.21	\$1.00	\$0.58	\$0.84	\$1.28	\$1.03	\$0.64	\$0.48	\$0.50
EPS, common share hrs	(\$0.25)	\$0.67	\$0.68	\$1.10	(\$0.06)	\$0.50	(\$0.13)	\$0.91	\$1.61	\$1.49	\$1.47	\$1.45	\$1.49
Consolidated AFFO/unit	\$1.23	\$1.29	\$1.22	\$0.66	\$0.96	\$0.96	\$0.69	\$0.89	\$1.03	\$1.16	\$1.92	\$2.30	\$2.24
Consolidated AFFO/unit (C\$)	\$1.64	\$1.67	\$1.60	\$0.87	\$1.28	\$1.21	\$0.89	\$1.21	\$1.41	\$1.61	\$2.62	\$3.13	\$3.06
Adj AFFO/unit (C\$; share hldrs)	\$0.86	\$0.88	\$0.86	\$0.45	\$0.67	\$0.64	\$0.47	\$0.63	\$0.75	\$0.85	\$1.34	\$1.60	\$1.56
Payout per IPS unit (C\$)	\$1.13	\$1.13	\$1.13	\$0.98	\$0.28	\$0.29	\$0.33	\$0.33	\$0.34	\$0.36	\$0.36	\$0.36	\$0.36
Payout ratio (%)	69%	68%	70%	113%	22%	24%	37%	27%	24%	22%	14%	11%	12%
Share of financial data ascribed to common shareholders													
Adj EBITDA (US\$000) ¹	\$47,893	\$50,071	\$53,127	\$49,999	\$50,213	\$55,235	\$37,905	\$46,507	\$44,877	\$39,178	\$32,263	\$32,586	\$32,912
Adj EPS (US\$) ^{1,2}	(\$0.25)	\$0.67	\$0.68	\$1.10	(\$0.06)	\$0.50	(\$0.13)	\$0.91	\$1.61	\$1.49	\$1.47	\$1.45	\$1.49
Adj AFFO (US\$) ¹	\$0.65	\$0.68	\$0.65	\$0.34	\$0.50	\$0.51	\$0.36	\$0.47	\$0.54	\$0.62	\$0.98	\$1.17	\$1.14
Proportion of facilities owned by common shareholders	52.8%	52.9%	53.7%	51.9%	52.5%	53.0%	52.5%	52.5%	52.9%	53.2%	51.0%	51.0%	51.0%
Adjusted AFFO multiple	14.0x	13.3x	14.0x	26.6x	18.1x	17.9x	25.3x	19.5x	16.8x	14.8x	9.3x	7.8x	8.0x
Price-to-adj EPS multiple	NA	18.7x	18.4x	11.3x	NA	24.7x	NA	13.7x	7.7x	8.4x	8.5x	8.6x	8.3x
Adj EV/EBITDA multiple	5.5x	5.2x	4.9x	5.3x	5.2x	4.8x	6.9x	5.6x	5.9x	6.7x	8.1x	8.1x	8.0x

¹ Adjusted for proportion of financial data ascribed to common shareholders (51% in F2026-to-F2028, higher in prior years) & not to non-controlling interests

Source: Historic data – Medical Facilities financial filings; Forecasts/Estimates – Leede Financial Inc.

- So starting with hospital-specific data & working our way back to consolidated data, Medical Facilities reported FQ126 revenue/operating income/margin for Sioux Falls Surgical Center of US\$41.3M/US\$9.3M/22.5% that was substantially above FQ125 data on all metrics (US\$37.5M/US\$8.0M/21.2%) while predictably below seasonally strong FQ425 data of US\$48.2M/US\$14.2M/29.4%.

Exhibit 10. Valuation Summary for Medical Facilities

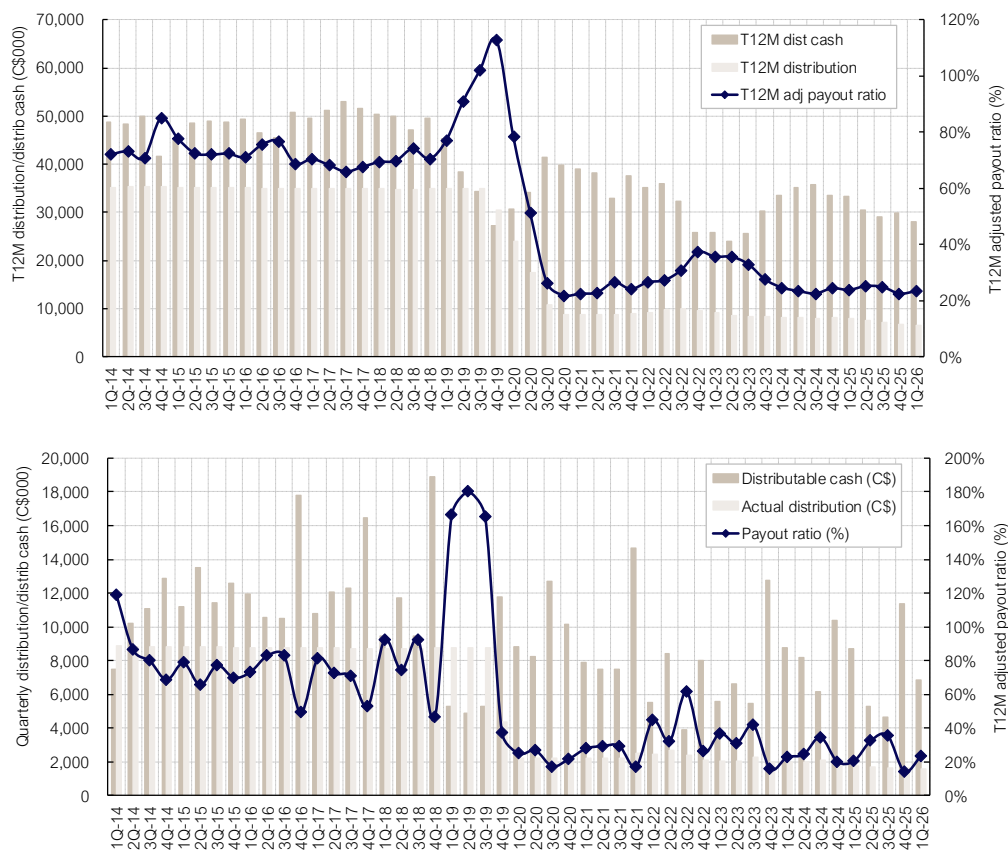
AFFO multiple (F2027)	5x	7x	9x	10x	11x	13x	15x
Implied unit price ^{1,2}	\$5.86	\$8.21	\$10.55	\$11.72	\$12.90	\$15.24	\$17.59
EV/EBITDA multiple (F2027)	2x	3x	4x	5x	6x	7x	8x
Implied share price (\$) ^{1,2}	\$7.75	\$9.82	\$11.90	\$13.97	\$16.05	\$18.12	\$20.20
One-year Medical Facilities target price (US\$)				\$12.85			
One-year Medical Facilities target price (C\$) ^{2,3}				\$17.52			

¹ Based on adjusted F2027 EBITDA of \$32.6M & F2027 adjusted AFFO of \$1.17/shr; EV incorporates FQ126 debt of \$29.7M & cash (including net proceeds from Oklahoma Spine & Newport Coast divestitures)
² Current S/O of 17.7M; F2027 forecasts based on notional S/O of 15.7M that assumes sustained share buyback at recent pace out to end-of-F2027
³ Consolidated F2027 financial forecasts including non-controlling interest & after adjusting for physician ownership - EBITDA of \$63.9M & F2027 AFFO of \$2.30/shr
⁴ Based on a USD to CAD conversion rate of 1.36x

Source: Leede Financial Inc.

- That magnitude of seasonality is anticipated throughout our forecast period. For the firm’s operations at Arkansas Surgical Hospital, FQ126 revenue/operating income/margin were US\$25.8M/ US\$5.3M/20.5%, comparing favorably both to FQ125 data (US\$23.0M/US\$4.6M/20.0%) & FQ425 data (US\$36.9M/ US\$5.5M/20.3%), with less seasonality apparent in recent Arkansas Surgical Hospital operations, consistent with the operating history of this specific hospital in Medical Facilities portfolio.

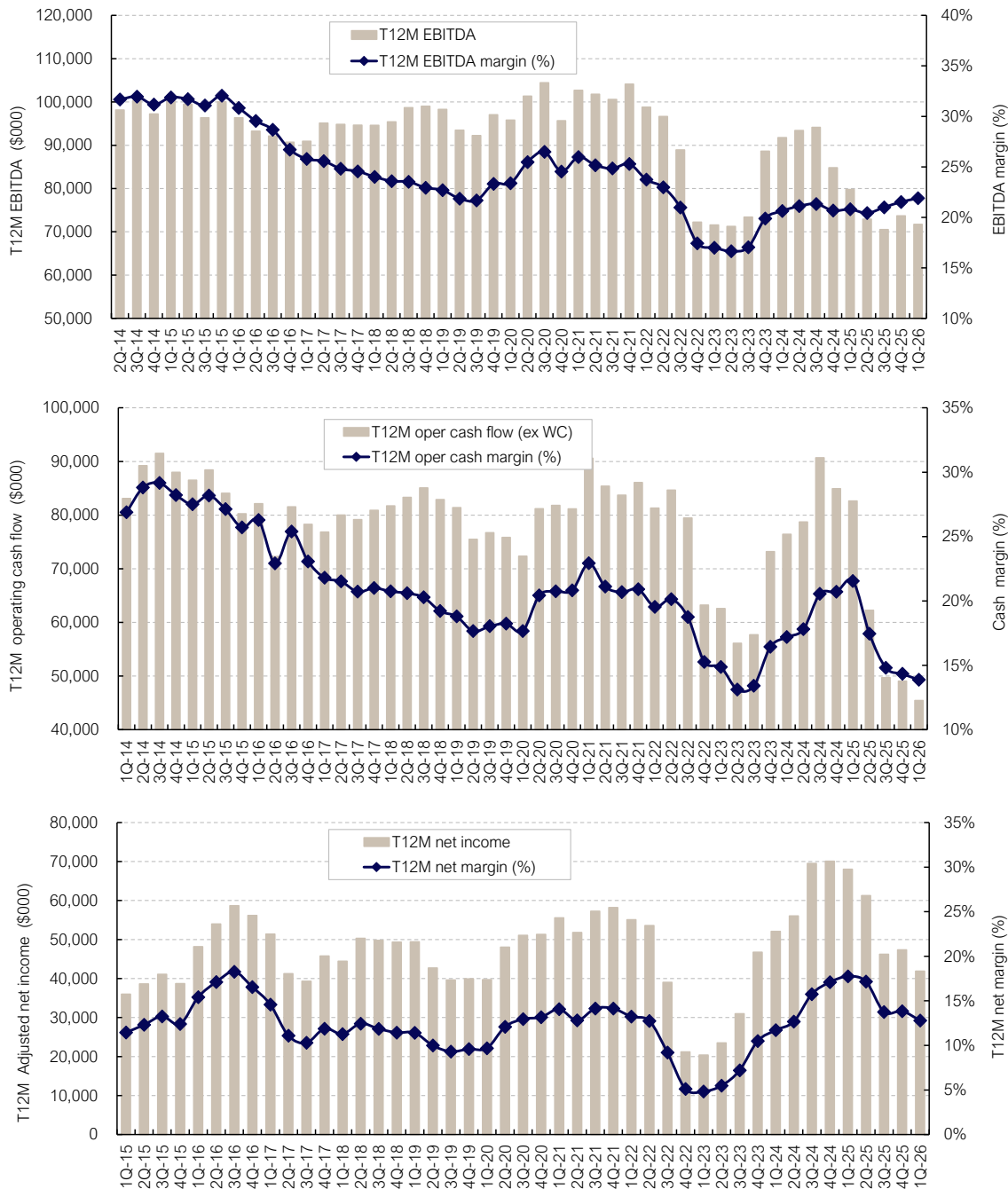
Exhibit 11. Historic T12M Distributable Cash and Payout Ratio for Medical Facilities, FQ114-FQ126



Source: Leede Financial, Historical Data – Company Information (Medical Facilities)

- On consolidated operations that now just include Sioux Falls & Arkansas Surgical Hospital (other SD-based facilities at Dakota Plains & Black Hills were previously divested, as were Oklahoma Spine Hospital & ambulatory surgery centres in CA), FQ126 revenue/operating income/margin were US\$67.1M/US\$14.6M/21.7% on a sum-of-facilities basis & US\$67.1M/US\$12.4M/18.5% when corporate costs are included. On an adjusted basis & assuming that trailing corporate costs are unaltered by the Oklahoma Spine/Newport Coast divestitures, pro forma FQ125 data for Sioux Falls/Arkansas Surgical alone were US\$60.6M/US\$10.7M/17.6% while FQ425 data were US\$75.1M/US\$17.5M/23.4% (corporate costs in the respective FQ125/FQ425 quarters were US\$1.9M & US\$2.1M, respectively). Y/y comparison to pro forma FQ125 data makes it clear that Medical Facilities existing hospital portfolio is performing well by recent standard & thus forms a new foundation from which we project revenue/EBITDA growth in future periods in our model.

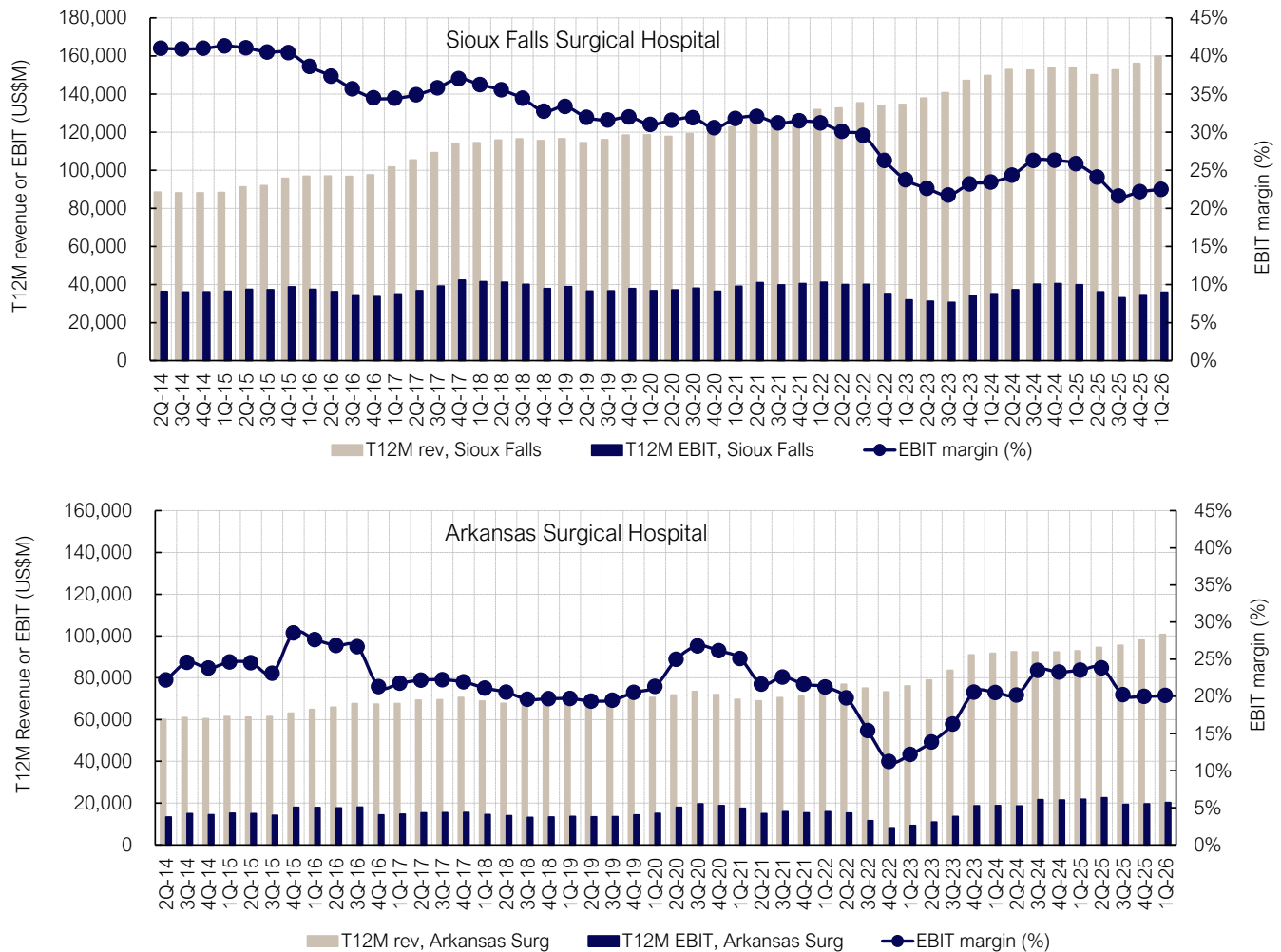
Exhibit 12. Historic T12M EBITDA, Operating Cash Flow, Net Income & Margin Data for Medical Facilities, FQ214-FQ126



Source: Leede Financial, Historical Data – Company Information (Medical Facilities)

- Medical Facilities recorded net income from discontinued Oklahoma Spine operations of US\$16.8M, as compared to announced gross cash proceeds from the sale of US\$45.7M. Key elements that brought net gain down from gross value included magnitude of non-controlling physician ownership & net assets sold, with tax rate ascribed to pre-tax value of the facility was about 32%, consistent with our expectations. Results from discontinued operations as summarized in Medical Facilities financial filings showed that divested FQ126 revenue/operating income were US\$5.7M/US\$0.0M, though that revenue value is far below what Oklahoma Spine was able to generate in prior quarters (T36M quarterly average revenue was US\$19.6M) & should be able to achieve independent of Medical Facilities going forward.

Exhibit 13. T12M Revenue-EBIT-Margin Data for Sioux Falls Surgical Hospital & Arkansas Surgical Hospital, FQ214-FQ126



Source: Leede Financial, Historical Data – Company Information (Medical Facilities)

- With proceeds from the Oklahoma Spine divestiture considered in combination with operating cash in the quarter, it is no surprise that Medical Facilities net cash balance continued to be positive at quarter end – Cash was US\$86.3M & total debt was US\$29.7M – with debt-based financial ratios also continuing to be favorably even by FQ1 standards. FQ126 EBITDA-to-interest coverage ratio was 6.1x while FQ126 debt-to-EBITDA run-rate ratio was 0.5x, both well within safe territory in our view.
- Medical Facilities FQ126 AFFO was US\$5.0M/C\$6.8M & so as in virtually all preceding non-pandemic-impacted quarters, the firm generated a strong pay-out ratio of 23.1% that takes dividend risk as close to nil as any firm in our coverage universe (though dividend policy risk for Extencare [EXE-T, Buy, PT C\$31.50], K-Bro Linen [KBL-T, Buy, PT \$49.00] & CareRx [CRRX-T, Buy, PT C\$5.25] are correspondingly low, as we described separately in this document).
- Summary & valuation.** There are always idiosyncrasies in our Medical Facilities valuation just because of the adjustment for physician non-controlling interest ownership stake in the respective surgical hospitals that the public entity

administers, but a supplemental layer of nuance in our valuation is that we assume that Medical Facilities will use discretionary cash to repurchase some proportion of outstanding shares as a way to return proceeds from recent facility divestitures (including but not limited to Oklahoma Spine) to shareholders. Accordingly, our F2027/28 share-based forecasts are based on notional S/O of 15.7M, down from 17.7M currently. Our investment thesis assumes that a public process by which shares will be repurchased within a defined published price range will transpire before end-of-F2026.

- But shifting back to our valuation, we base our C\$17.50 PT on the average of 10x F2027 adjusted AFFO of US\$1.17/shr & 5x F2027 adjusted EBITDA of US\$32.6M, with both values based on the proportion of consolidated EBITDA/AFFO ascribed to common shareholders (51%), as shown in Exhibit 14. Our EV calculation incorporates FQ126 balance sheet data as summarized above (cash of US\$86.3M, debt of US\$29.7M) & notional S/O of 15.7M as stated. We are maintaining our Hold rating for now, though we do encourage investors lacking any weighting in DR to consider the stock for its near-term upside from a scheduled share repurchase that we believe is on the horizon.

Exhibit 14. Comparable Companies for Medical Facilities

Company	Curr.	Sym	Shares Out	Share Price 8-May	Mkt Cap (\$M)	Ent. Value (\$M)	EV/EBITDA			Price/Earnings			Description
							(T12M)	(2026E)	(2027E)	(T12M)	(2026E)	(2027E)	
Specialty Healthcare Services Peers													
Acadia Healthcare Company Inc	USD	ACHC	92.0	\$24.46	\$2,250	\$4,619	7.5x	7.8x	7.2x	12.3x	16.2x	14.1x	TN-based psychiatric services firm
Addus Homecare Corp	USD	ADUS	18.7	\$97.29	\$1,816	\$1,804	10.1x	9.2x	8.7x	15.9x	14.0x	13.0x	IL-based home care services firm
AMN Healthcare Services Inc	USD	AMN	38.7	\$22.45	\$868	\$1,050	4.5x	4.2x	5.3x	15.9x	11.1x	19.7x	CA-based healthcare workforce & staffing services firm
Option Care Health Inc	USD	OPCH	157.0	\$20.75	\$3,258	\$4,211	8.9x	8.8x	8.1x	12.0x	11.3x	10.1x	Home infusion services for administering IV medications targeting multiple medical
Chemed Corp	USD	CHE	13.3	\$425.82	\$5,652	\$5,583	11.8x	11.2x	10.3x	19.2x	17.5x	15.8x	Hospice & palliative care services
DaVita Inc	USD	DVA	64.2	\$196.26	\$12,600	\$22,353	8.0x	7.7x	7.5x	18.5x	13.8x	11.5x	Renal dialysis services, including Rx services to patients with end-stage renal disease
Pediatrix Medical Group	USD	MD	82.1	\$22.93	\$1,883	\$2,145	7.6x	7.6x	7.3x	11.0x	10.1x	9.7x	FL-based neonatal care services
Viemed Healthcare Inc	USD	VMD	38.3	\$9.21	\$353	\$350	5.7x	5.2x	4.6x	26.7x	19.2x	14.9x	US-based consolidator of home healthcare service providers
Average							8.0x	7.7x	7.4x	16.4x	14.1x	13.6x	
Surgical Hospital & Ambulatory Surgery Center Peers													
Select Medical Holdings Corp	USD	SEM	127.1	\$29.05	\$3,694	\$7,052	10.1x	8.7x	7.9x	18.1x	14.6x	12.2x	PA-based specialty hospitals, outpatient rehab clinics, LT acute care hospitals, rehab
Surgery Partners Inc	USD	SGRY	126.5	\$35.51	\$4,492	\$6,188	12.8x	14.2x	12.7x	NA	37.1x	34.5x	TN-based surgical facility operator
Average							11.5x	11.4x	10.3x	18.1x	25.8x	23.3x	
Hospital Operator Peers													
Community Health Systems Inc	USD	CYH	140.9	\$2.90	\$409	\$9,516	6.5x	7.0x	6.8x	0.8x	NA	NA	TN-based operator of general acute care hosp-itals (155 hospitals, 26,222 beds in 21
HCA Healthcare Inc	USD	HCA	221.8	\$429.02	\$95,174	\$141,255	9.1x	8.9x	8.4x	14.5x	14.2x	14.2x	US-based operator of general & acute care hosp-itals, surgery centers & endoscopy ctrs
Tenet Healthcare Corp	USD	THC	86.1	\$194.13	\$16,722	\$23,155	4.6x	5.0x	4.9x	10.0x	10.9x	10.9x	TX-based hospital operator; 53 general hospitals with 14,352 beds
UnitedHealth Group Inc	USD	UNH	908.1	\$369.74	\$335,777	\$353,678	15.3x	12.4x	11.1x	27.9x	20.1x	20.1x	Provides hospital and medical services plans, acquired LHC Group in Q123
Universal Health Services Inc	USD	UHS	61.0	\$170.42	\$10,401	\$14,990	5.6x	5.6x	5.4x	7.0x	7.3x	7.3x	PA-based owner/operator of acute care hosp-itals, ASCs, radiation oncol ctrs,
Average							8.2x	7.8x	7.3x	12.1x	13.1x	13.1x	
Medical Facilities 1,2,3	USD	DR	17.6	\$12.37	\$217	\$160	3.0x	5.1x	5.0x	NA	11.0x	33.6x	SD & AR-based physician-owned specialty surgical hospital & ASC operator

¹ DR share price converted to US\$; EV calculated using pro forma balance sheet data (includes gross proceeds from Oklahoma Spine/Newport Coast divestitures)

² Multiples ascribed to consensus F2026-to-F2028 EBITDA & EPS forecasts for Medical Facilities are adjusted for proportionate ownership by common shareholders

Source: Leede Financial, Consensus Data - Refinitiv

- **Extencare reported FQ126 results – maintaining Buy rating on sustainable margin strength while driving growth in both long-term care & home healthcare operations.** ON-based eldercare services provider Extencare reported FQ126 financial data for the March-end quarter that were strong by FQ1 standards, notably on long-term care operating margin that provided us with a revised benchmark from which we now project operating income/margin for this specific eldercare division. Home healthcare operating income/margin continued to outperform trailing quarters, benefiting in absolute terms

from recently-acquired Closing The Gap & with substantive revenue/operating income contribution from another acquisition (CBI Home Health [private]) expected to drive home healthcare growth beginning next quarter.

Exhibit 15. Income Statement & Financial Forecast Data For Extendicare

<i>Year-end December 31 (C\$M, exc share-based data)</i>	2017A	2018A	2019A	2020A	2021A	2022A	2023A	2024A	2025A	2026E	2027E	2028E
Revenue, SNFs	\$616.9	\$632.5	\$643.8	\$715.6	\$771.2	\$767.1	\$788.1	\$827.4	\$892.1	\$1,028.6	\$1,075.2	\$1,113.9
Revenue, ParaMed (home health) ¹	\$220.7	\$222.3	\$214.0	\$188.2	\$217.7	\$228.9	\$276.3	\$552.4	\$653.5	\$748.7	\$779.1	\$810.7
Revenue, Revera (home health) ¹	\$215.0	\$209.0	\$209.0	\$180.0	\$192.9	\$192.8	\$192.8	NA	NA	NA	NA	NA
Revenue, CBI (home health)	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$298.7	\$502.3	\$530.4
Revenue, Closing The Gap (home)	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$47.7	\$86.8	\$93.9	\$99.2
Revenue, Assist liv	\$20.7	\$33.4	\$41.3	\$47.8	\$49.8	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Revenue, other Cdn ops	\$18.8	\$22.3	\$23.9	\$26.8	\$27.8	\$32.8	\$47.8	\$72.7	\$67.2	\$65.9	\$68.6	\$71.4
Revenue, US ops	\$5.3	\$0.4	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Consolidated revenue	\$1,097.3	\$1,120.0	\$1,132.0	\$1,158.3	\$1,259.3	\$1,221.6	\$1,305.0	\$1,452.6	\$1,660.4	\$2,228.7	\$2,519.1	\$2,625.5
Rev growth (%)	2.7%	2.1%	1.1%	2.3%	8.7%	(3.0%)	6.8%	11.3%	14.3%	34.2%	13.0%	4.2%
EBITDA	\$97.6	\$94.2	\$91.1	\$41.7	\$77.7	\$55.8	\$95.2	\$142.7	\$175.6	\$257.8	\$294.3	\$312.1
EBITDA margin (%)	8.9%	8.4%	8.0%	3.6%	6.2%	4.6%	7.3%	9.8%	10.6%	11.6%	11.7%	11.9%
EBITDA growth (%)	5.0%	(3.4%)	(3.3%)	(54.2%)	86.3%	(28.1%)	70.5%	50.0%	23.0%	46.8%	14.1%	6.1%
Non-oper exp (inc D&A)	\$27.0	\$34.1	\$35.7	\$39.7	\$36.2	\$27.4	\$38.9	\$28.1	\$20.1	\$23.8	\$38.8	\$40.9
Interest expense	\$28.1	\$27.6	\$28.7	\$28.5	\$27.3	\$20.6	\$20.6	\$20.1	\$18.7	\$15.3	\$12.8	\$12.5
Tax expense	\$10.9	\$4.2	\$7.2	\$16.3	\$6.5	\$0.0	\$10.8	\$24.7	\$33.4	\$50.4	\$60.3	\$64.3
Adjusted EPS (basic)	\$0.36	\$0.09	\$0.19	\$0.48	\$0.08	(\$0.05)	\$0.40	\$0.88	\$1.12	\$1.75	\$1.91	\$2.03
Adjusted AFFO	\$0.66	\$0.65	\$0.59	\$0.88	\$0.60	\$0.28	\$0.73	\$1.09	\$1.20	\$2.03	\$2.48	\$2.50
Dividend per share	\$0.48	\$0.48	\$0.48	\$0.48	\$0.48	\$0.48	\$0.48	\$0.48	\$0.50	\$0.50	\$0.50	\$1.50
Implied payout ratio (%)	73%	73%	81%	54%	80%	169%	66%	44%	42%	25%	20%	60%
P/E ratio	84.6x	330.3x	157.9x	62.6x	355.5x	(589.3x)	74.7x	34.5x	27.0x	17.3x	15.8x	14.9x
EV-to-EBITDA	25.9x	26.8x	27.7x	60.5x	32.5x	45.2x	26.5x	17.7x	14.4x	9.8x	8.6x	8.1x
Price/AFFO	45.8x	46.2x	51.2x	34.2x	50.4x	106.5x	41.5x	27.8x	25.2x	14.9x	12.2x	12.1x

¹ Stratification of home healthcare revenue in F2017-to-F2023 is as estimated by Leede Financial & is not as reported by Extendicare in those periods

Source: Extendicare financial filings, Leede Financial

- Consolidated FQ126 revenue/EBITDA/margin were \$465.2M/\$52.9M/11.4% as compared sequentially to F425 data of \$462.0M/\$49.5M/10.7% & y/y to FQ125 data of \$374.7M/\$35.6M/9.5%. All operating metrics across the firm's long-term care & home healthcare segments were strong, specifically on occupancy for long-term care (97.5% overall & 98.2% in ON where occupancy of >97% is required to ensure full-funding under the province's cost-plus reimbursement formula) & on daily hours of service in home healthcare (up to 3.77M in FQ126 from 3.63M in FQ425 & from 3.46M in FQ325, with average daily service hour volumes also climbing to 41,936 in FQ126 from 39,440 in FQ425 & 37,609 in FQ325).

Exhibit 16. Valuation Scenarios For Extendicare

AFFO multiple, F2027	5x	10x	12x	14x	16x	18x
Implied unit price ¹	\$12.40	\$24.80	\$29.76	\$34.72	\$39.68	\$44.63
EV-to-EBITDA multiple, F2027	5x	10x	12x	14x	16x	18x
Implied unit price ^{1,2}	\$15.55	\$31.13	\$37.36	\$43.59	\$49.82	\$56.05
One-year EXE target price ^{1,2}	\$39.15					
Implied dividend yield (%)	1.3%					
Current dividend yield (%)	1.7%					

¹ Based on F2027 EBITDA forecast of \$294.3M & F2027 AFFO forecast of \$2.48/shr; basic S/O of 94.5M incorporates new equity issued in FQ425

² EV includes FQ126 cash of \$322.3M; total debt of \$324.6M

Source: Extendicare financial filings, Leede Financial

- Obviously acquisitive growth is driving home healthcare's absolute performance on service hours & revenue but we are encouraged to see that growth transpire without any margin compression. Indeed, other than outsized performance in FQ425 when home healthcare operating margin was 16.0%, FQ126 home healthcare operating margin of 13.6% is squarely in line with similar margin in FQ225-FQ325 of 13.5% & 13.6%, respectively. FQ126 long-term care operating margin of 13.2% was above our expectations & forms the basis for our margin projections in F2026-to-F2028 for this eldercare niche in our model.

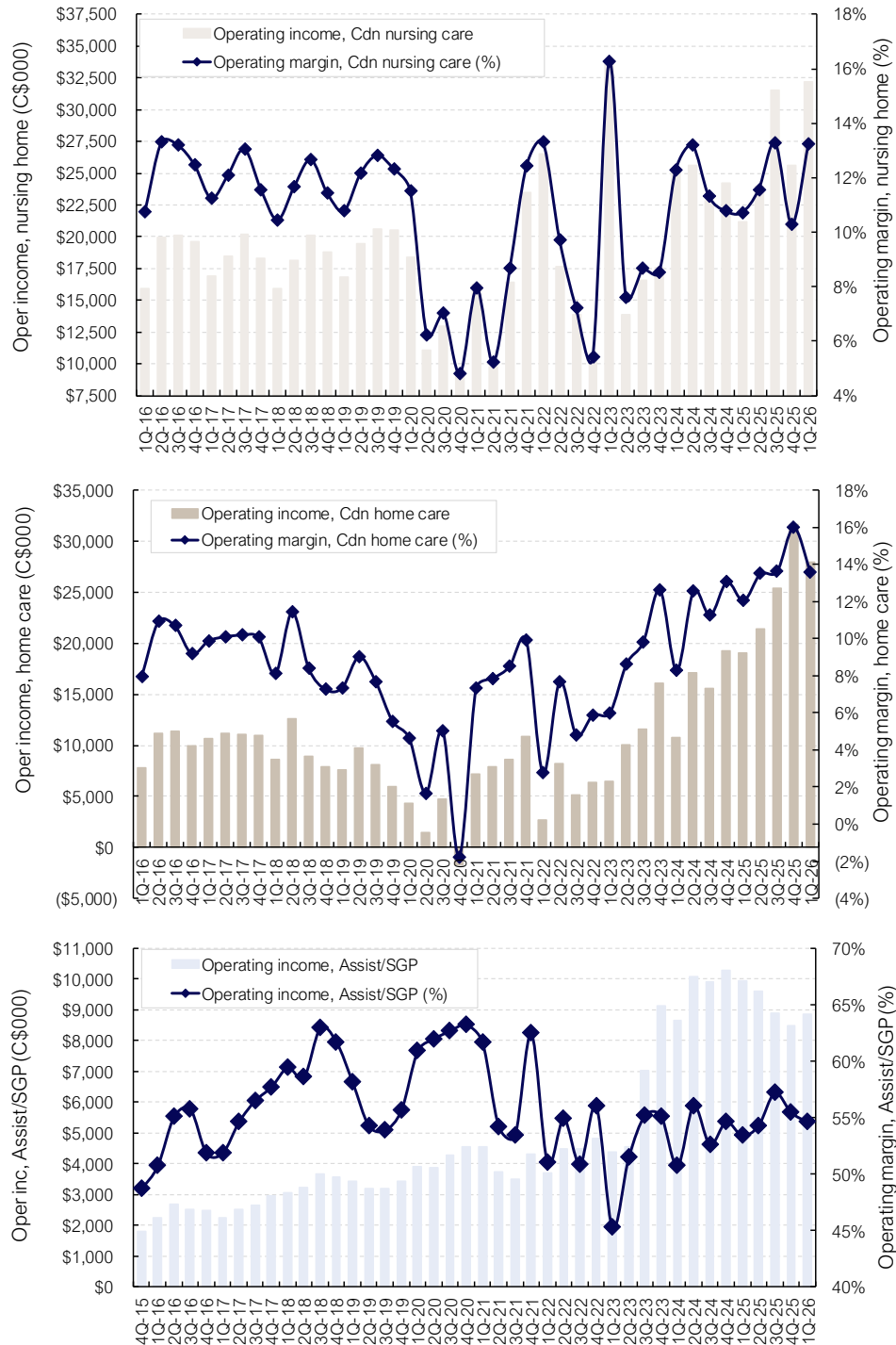
Exhibit 17. Quarterly & Annual AFFO Projections For Extendicare, F2026-to-F2028

Year-end December 31 (C\$000, except per unit data)	1Q-26	2Q-26E	3Q-26E	4Q-26E	1Q-27E	2Q-27E	3Q-27E	4Q-27E	1Q-28E	2Q-28E	3Q-28E	4Q-28E	2026E	2027E	2028E
EBITDA	\$52,858	\$60,245	\$70,357	\$74,386	\$69,304	\$70,669	\$74,834	\$79,452	\$73,799	\$75,110	\$79,286	\$83,947	\$257,847	\$294,259	\$298,754
Less:															
Net interest expense	2,080	531	474	417	360	303	246	189	189	189	189	189	3,503	1,098	756
Depreciation exp for FFEC tangible assets	2,300	2,708	3,043	3,067	3,077	3,127	3,177	3,215	3,219	3,263	3,307	3,339	11,117	12,596	13,128
Depreciation for office leases	783	783	783	783	783	783	783	783	783	783	783	783	3,132	3,132	3,132
Current income tax expense, deferred tax	7,171	8,114	9,593	10,261	9,412	9,617	10,291	11,049	10,099	10,289	10,958	11,718	35,138	40,369	43,064
Payment to Paramed under CEWS	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Discontinued operations, pretax	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Adjustment for JV	(808)	(808)	(808)	(808)	(808)	(808)	(808)	(808)	(808)	(808)	(808)	(808)	(3,232)	(3,232)	(3,232)
Accretion costs	59	59	59	59	59	59	59	59	59	59	59	59	236	236	236
Funds from operations (FFO)	41,273	48,858	57,213	60,607	56,420	57,588	61,086	64,966	60,258	61,336	64,798	68,667	207,952	240,060	241,670
FFO per unit	\$0.44	\$0.52	\$0.60	\$0.64	\$0.60	\$0.61	\$0.64	\$0.69	\$0.64	\$0.65	\$0.68	\$0.72	\$2.19	\$2.53	\$2.55
Add:															
Amortization of financial costs	328	328	328	328	328	328	328	328	328	328	328	328	1,312	1,312	1,312
Accretion costs	59	59	59	59	59	59	59	59	59	59	59	59	236	236	236
Adjustment to value of invest for SILs	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Income support for acquired retirement residences, stock option adjustment	(9,168)	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250	(5,418)	5,000	5,000
Principle portion of government capital funded payments	417	417	417	417	417	417	417	417	417	417	417	417	1,668	1,668	1,668
Adjustment for JV	70	70	70	70	70	70	70	70	70	70	70	70	280	280	280
Less: AFFO, discount oper/ stock opt exp	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Distributable income (DI)	32,979	50,982	59,337	62,731	58,544	59,712	63,210	67,090	62,382	63,460	66,922	70,791	206,030	248,556	250,166
DI per unit	\$0.35	\$0.54	\$0.63	\$0.66	\$0.62	\$0.63	\$0.67	\$0.71	\$0.66	\$0.67	\$0.71	\$0.75	\$2.17	\$2.62	\$2.64
Less:															
Adjustment for maintenance capex	233	2,488	3,250	7,453	233	2,488	3,250	7,453	233	2,488	3,250	7,453	13,424	13,424	13,424
Adj funds from oper (AFFO)	\$32,746	\$48,494	\$56,087	\$55,278	\$58,311	\$57,224	\$59,960	\$59,637	\$62,149	\$60,972	\$63,672	\$63,338	\$192,606	\$235,132	\$236,742
AFFO per share	\$0.345	\$0.511	\$0.592	\$0.583	\$0.615	\$0.603	\$0.632	\$0.629	\$0.655	\$0.643	\$0.671	\$0.668	\$2.031	\$2.480	\$2.497
Actual distribution	\$11,948	\$11,948	\$11,948	\$11,948	\$11,948	\$11,948	\$11,948	\$11,948	\$11,948	\$11,948	\$11,948	\$11,948	47,790	47,790	47,790
Actual distribution per share	\$0.126	\$0.126	\$0.126	\$0.126	\$0.126	\$0.126	\$0.126	\$0.126	\$0.126	\$0.126	\$0.126	\$0.126	\$0.50	\$0.50	\$0.50
Payout ratio (%)	36.5%	24.6%	21.3%	21.6%	20.5%	20.9%	19.9%	20.0%	19.2%	19.6%	18.8%	18.9%	24.8%	20.3%	20.2%
Shares outstanding (basic)	94,822	94,822	94,822	94,822	94,822	94,822	94,822	94,822	94,822	94,822	94,822	94,822	94,822	94,822	94,822
Capital expenditures															
Growth capex	\$6,580	\$6,770	\$9,128	\$9,200	\$9,232	\$9,380	\$9,531	\$9,644	\$9,656	\$9,788	\$9,922	\$10,017	\$31,679	\$37,787	\$39,383
Maintenance capex	\$2,533	\$7,018	\$7,317	\$9,200	\$3,351	\$8,104	\$7,640	\$9,644	\$3,505	\$8,456	\$7,954	\$10,017	\$26,069	\$28,739	\$29,932
Total capex	\$9,113	\$13,788	\$16,446	\$18,401	\$12,583	\$17,484	\$17,171	\$19,288	\$13,161	\$18,244	\$17,876	\$20,034	\$57,748	\$66,526	\$69,314
% revenue, growth capex	1.41%	1.25%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.42%	1.50%	1.50%
% revenue, maintenance capex	0.54%	1.30%	1.20%	1.50%	0.54%	1.30%	1.20%	1.50%	0.54%	1.30%	1.20%	1.50%	1.17%	1.14%	1.14%

Source: Extendicare financial filings, Leede Financial

- Extendicare exited FQ126 with \$322.3M in cash & total debt of \$324.6M, though we expect the relative level of each on a pro forma basis will be impacted by the firm's recent senior unsecured notes offering that provides the firm with access to new sources of capital (there was some residual debt taken on beyond that required to refinance existing debt) to drive growth capex activities, presumably focused on refurbishing/renovating its portfolio of C-suite ward-style long-term care facilities, an activity that is already advancing well in partnership with Axium.
- But using actual FQ126 balance sheet data as the basis for debt-based financial ratios, we calculate debt-to-FQ126 EBITDA run-rate ratio of 1.5x & FQ126 EBITDA-to-interest coverage ratio of 10.5x, both well into safe territory. FQ126 AFFO was \$32.7M or \$0.345/shr, corresponding to a payout ratio of 36.5% that clearly shows us that Extendicare's dividend policy is safe & getting safer with new sources of AFFO on the horizon from CBI Home Health & from sustainable operating excellence across the entire eldercare services portfolio.

Exhibit 18. Quarterly Profitability Metrics For Extendicare’s Eldercare divisions, FQ116A-to-FQ126A

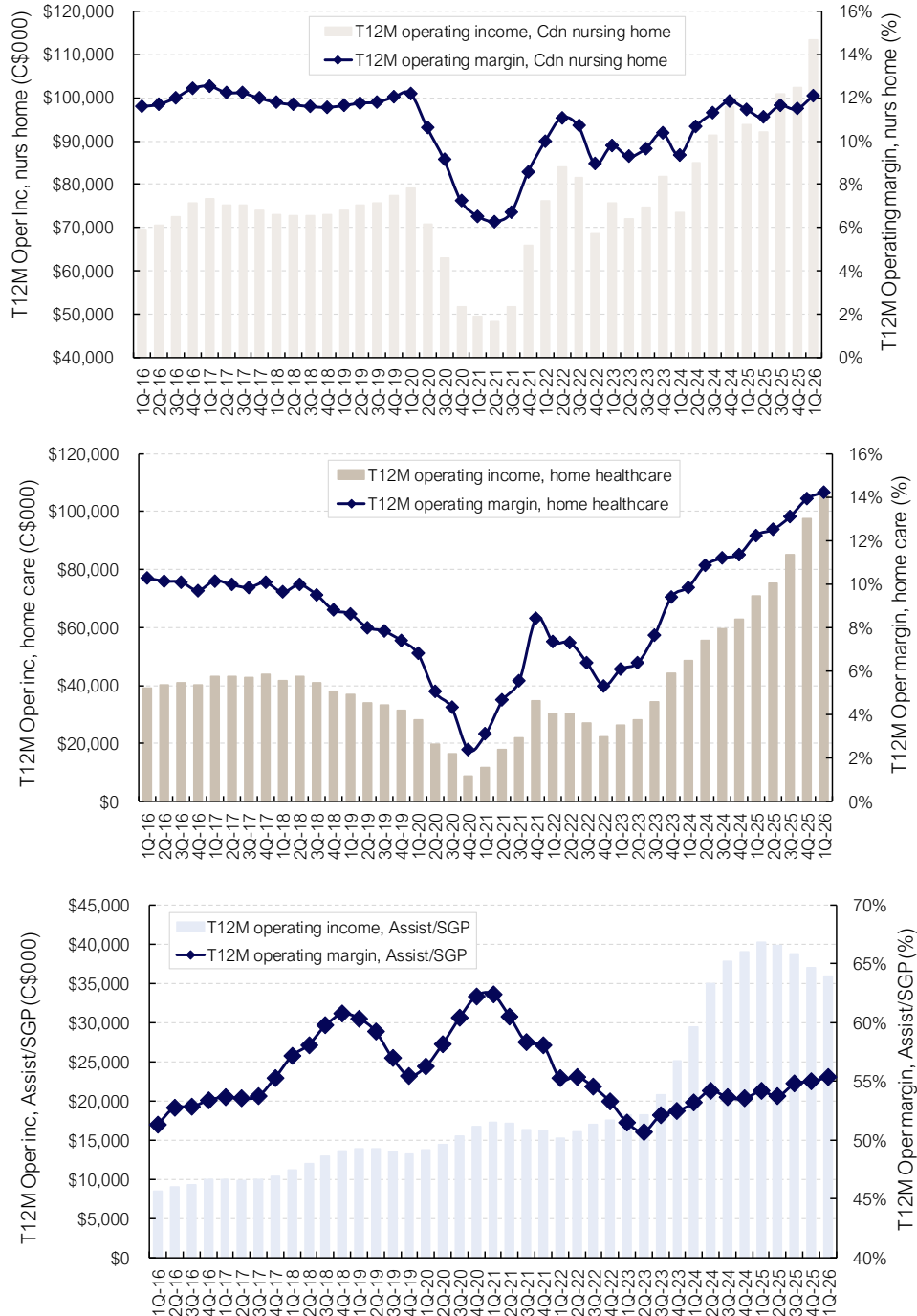


Source: Extendicare financial filings, Leede Financial

- Summary & valuation.** For our purposes, we will skip right to our valuation metrics & state unequivocally that we continue to be impressed by Extendicare’s ability to emerge from the coronavirus pandemic era, during which its operations were logistically challenged in a way that compressed profitability & share price performance, with renewed focus on growth-by-acquisition in an eldercare niche (home healthcare) that was seemingly underappreciated by its peers (though not by us) but which is contributing substantially to operating income & margin growth in recent quarters. We are maintaining our Buy rating on EXE, with a revised PT of \$39.00 based on multiples of our revised F2027 EBITDA

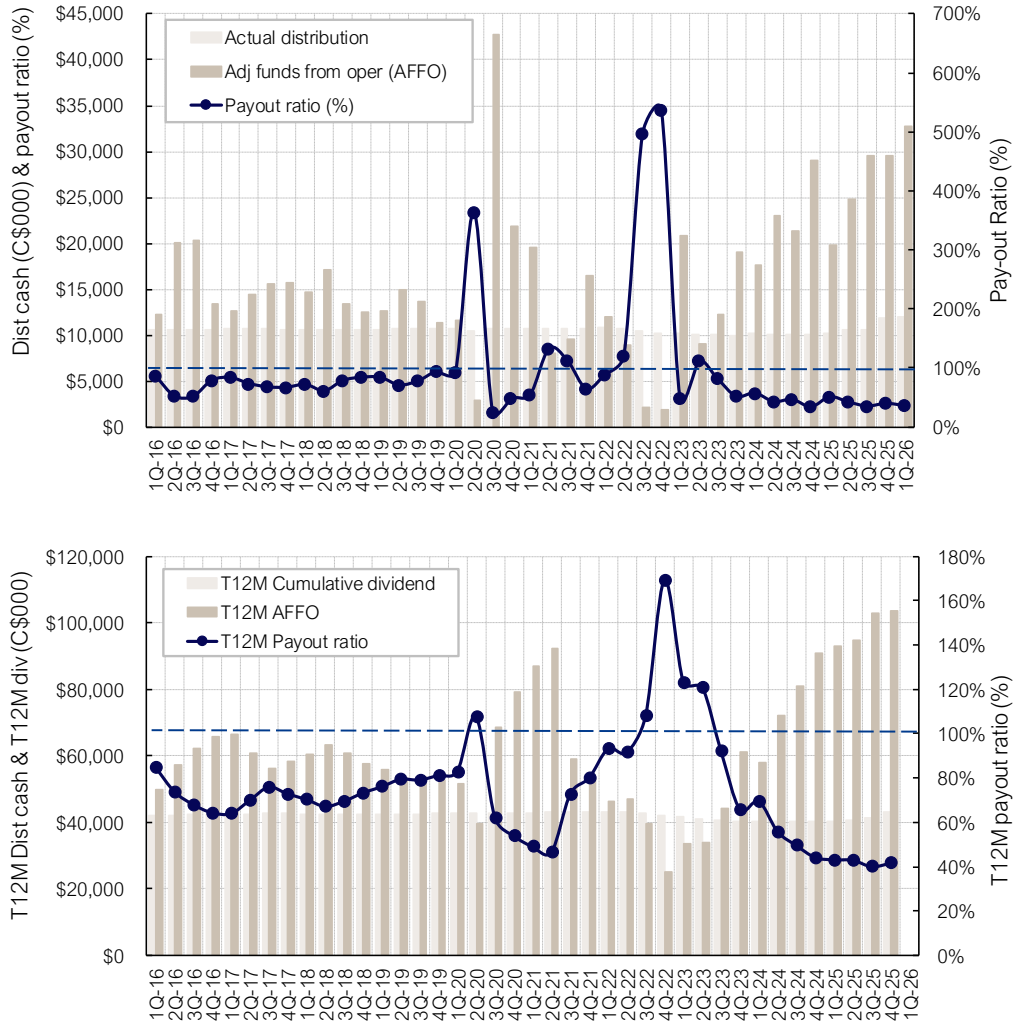
& AFFO (\$294.3M & \$2.48/shr, respectively) forecasts as shown in Exhibits 15 & 17. The main impetus for our AFFO/EBITDA upward revisions in F2026-to-F2028 was mostly margin expansion, along with an expectation that integrating CBI Home Health into home healthcare operations can have a more dramatic upward impact on home healthcare operating margin than we previously assumed.

Exhibit 19. T12M Profitability Metrics For Extencicare's Eldercare divisions, FQ116A-to-FQ126A



Source: Extencicare financial filings, Leede Financial

Exhibit 20. Quarterly & T12M Dividend-AFFO-Payout Ratio Data For Extencicare's Eldercare divisions, FQ116A-to-FQ126A



Source: Extencicare financial filings, Leede Financial

Exhibit 21. Comparable Publicly-Traded Firms For Extendicare

Company	Curr.	Sym.	Shares Out. (M)	Share Price 8-May	Mkt Cap (\$M)	Ent. Value (\$M)	(T12)	EV/EBITDA (FY1)	(FY2)	(T12)	Price/Earnings (FY1)	(FY2)	Price/FFO (FY1)	(FY2)	Dividend	Yield (%)
Canadian healthcare trusts or dividend-paying healthcare firms																
Chartwell REIT	CAD	CSH.UN	324.0	\$21.58	6,992	9,692	22.5x	19.2x	17.5x	NA	NA	56.8x	19.4x	17.4x	\$0.61	2.8%
Jamieson Wellness	CAD	JWEL	41.5	\$33.93	1,407	1,839	11.4x	10.3x	9.3x	19.2x	16.0x	13.7x	NA	NA	\$0.84	2.5%
K-Bro Linen	CAD	KBL	13.0	\$39.98	519	804	NA	7.4x	7.2x	25.2x	19.0x	18.4x	NA	NA	\$1.20	3.0%
Medical Facilities ¹	CAD	DR	17.6	\$16.90	297	300	NA	9.5x	9.4x	28.7x	8.3x	25.2x	NA	NA	\$0.36	2.1%
Northwest Healthcare	CAD	NWH.UN	250.0	\$5.60	1,400	2,676	10.3x	12.5x	12.7x	NA	NA	NA	12.2x	11.2x	\$0.36	6.4%
Sienna Senior Living	CAD	SIA	106.0	\$23.07	2,446	3,700	NA	18.5x	16.3x	49.0x	NA	NA	16.0x	14.9x	\$0.94	4.1%
Average							14.7x	12.9x	12.1x	30.6x	14.4x	28.5x	15.9x	14.5x		3.5%
Extendicare	CAD	EXE	94.8	\$30.20	2,864	2,866	49.9x	12.2x	10.7x	34.5x	24.8x	21.2x	20.3x	18.0x	\$0.50	1.7%
Healthcare REITs																
Healthcare Realty Trust	USD	HR	346.5	\$19.99	6,927	11,078	15.6x	16.6x	16.1x	NA	NA	NA	12.4x	12.1x	\$0.96	4.8%
LTC Properties	USD	LTC	51.2	\$38.62	1,977	2,822	NA	14.5x	13.4x	15.2x	19.5x	20.2x	13.9x	13.5x	\$2.28	5.9%
Medical Properties Trust	USD	MPW	597.7	\$5.33	3,186	12,423	NA	14.3x	13.8x	NA	56.7x	39.8x	8.3x	7.8x	\$0.34	6.4%
National Health Investors	USD	NHI	48.5	\$75.07	3,639	4,883	NA	15.9x	14.8x	NA	22.2x	21.7x	15.0x	14.2x	\$3.68	4.9%
Omega Healthcare Investors	USD	OHI	297.8	\$46.13	13,738	18,153	16.1x	15.3x	14.4x	22.1x	23.8x	23.1x	14.4x	13.9x	\$2.68	5.8%
Sabra Healthcare REIT	USD	SBRA	252.2	\$20.58	5,190	7,739	NA	15.4x	14.4x	32.1x	29.3x	26.7x	13.4x	10.9x	\$1.20	5.8%
Universal Health Services	USD	UHT	13.9	\$40.70	565	935	NA	NA	NA	NA	NA	NA	NA	NA	\$2.97	7.3%
Ventas	USD	VTR	486.2	\$86.55	42,078	54,413	25.5x	21.8x	19.4x	NA	NA	NA	22.5x	NA	\$1.96	2.3%
Average									15.2x			26.3x	14.3x	12.1x		5.4%
Assisted living, hospital/rehab services & US nursing care																
Brookdale Senior	USD	BKD	238.8	\$13.56	3,238	7,300	NA	14.3x	12.5x	NA	NA	NA	NA	NA	NA	NA
Encompass Health	USD	EHC	99.2	\$107.15	10,629	13,055	9.0x	9.5x	8.8x	NA	17.8x	16.4x	NA	NA	NA	NA
Ensign Group	USD	ENSG	58.4	\$174.30	10,187	9,733	17.0x	13.9x	12.6x	27.6x	23.1x	20.9x	NA	NA	NA	NA
Sonida Senior Living	USD	SNDA	47.3	\$36.55	1,730	2,409	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Tenet Healthcare	USD	THC	86.1	\$194.13	16,722	26,964	5.3x	5.8x	5.7x	10.0x	10.9x	10.9x	NA	NA	NA	NA
Average									9.9x			16.1x				
Extendicare	CAD	EXE	94.8	\$30.20	2,864	2,864	49.8x	12.2x	10.7x	34.5x	24.8x	21.2x	20.3x	18.0x	\$0.48	1.6%

¹ Medical Facilities EBITDA/EPS estimates are adjusted for proportionate equity ownership by common shareholders (about 51% in FQ126)

Source: Refinitiv

- CareRx reported FQ126 financial data.** ON-based long-term care pharmacy services (LTC Rx) provider CareRx (CRRX-T, Buy, PT C\$5.25) reported FQ126 financial data this week for the March-end quarter that was highly stable in comparison to prior periods, thus providing a platform onto which the firm can layer on new Rx contracts within its existing long-term care client base, growing revenue & EBITDA margin in combination as new contracts drive new beds served in its mostly ON-BC-AB-based fulfillment center network.
 - The firm generated FQ126 revenue/EBITDA/margin of \$93.9M/\$8.4M/9.0%, as compared to FQ425 revenue/EBITDA/margin of \$96.1M/\$8.8M/9.2%, to \$93.2M/\$8.3M/9.0% in FQ325 & to FQ125 data of \$89.6M/\$7.8M/8.7% in FQ424. We consider these financial periods to be virtually indistinguishable in any meaningful way, but as stated above, operating stability provides a platform & a reputation for service quality that should position CareRx well for winning new contracts from its peers & for new long-term care beds that are under construction near its various fulfillment centers nationwide.

Exhibit 22. Financial Forecast Summary for CareRx

Year-end December 31 (C\$000, except EPS)	2017A	2018A	2019A	2020A	2021A	2022A	2023A	2024A	2025A	2026E	2027E	2028E
Physio/Rehab/Assessment	0	0	0	0	0	0	0	0	0	0	0	0
LTC Pharmacy Services	124,453	125,352	125,795	162,196	262,630	381,727	370,746	366,714	370,241	378,754	386,918	395,082
Surgical & Medical Centers	44,514	43,679	0	0	0	0	0	0	0	0	0	0
Total revenue	\$168,967	\$169,031	\$125,795	\$162,196	\$262,630	\$381,727	\$370,746	\$366,714	\$370,241	\$378,754	\$386,918	\$395,082
Revenue growth (%)	0.3%	0.0%	(25.6%)	28.9%	61.9%	45.3%	(2.9%)	(1.1%)	1.0%	2.3%	2.2%	2.1%
EBITDA, pharmacy	\$17,014	\$9,844	\$15,137	\$17,398	\$32,705	\$36,072	\$34,673	\$38,297	\$40,930	\$42,306	\$43,605	\$44,920
EBITDA margin, pharmacy (%)	13.7%	7.9%	12.0%	10.7%	12.5%	9.4%	9.4%	10.4%	11.1%	11.2%	11.3%	11.4%
EBITDA, surgery	\$6,180	\$6,596	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
EBITDA margin, surgery (%)	13.9%	15.1%	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
EBITDA, other divisions less corporate costs	(\$5,681)	(\$5,570)	(\$5,658)	(\$4,622)	(\$9,375)	(\$3,805)	(\$6,000)	(\$8,000)	(\$8,000)	(\$7,981)	(\$8,125)	(\$8,297)
EBITDA	\$17,513	\$10,870	\$9,479	\$12,776	\$23,331	\$32,267	\$28,673	\$30,297	\$32,930	\$34,325	\$35,480	\$36,624
EBITDA growth (%)	13.2%	(37.9%)	(12.8%)	34.8%	82.6%	38.3%	(11.1%)	5.7%	8.7%	4.2%	3.4%	3.2%
EBITDA margin (%)	10.4%	6.4%	7.5%	7.9%	8.9%	8.5%	7.7%	8.3%	8.9%	9.1%	9.2%	9.3%
Net income	\$520	(\$34,388)	(\$45,677)	(\$18,262)	(\$22,730)	(\$34,353)	(\$5,405)	(\$4,502)	\$26,127	\$5,749	\$6,938	\$7,672
Adj. net inc	(\$782)	(\$6,167)	(\$35,642)	(\$7,242)	(\$11,008)	(\$5,378)	(\$1,597)	(\$1,696)	\$27,974	\$6,547	\$7,726	\$8,460
EPS (basic)	(\$0.08)	(\$0.59)	(\$3.11)	(\$0.33)	(\$0.27)	(\$0.11)	(\$0.03)	(\$0.03)	\$0.44	\$0.10	\$0.12	\$0.13
EPS (fd)	(\$0.07)	(\$0.58)	(\$2.92)	(\$0.32)	(\$0.20)	(\$0.09)	(\$0.02)	(\$0.02)	\$0.43	\$0.10	\$0.12	\$0.13
S/O, basic	10,256	10,436	11,475	21,918	40,921	48,191	58,168	60,562	62,899	62,910	62,910	62,910
S/O, fd (inc convert debt)	10,528	10,654	12,200	22,723	56,047	61,819	71,517	72,110	65,257	65,572	65,572	65,572
P/E (basic)	NA	NA	NA	NA	NA	NA	NA	NA	8.2x	NA	NA	NA
EV/EBITDA	14.6x	23.4x	26.9x	19.9x	10.9x	7.9x	8.9x	8.4x	7.7x	7.4x	7.2x	7.0x

Source: CareRx financial filings; Leede Financial

- Annualized revenue per bed of \$4,082 was comparable to FQ425 annualized revenue per bed of \$4,166 that was itself comparable to recent periods. Average number of beds served in the quarter was 92,036, comparable to FQ425 level of 92,250 beds. Our investment thesis assumes that as the largest provider of long-term care pharmacy services in Canada that it can capture market share from its peers in future periods. Debt-to-FQ126 EBITDA run-rate ratio was 1.2x as it was in FQ425, while FQ126 EBITDA-to-interest coverage ratio was 5.8x, comparable to 5.9x in FQ425. As a long-time follower of CareRx operations dating back to when it operated a more diversified portfolio of healthcare services firms when it was called Centric Health, we are pleased to see that the firm's debt levels no longer contribute materially if at all to its financial risk profile.

Exhibit 23. Valuation Summary for CareRx

EV/EBITDA multiple, F2027	4x	6x	8x	10x	12x	14x
Implied share price ¹	\$1.87	\$2.99	\$4.12	\$5.25	\$6.38	\$7.51
One-year CRRX target price^{1,2}	\$5.25					

¹ Based on F2027 EBITDA of \$35.5M; 62.8M basic S/O, 64.8M fd S/O

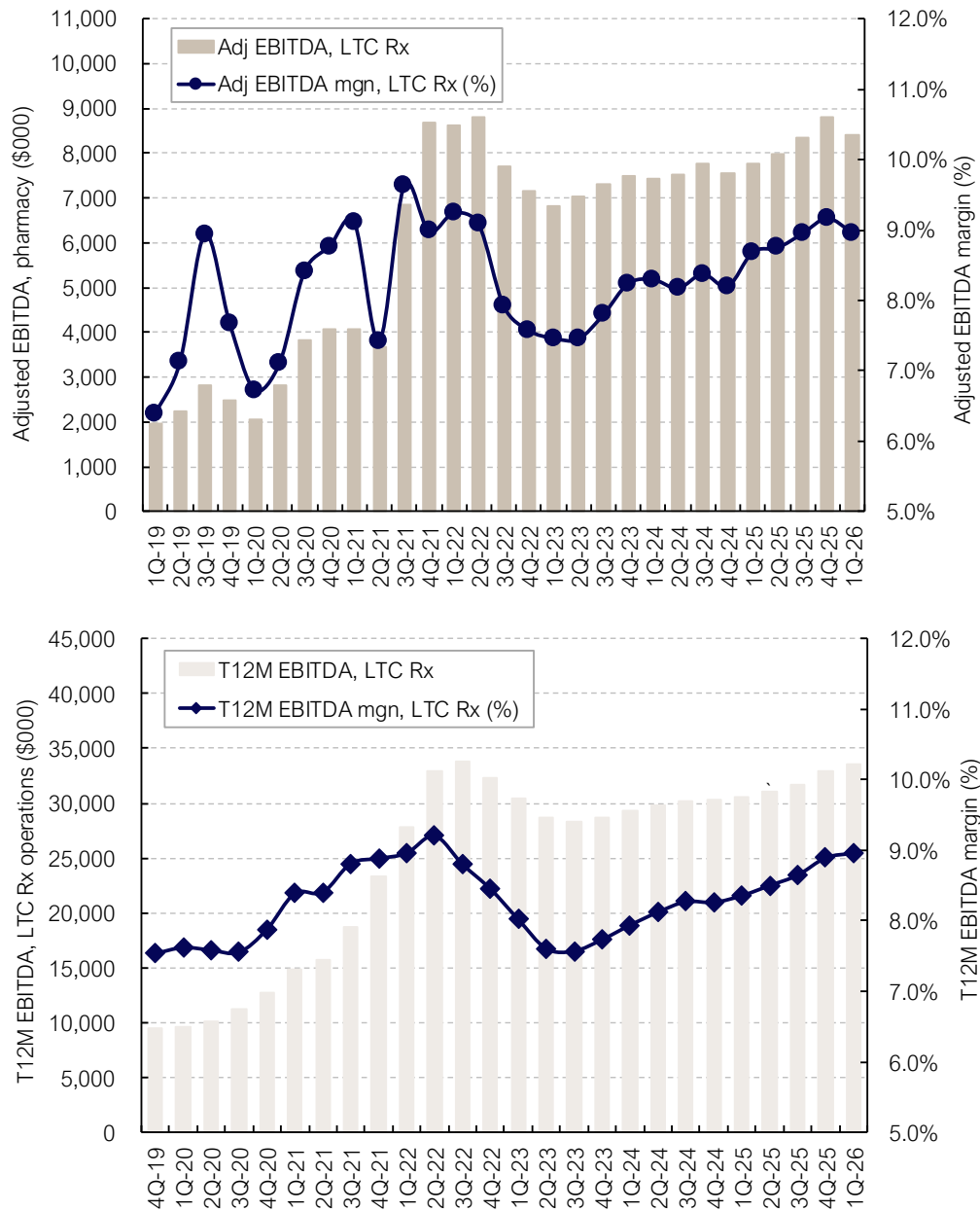
² FQ126 cash of \$15.3M, total debt of \$39.9M

Source: CareRx financial filings; Leede Financial

- CareRx's operating cash flow in FQ126 was \$8.2M & thus comparable to EBITDA despite impact from interest expense in the period; tax recovery contributed partially to cash flow to a degree that partially offset other elements embedded in our EBITDA calculation. Dividend payout of \$1.26M was thus comfortably funded with operating cash. The firm still expects to deploy up to \$10M in operating cash flow toward maintenance capex, consistent with our prior expectations.
- For the first time in recent memory, CareRx quantified the magnitude of annual Rx revenue downdraft that could materialize this year as its various ON-based eldercare clients (which we assume includes the three publicly-traded long-term care services providers in Extencicare [EXE-T, Buy, PT C\$39.00, revised as described above] for which we have separate commentary in this document, as well as Chartwell Retirement Residences [CSH.UN-T, NR] & Sienna

Senior Living [SIA-T, NR], as well as private provider Revera from which Extencicare acquired a proportion of C-suite long-term care facilities in Jun/25) at up to \$2.0M, a trivial magnitude for a firm that we project to generate F2026 Rx revenue of \$378.8M.

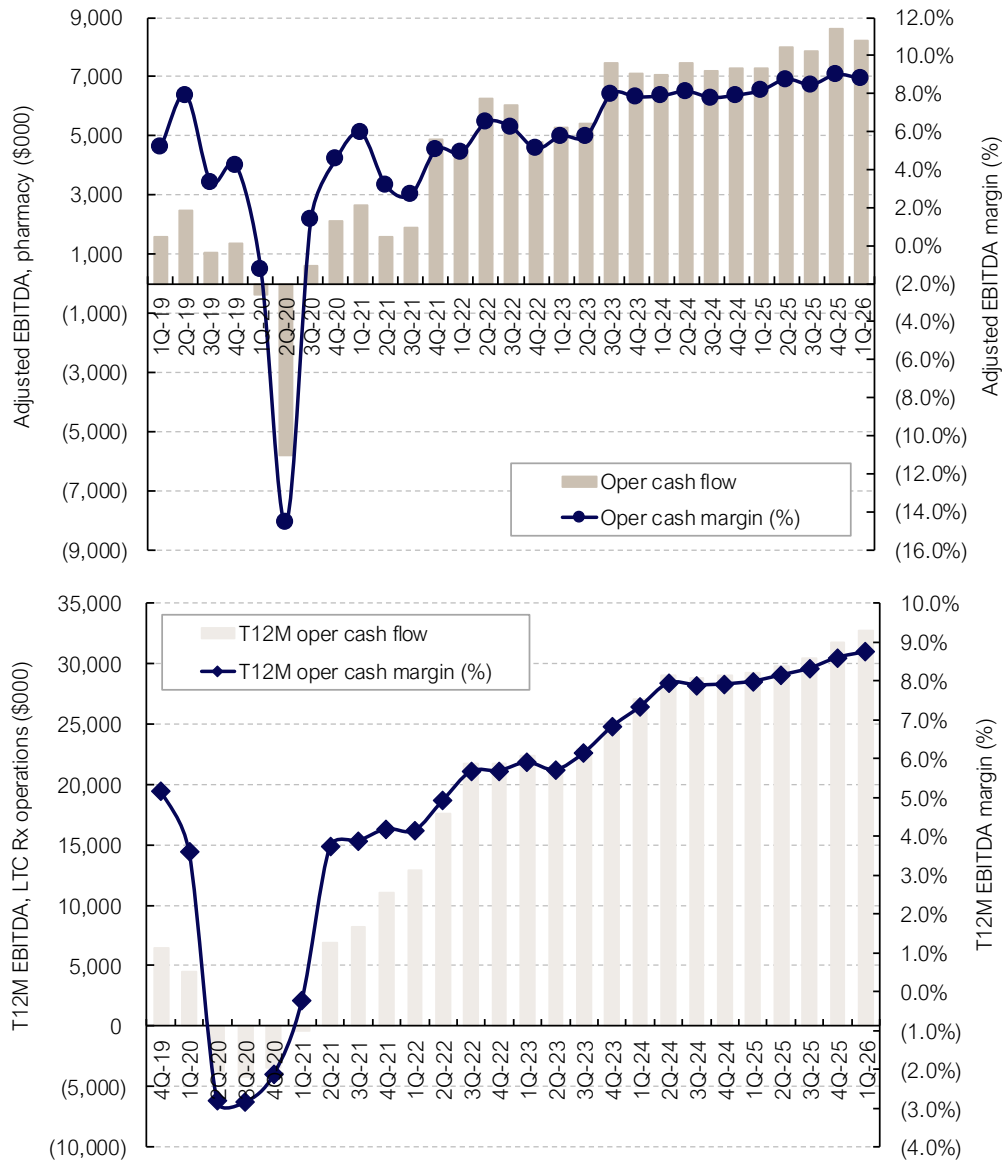
Exhibit 24. Quarterly & T12M EBITDA/margin data for CareRx, FQ119A-to-FQ126A



Source: CareRx financial filings; Leede Financial

- Moreover, the initiative by many ON-based long-term care providers to refurbish or replace ward-style four-beds-to-a-room C-suite facilities & to convert such beds into private/semi-private accommodations is a long-standing dynamic in the ON long-term care sector & has long been embedded into our expectations for the number of beds served under CareRx's platform. Additionally, we have long assumed that ward-style accommodations were no longer operated as ward-style accommodations during the coronavirus pandemic era, with corresponding reductions in bed capacity assumed by us across all healthcare services providers that we currently cover, CareRx included. Accordingly, CareRx's overt quantification of potential revenue declines in coming years on conversion of C-suite capacity to private/semi-private suite capacity in the province, while it may be viewed as new risk to CareRx's revenue growth trajectory is not new to us & our rating/valuation are unchanged as a consequence.

Exhibit 25. Quarterly & T12M Operating Cash Flow/Margin Data for CareRx, FQ119A-to-FQ126A



Source: Leede Financial

- Summary & valuation.** CareRx's lather-rinse-repeat FQ126 results provide us with justification for maintaining our Buy rating & one-year PT of \$5.25, with our valuation still based on 10x EV-to-F2027 EBITDA (\$35.4M) & with our EV calculation incorporating FQ126 cash of \$15.3M & total debt of \$39.9M. An in-line stable quarter does have its virtues, especially when reflecting on legacy challenges that CareRx/Centric has endured to focus operations on long-term care pharmacy operations while enduring the distraction of divesting secondary service assets as a strategy to mitigate financial risk, but our expectations for revenue/EBITDA growth through organic contract wins will become more aggressive in coming quarters & we are optimistic that the firm can expand its long-care pharmacy footprint in future quarters without any material impact on capital structure.

Exhibit 26. Comparable Companies for CareRx

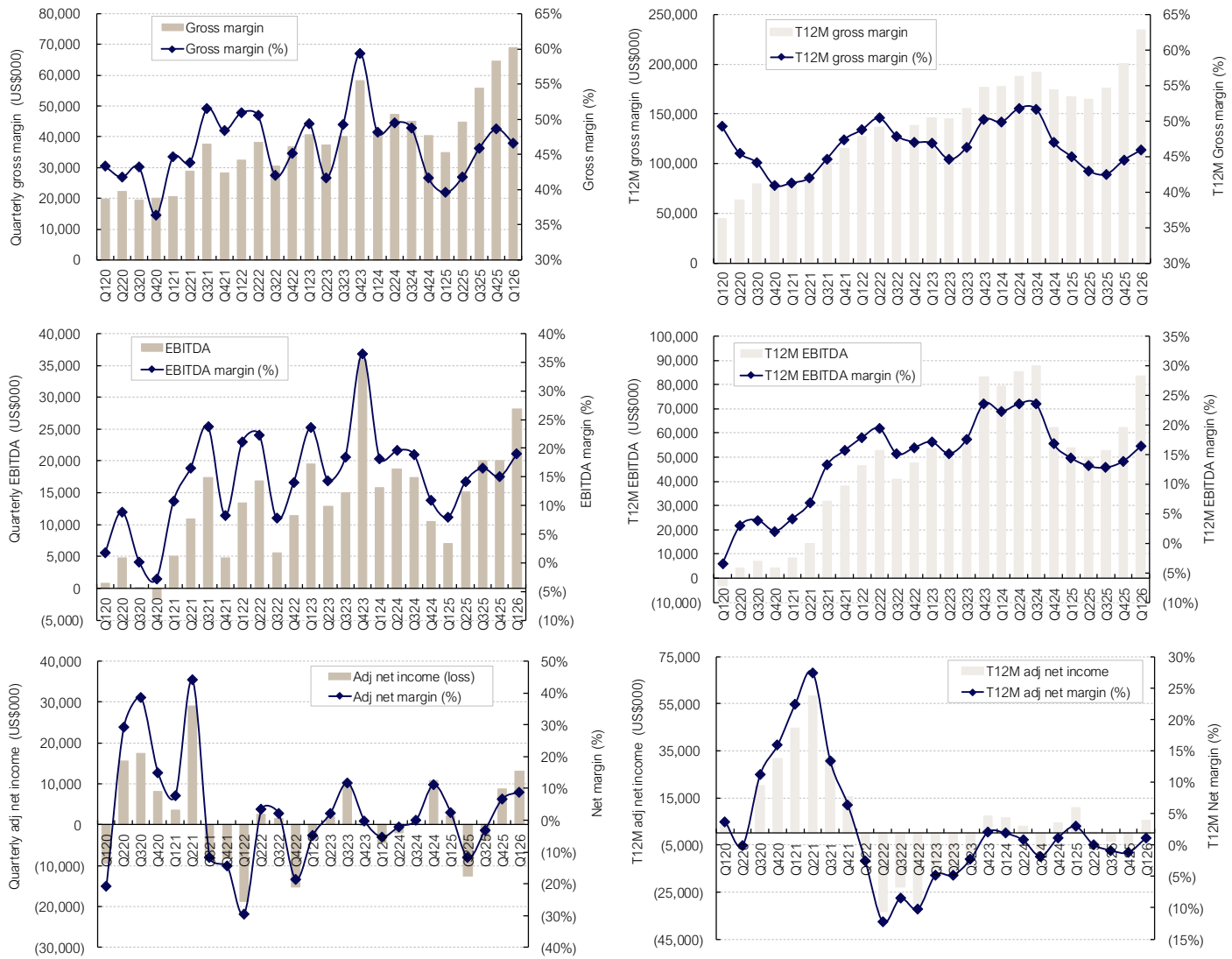
Company	Curr.	Sym	Shares Out (M)	Share Price 7-May	Mkt Cap (\$M)	Ent. Value (\$M)	EV/EBITDA			Price/Earnings			Description
							(T12)	(FY1)	(FY2)	(T12)	(FY1)	(FY2)	
Canada-based healthcare services firms													
Chartwell REIT	CAD	CSH.UN	324.0	\$22.15	\$7,177	\$10,055	NA	19.9x	18.1x	NA	NA	NA	Nursing care and retirement residences operator
Extencicare	CAD	EXE	94.8	\$30.17	\$2,861	\$2,843	16.2x	12.1x	10.7x	27.1x	24.8x	21.2x	Nursing care and home healthcare operator
K-Bro Linen	CAD	KBL	13.0	\$41.50	\$539	\$824	7.5x	7.6x	7.3x	26.4x	20.2x	19.7x	Linen & laundry processing for hospital & hospitality sectors
Medical Facilities	CAD	DR	17.6	\$16.96	\$298	\$299	4.8x	5.2x	5.2x	NA	8.3x	25.3x	US-based physician-owned surgical services
Nova Leap Health	CAD	NLH	87.3	\$0.36	\$31	\$25	12.6x	NA	NA	NA	NA	NA	NS-based home healthcare provider
Savaria Corp	CAD	SIS	71.9	\$29.61	\$2,130	\$2,317	12.4x	11.4x	10.4x	31.0x	21.3x	18.9x	QC-based patient mobility device manufacturer
Sienna Senior Living	CAD	SIA	106.0	\$23.42	\$2,483	\$3,737	24.1x	18.7x	16.5x	NA	39.0x	33.9x	Nursing care and retirement residences operator
Viemed Healthcare	USD	VMD	38.3	\$8.52	\$326	\$327	6.1x	4.8x	NA	23.1x	17.7x	13.7x	LA-based post-acute respiratory services & disease mgmt
Vital Infrastructure	CAD	VITL.UN	250.0	\$5.58	\$1,395	\$2,671	10.3x	12.4x	12.6x	NA	NA	NA	REIT, with sizable client base of healthcare services vendors
Average							11.8x	11.5x	11.5x	26.9x	21.9x	22.1x	
Hospice, home health services, rehabilitation therapy													
Ensign Group	USD	ENSG	58.4	\$175.93	\$10,282	\$9,831	17.1x	14.0x	12.8x	28.6x	23.3x	21.1x	CA-based rehabilitation therapy and nursing services firm; 77 facilities mostly in western U.S.
Encompass Health	USD	EHC	99.2	\$105.01	\$10,417	\$13,689	9.5x	9.9x	9.2x	18.0x	17.5x	16.1x	AL-based inpatient rehab services (LT care/ acute care hospitals)
UnitedHealth Group	USD	UNH	908.1	\$367.28	\$333,543	\$390,897	NA	13.7x	12.3x	27.7x	20.0x	17.7x	Subsidiary Optum acquired LHC Group for US\$5.4M in Feb/23, acquired Amedisys for US\$3.3B in Aug/25
National HealthCare	USD	NHC	15.6	\$169.41	\$2,643	\$2,433	13.8x	NA	NA	22.1x	NA	NA	TN-based operator of LT care & assisted living facilities, home care and hospice care services
Select Medical Holdings	USD	SEM	124.0	\$16.43	\$2,038	\$4,242	NA	8.1x	7.7x	15.3x	13.0x	12.0x	PA-based specialty hospitals; 89 LT acute care hospitals, 6 inpatient rehab clinics, 961 outpatient rehab clinics
Average							13.5x	11.4x	10.5x	22.4x	18.4x	16.7x	
Hospital management													
Community Health Systems	USD	CYH	140.9	\$2.87	\$404	\$10,337	7.1x	7.6x	7.4x	0.8x	NA	NA	TN-based hospital manager; 122 hospitals with 18,140 beds in 29 states; merged with Triad Hospitals in 2007
Netcare	ZAc	NTC	1,371.1	\$1,756.00	\$2,407,701	\$36,691	7.6x	7.0x	6.6x	NA	NA	NA	Acute care hospital provider in UK/South Africa
Ramsay Health Care	AUD	RHC	230.8	\$37.61	\$8,682	\$21,006	9.5x	9.2x	8.7x	31.8x	27.8x	22.9x	Private hospital and day surgery service provider in Australia, France, Indonesia, UK
Tenet Healthcare	USD	THC	86.1	\$194.51	\$16,755	\$31,033	6.1x	6.7x	6.6x	10.1x	10.9x	10.9x	TX-based hospital operator; 53 hospitals with 14,352 beds
Universal Health Services	USD	UHS	61.0	\$168.49	\$10,283	\$15,012	5.6x	5.6x	5.4x	7.0x	7.2x	6.6x	PA-based acute care/surgical hospital-ASC-radiation oncology center operator
Average							7.2x	7.2x	6.9x	12.4x	15.3x	13.5x	
Specialty health services													
Chemed	USD	CHE	13.3	\$424.56	\$5,636	\$5,720	13.8x	11.4x	10.6x	23.1x	17.4x	15.8x	OH-based hospice care (Vitas division), plumbing repair (Roto-Rooter division)
CVS Caremark	USD	CVS	1,281.6	\$86.86	\$111,320	\$165,460	9.4x	9.2x	8.3x	38.4x	12.0x	10.5x	RI-based retail pharmacy, mail service drug distrib, formulary mgmt, claims processing
Davita	USD	DVA	64.2	\$193.88	\$12,447	\$24,210	8.6x	8.4x	8.2x	18.6x	13.7x	11.5x	CO-based dialysis services provider, 1,530 outpatient centers in 43 US states, acute inpatient dialysis services
Guardian Pharmacy	USD	GRDN	63.3	\$36.58	\$2,316	\$2,270	23.0x	18.5x	17.0x	NA	30.7x	27.0x	CareRx's main US peer in the LTC Rx industry, consummated IPO in Q324
Healthcare Services Group	USD	HCSG	68.6	\$22.07	\$1,515	\$1,336	17.5x	10.9x	10.5x	23.2x	20.4x	19.3x	Cleaning, maintenance, food services for nursing homes and rehab facilities
Pediatrix Medical Group	USD	MD	82.1	\$22.21	\$1,824	\$2,086	8.0x	7.3x	7.1x	10.8x	9.8x	9.4x	FL-based neonatal and pediatric anesthesia services
Average							13.4x	11.0x	10.3x	22.8x	17.3x	15.6x	
CareRx	CAD	CRRX	62.8	\$3.66	\$230	\$256	8.2x	7.0x	6.2x	NA	NA	NA	ON-based LTC pharmacy operations, mainly in Ontario & western Canada

Source: Leede Financial, Consensus Data - Refinitiv

Other Significant Clinical Trial Updates With Relevance To Our Coverage Universe

- Knight Therapeutics reported FQ126 financial results.** QC-based internationally-diverse specialty pharmaceutical firm Knight Therapeutics (GUD-T, NR) reported FQ126 financial data for the March-end period, continuing its upward revenue trajectory since acquiring the Canadian Rx portfolio (the Paladin portfolio) from Endo Pharmaceuticals (now part of Mallinkrodt [private]) back in Jun/25, but with Rx revenue not exclusively driven by Canadian sales & in fact, FQ126 revenue in Brazil was notably strong as we will describe.

Exhibit 27. Historic Quarterly & T12M Gross Margin, EBITDA & Net Income Data for Knight, FQ120-FQ126

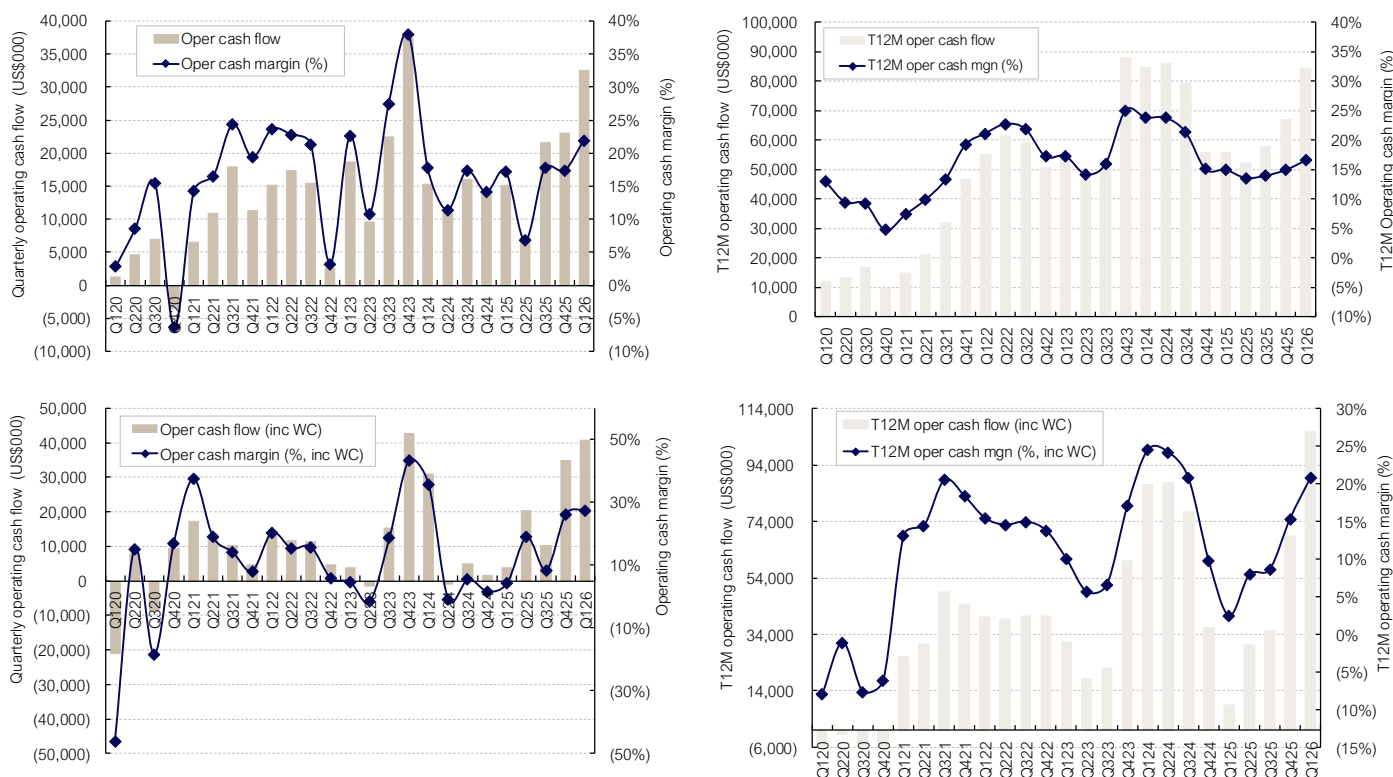


Source: Leede Financial, Historical Data – Company Information (Knight Therapeutics)

- The Paladin labs transaction is clearly the most impactful quarterly revenue driver though & seems to be tracking on a run-rate basis at well above T12M sales of about \$70M at the time of its acquisition. Quarterly Canadian Rx sales that had been tracking in the \$6.1M-to-\$10.7M range prior to the transaction were at \$30.6M in FQ325, then at \$36.2M in FQ425 & were \$37.4M in FQ126, though importantly this magnitude of revenue lift is undoubtedly driven at least in part by Canadian Rx revenue growth from a separate basket of Health Canada-approved drugs that Knight licensed from Sumitomo Pharma America (4506-JP, NR) coincidentally also in Jun/25, as summarized in tabular & graphical form in Exhibit 29. Those products collectively generated FQ225 sales in the quarter before the Paladin transaction closed of \$14.4M, growing to \$23.6M in FQ126, a \$9.2M delta from pre-Paladin baseline in FQ225 that obviously contributed to FQ126 revenue strength.

- But our attention is correspondingly focused on Brazil-targeted Rx sales that grew sequentially to \$60.8M from \$49.8M in FQ425 & with even more substantial y/y growth from \$40.3M in FQ125. Knight provided a few hints as to where Brazil Rx growth transpired in the quarter, featuring the fact that Incyte/Xencor's (INCY-Q, NR; XNCR-Q, NR) diffuse large B-cell lymphoma-targeted Fc-modified anti-CD19 mAb tafasitamab/Minjuvi was launched in recent quarters & could be contributing substantively to regional sales growth. The mAb's supplemental approval for treating a distinct hematological blood disorder in follicular lymphoma could also be driving FQ126 sales growth, at least in part. Incyte's own FQ126 Minjuvi global sales were US\$49.2M.
- in FQ225 but up sharply from \$2.4M in FQ324.

Exhibit 28. Historic Quarterly & T12M Operating Cash Flow Data for Knight, FQ120-FQ126



Source: Leede Financial, Historical Data – Company Information (Knight Therapeutics)

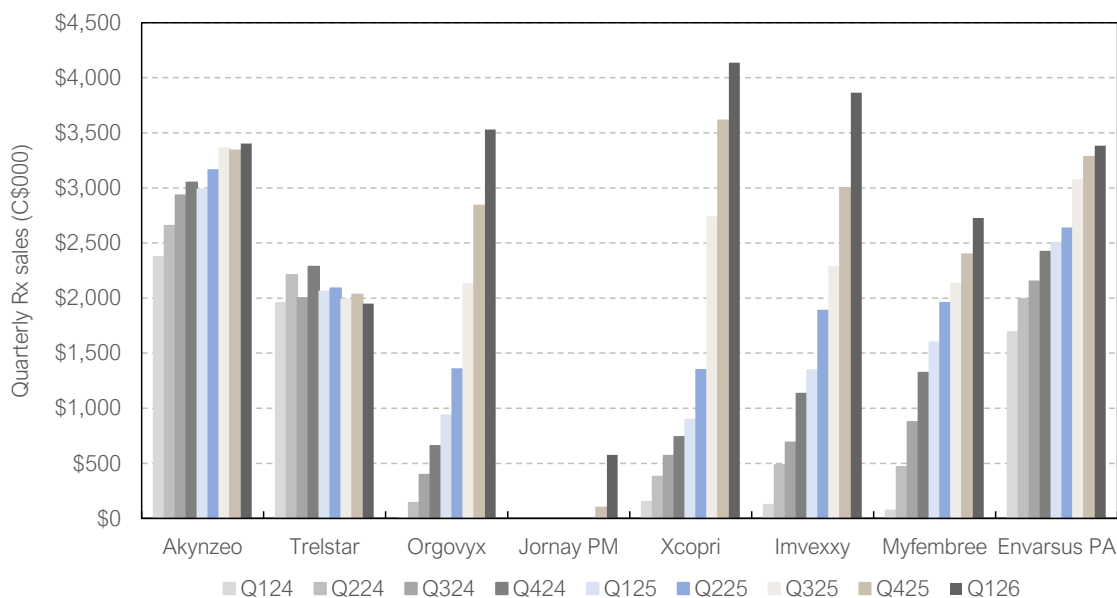
- Another Brazil-targeted therapy that was recently launched & which Knight featured in the Launched Pipeline Products section of its MD&A was the bile duct cancer-targeted fibroblast growth factor receptor-binding kinase inhibitor drug pemigatinib/Pemazyre, also developed by Incyte which reported FQ126 sales for the drug of US\$22.5M. But the real revenue driver in Brazil as acknowledged by Knight in its MD&A commentary was its antifungal amphotericin B formulation Ambisome for which delivery to the Brazilian Ministry of Health was \$14.1M higher than in FQ125. Global rights to this amphotericin B brand are now held by CA-based infectious disease giant Gilead Sciences (GILD-Q, NR) which global FQ126 sales were US\$138M, mostly in the EU & RoW markets.
- FQ126 revenue in Colombia-Argentina-Mexico were sequentially up both y/y & in comparison to FQ425 data, with the main newly-launched drug that Knight featured in its commentary being the palbociclib formulation Bapocil, which Pfizer (PFE-NY, NR) sells globally as Ibrance, a cyclin-dependent kinase inhibitor drug targeting HER2-negative, hormone receptor-positive metastatic breast cancer (Pfizer's FQ126 sales were US\$1.0B, of which US\$376M was to international markets). Other growth drivers in Colombia included the promoted drugs Lenvima (Eisai's [4523-JP, NR] orally-active liver-kidney-thyroid cancer-targeted VEGF receptor-blocking kinase inhibitor lenvatinib) & Cresemba (Astellas' [4503-JP, NR] triazole antifungal drug isavuconazonium sulfate), while in Argentina, the main growth drivers were Cresemba as in Colombia, as well as Exelon (Novartis' [NVS-NY, NR] long-ago-approved acetylcholinesterase drug rivastigmine) & Akynzeo (Helsinn's [private] anti-emetic [nausea/vomiting]-targeted netupitant [neurokinin 1 receptor antagonist] &

palonosetron [serotonin-3 receptor antagonist] combination, for which Helsinn has multiple commercial alliances worldwide, not just with Knight).

- Shifting to consolidated data, Knight generated comparatively strong FQ126 income statement data as driven by the Rx therapies specifically mentioned above, with revenue/EBITDA/margin of \$148.4M/\$28.2M/19.0% comparing favorably with FQ425 data of \$133.1M/\$20.0M/15.0% & even more favorably to FQ125 data of \$88.1M/\$7.1M/8.0%, but with the FQ125 financial period conferring minimal comparative value since it does not include any of the Canadian Rx growth that the Paladin acquisition conferred. Shifting to operating cash flow, Knight generated FQ126 pure operating cash flow of \$32.5M or \$0.33/shr, as compared to \$23.1M (\$0.23/shr) in FQ425 & to \$15.2M (\$0.15/shr) in FQ125 (gross margin was notably low in FQ125 at 39.6%, as compared to 46.6% in FQ126).

Exhibit 29. Quarterly Sales Of Featured Health Canada-Approved Therapies, FQ124-to-FQ126

Brand	Active Drug	Target indication	Mechanism of action	Quarterly Rx sales (C\$000)								
				Q124	Q224	Q324	Q424	Q125	Q225	Q325	Q425	Q126
Akynzeo	Netupitant & palonosetron	Chemotherapy-related nausea & vomiting	Anti-emetic; Substance P-neurokinin 1 receptor antagonist; serotonin-3 (5-HT3) receptor antagonist	2,375	2,659	2,935	3,051	2,988	3,163	3,359	3,343	3,402
Trelstar	Triptorelin	Advanced prostate cancer	Gonadotropin-releasing hormone (GnRH) agonist	1,957	2,211	2,001	2,286	2,063	2,090	1,988	2,034	1,951
Orgovyx	Relugolix	Advanced prostate cancer	Gonadotropin-releasing hormone (GnRH) agonist	4	143	398	659	938	1,356	2,130	2,841	3,531
Jornay PM	Methylphenidate	Attention deficit hyper-activity disorder (ADHD)	Blocks norepinephrine & dopamine reuptake in presynaptic neurons	0	0	0	0	0	0	0	99	577
Xcopri	Cenobamate	Partial-onset focal seizures in adults	Voltage-gated sodium channel inhibitor, GABA ion channel positive allosteric modulator	151	381	571	741	899	1,350	2,736	3,615	4,136
Imvexxy	Estradiol insert	Vaginal atrophy	Estrogen receptor binding, reduces pituitary secretion of gonadotropins, luteinizing/follicle-stimulating hormone	126	487	692	1,133	1,348	1,887	2,284	3,002	3,864
Myfembree	Relugolix, estradiol, norethindrone	Uterine fibroids, endometriosis	As above for relugolix/estradiol; progesterone receptor binding	73	468	876	1,324	1,600	1,959	2,133	2,400	2,727
Envarsus PA	Tacrolimus, extended-release	Immunosuppressive in allogeneic kidney or liver transplantation	Calcineurin binding inhibits Ca-dependent T-cell signalling; reduces transcription of pro-inflammatory cytokines	1,694	1,993	2,153	2,422	2,502	2,635	3,073	3,284	3,384



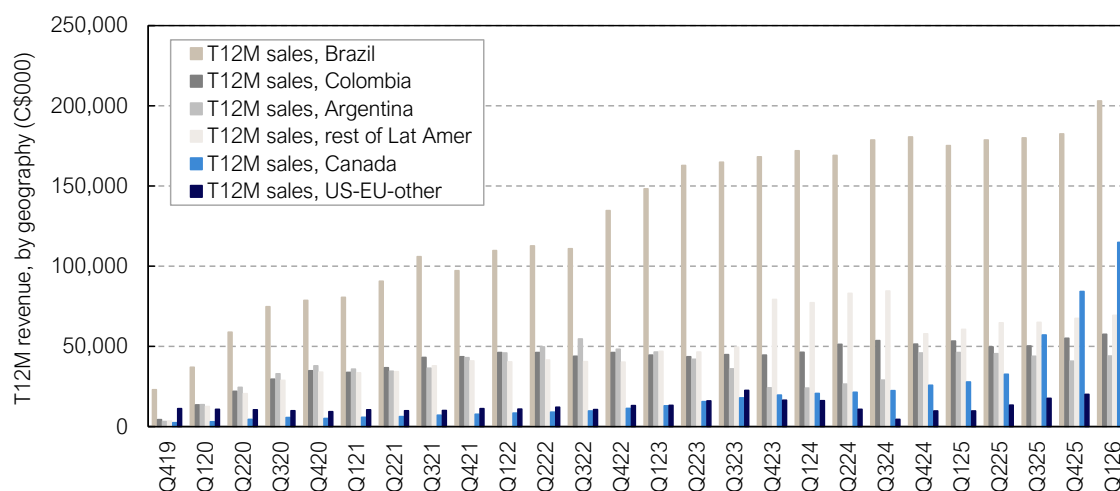
Source: Leede Financial, Historical Data – Company Information (Knight Therapeutics)

- As indicated above, the outsized revenue contribution from AmbiSome in Brazil seems to have contributed to most of the revenue/EBITDA strength exhibited in the quarter. The foundational drug in AmbiSome, amphotericin B, works by binding to ergosterol in fungal cell membranes & in so doing impeding formation of functioning membranes required for fungal cell viability. Though the drug was originally developed nearly 70 years ago, few therapies have shown themselves to be more effective at eradicating fungal infections, specifically those arising from Cryptococcal, Aspergillus

or Candidal fungal species, though there are a few other triazole drugs that do compete in this market, Pfizer’s (PFE-NY, NR) Diflucan/fluconazole among others. The drug is not very water soluble, hence why it is co-formulated in liposomes with the amphipathic bile salt deoxycholate to enhance its bioavailability.

- Knight’s balance sheet data continue to improve, with the firm exiting FQ126 with \$222.0M in cash & total debt of \$58.6M, making its debt-based financial ratios increasingly favorable while conferring virtually no financial risk to ongoing operations. For the record, FQ126 EBITDA-to-interest coverage ratio was 10.7x while debt-to-FQ126 EBITDA run-rate ratio was 0.5x. the firm increased its F2026 full-year revenue guidance to \$510M-to-\$525M from \$490M-to-\$510M (so almost by the magnitude of the FQ126 AmbiSome delivery in Brazil), while tacitly signaling that it does not expect FQ126 revenue run-rate to be representative of achievable full-year revenue, nor does it assume that FQ126 EBITDA margin of 19% will be sustainable in the next three quarters (it guided to expect average EBITDA margin this year of 15%).

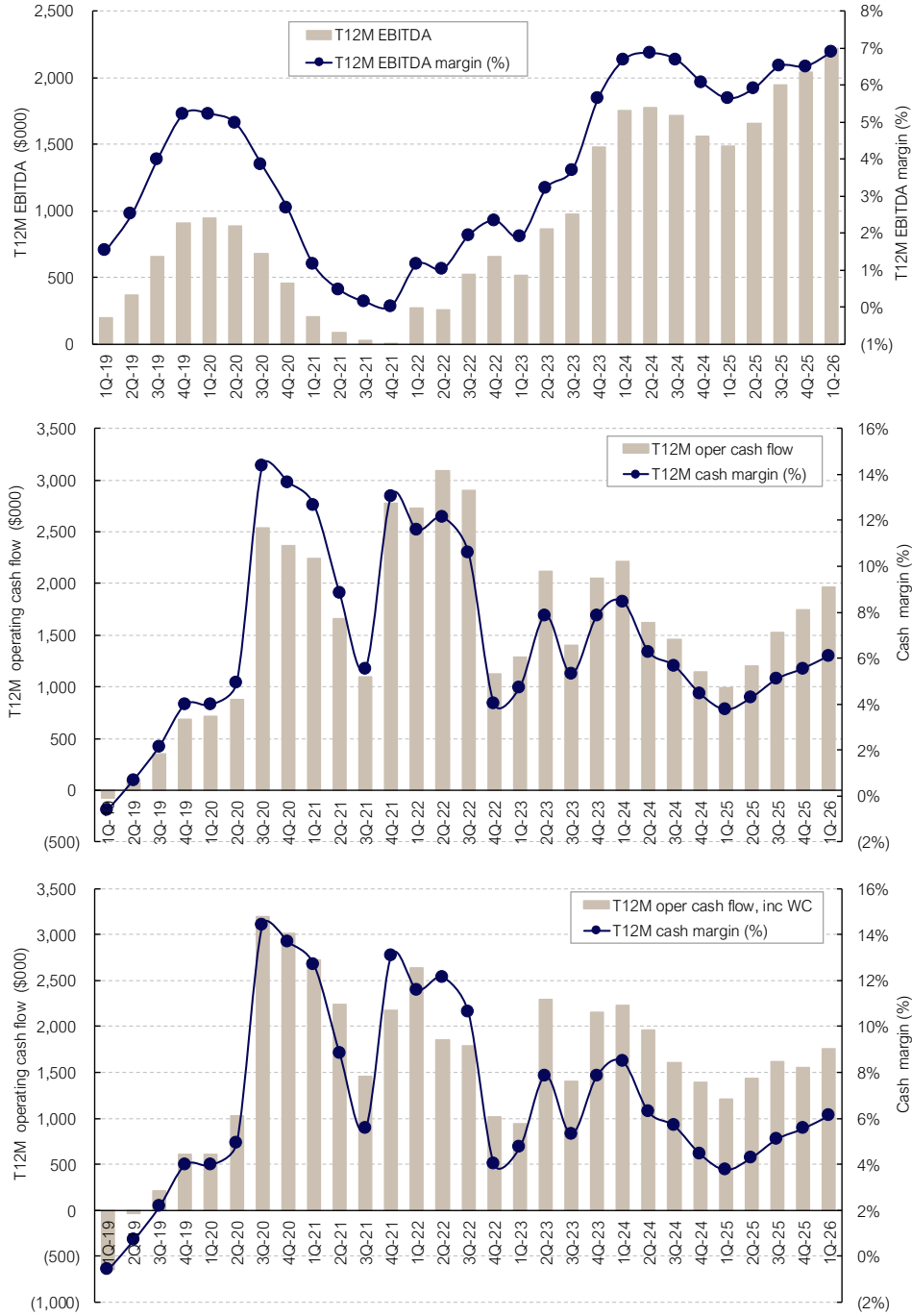
Exhibit 30. Historic T12M Revenue for Knight, Stratified By Geography, FQ419-FQ126



Source: Leede Financial, Historical Data – Company Information (Knight Therapeutics)

- **Three other EBITDA-positive healthcare firms that we follow also reported FQ126 financial results in recent days.** NS-based home healthcare service provider Nova Leap Health (NLH-V, NR) reported FQ126 financial data for the March-end period, generating FQ126 consolidated revenue/EBITDA/margin of \$7.9M/\$0.46M/5.9% as compared to FQ425 data of \$8.1M/\$0.51M/6.3%, to FQ325 data of \$8.3M/\$0.7M/8.1% & y/y to FQ125 data of \$7.1M/\$0.29M/4.1%.
- Going forward, the firm should benefit from new revenue/EBITDA contribution from recently-acquired NS-based Parkwood Home Care that on a run-rate basis should add annualized revenue/EBITDA of \$3.8M/\$0.8M, augmenting Nova Leap’s EBITDA margin in the process even before considering any administrative cost synergies. The firm exited the quarter with \$1.6M in cash & total debt of \$1.9M, though pro forma data will be influenced by the \$3.5M transaction value of Parkwood as announced earlier this month. The other two firms for which we provide graphical interpretation of trailing data are LA-based respiratory medical equipment distributor VieMed Healthcare (VMD-Q, NR) & QC-based specialty pharma giant Bausch Health (BCH-NY, NR), as described below.

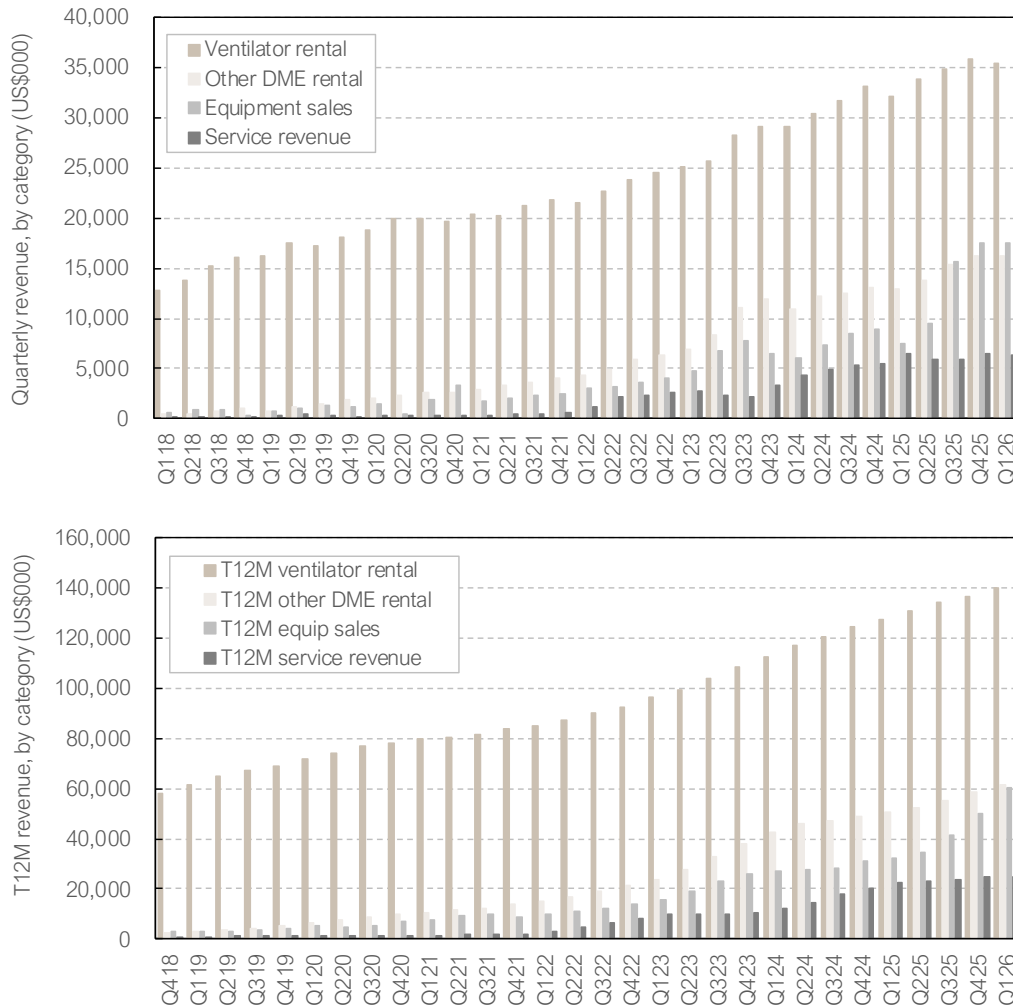
Exhibit 31. Historic T12M EBITDA & Cash Flow Data for Nova Leap, FQ119-FQ126



Source: Leede Financial, Historical Data – Company Information (Nova Leap Health)

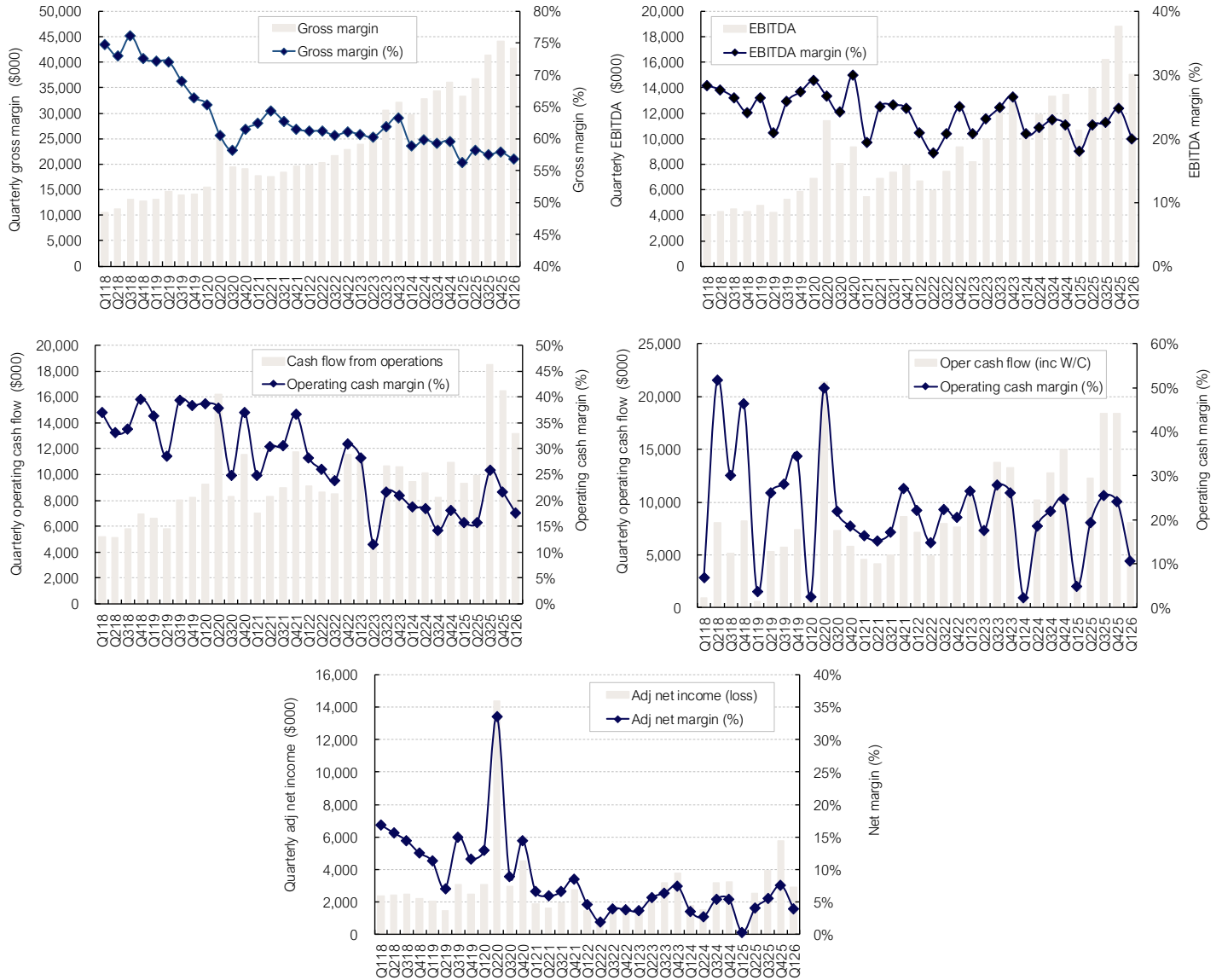
- Legacy Quipt Home Medical (private) comparable Viemed (VMD-Q, NR) also reported FQ126 financial results this week.** The LA-based respiratory medical equipment distributor generated headline FQ126 revenue/EBITDA/margin of US\$75.4M/US\$15.1M/20.0%, as compared to FQ425 data of US\$76.2M/US\$18.9M/24.8% in what is usually a seasonally strong period for the firm, to FQ325 revenue/EBITDA/margin were US\$71.9M/US\$16.2M/22.5% & y/y to FQ125 data of US\$59.1M/US\$10.7M/18.0%. The firm exited the quarter with similar levels of cash & debt (US\$9.8M & US\$9.2M, respectively) & debt based financial ratios were so favorable that they barely merit commentary – debt-to-FQ126 EBITDA run-rate ratio was 0.2x while EBITDA-to-interest coverage ratio in the quarter was >49x.

Exhibit 32. Historic Quarterly & T12M Revenue for Viemed, Stratified By Product Category, FQ118-FQ126



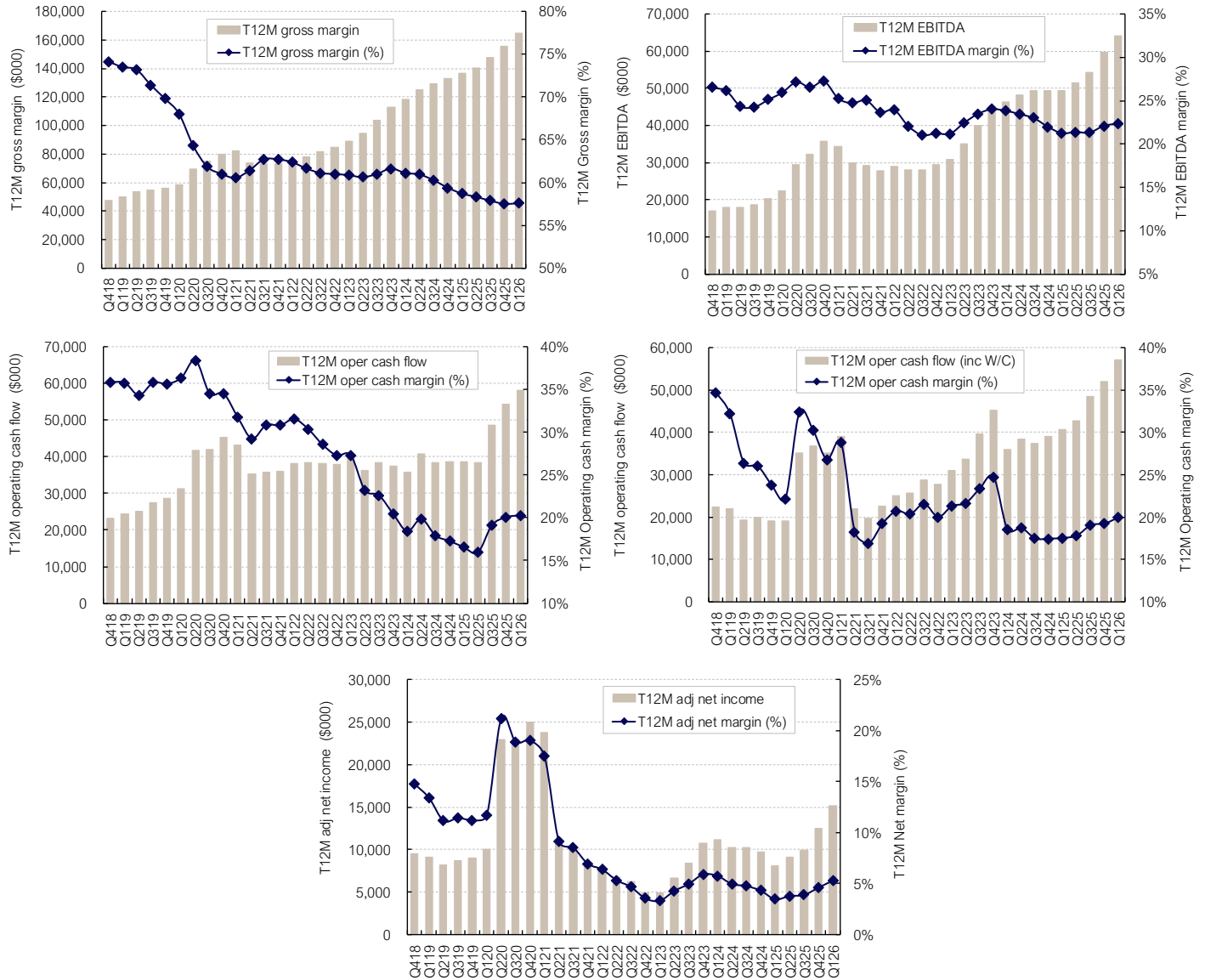
Source: Leede Financial, Historical Data – Company Information (Viemed)

Exhibit 33. Historic Quarterly Gross Margin-EBITDA-Net Income-Cash Flow Data for Viemed, FQ118-FQ126



Source: Leede Financial, Historical Data – Company Information (Viemed)

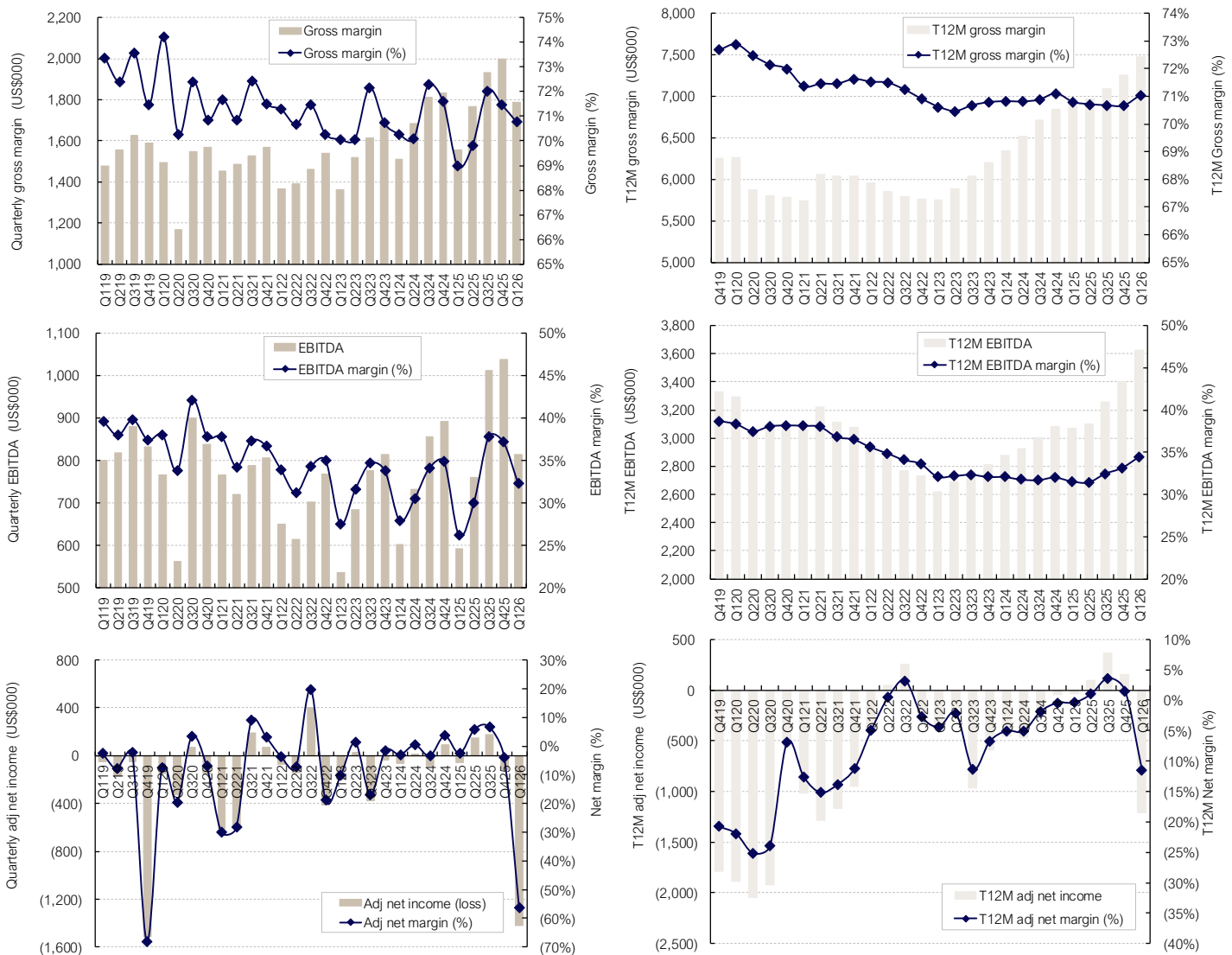
Exhibit 34. Historic T12M Gross Margin-EBITDA-Net Income-Cash Flow Data for Viemed, FQ118-FQ126



Source: Leede Financial, Historical Data – Company Information (Viemed)

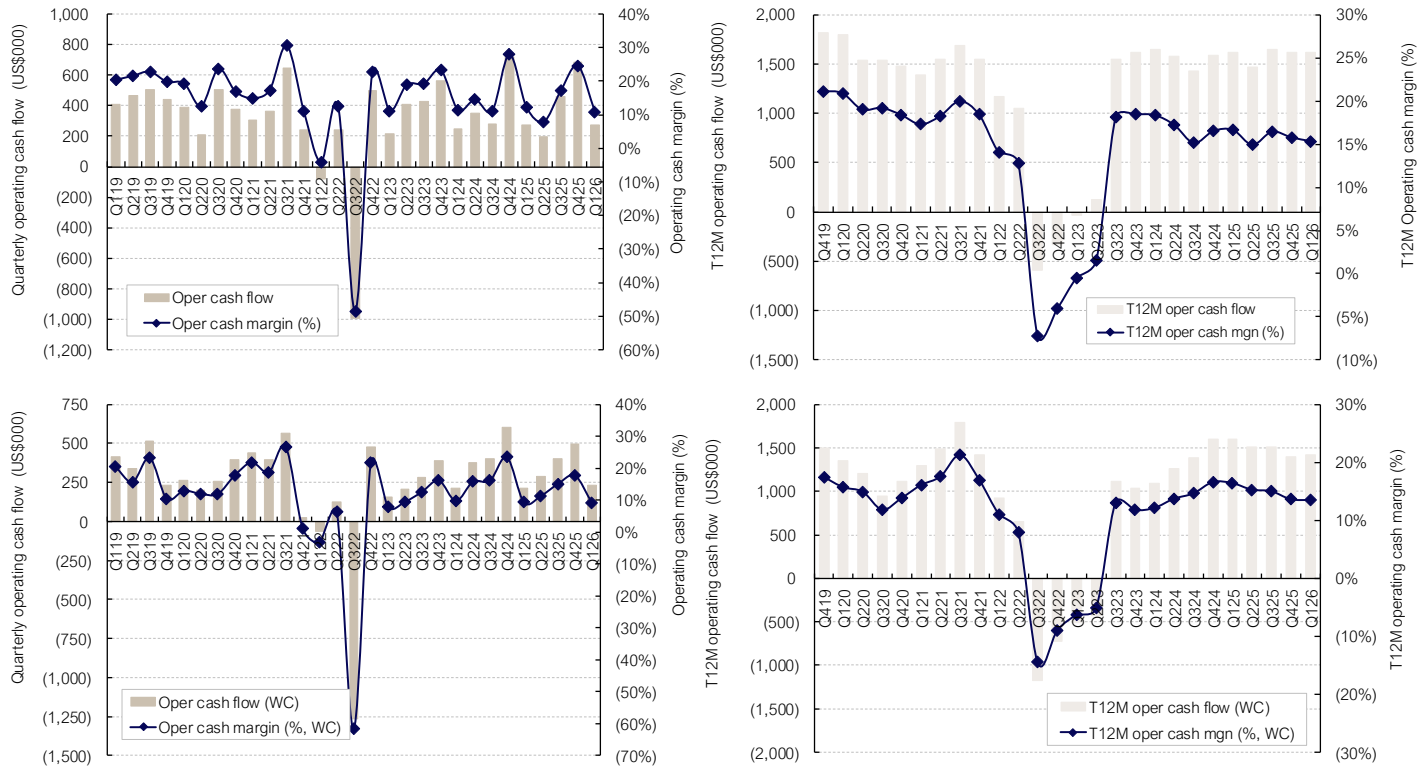
- Bausch Health also reported FQ126 financial data.** The QC-based diversified specialty pharmaceutical giant reported FQ126 revenue/gross margin/EBITDA of US\$2.5B/US\$1.8B/US\$0.8B that was down from FQ425 revenue/gross margin/EBITDA of US\$2.8B/US\$2.0B/US\$1.0B, but with favorable comparison to FQ125 data of US\$2.3B/US\$1.56B/US\$0.6B. The firm exited the quarter with US\$1.3B in cash & total debt of US\$20.8B, & thus with debt based financial ratios that were into cautionary territory despite magnitude of EBITDA generated in the period – debt-to-FQ126 EBITDA run-rate ratio was 6.4x while FQ126 EBITDA-to-interest coverage ratio was 2.0x.
- We assume that preserving market share for irritable bowel syndrome-targeted rifaximin/Xifaxan, which contributed 85% of Salix's FQ126 revenue of US\$639M (so about US\$543M) but for which generic competitors are on the horizon (mainly Norwich Pharmaceuticals [private] & Amneal Pharmaceuticals [AMRX-Q, NR] for which ANDA filings for the drug have already been submitted & approved).

Exhibit 35. Quarterly & T12M Gross Margin-EBITDA-Net Income Financial Data For Bausch Health, FQ119-to-FQ126



Source: Bausch Health financial filings, Leede Financial

Exhibit 36. Quarterly & T12M Cash Flow Data For Bausch Health, FQ119-to-FQ126



* Excluding \$1.2B accrued legal settlement payment in FQ322, operating cash flow would have been US\$0.22M (or [US\$0.05M] after adjusting for working capital)

Source: Bausch Health financial filings, Leede Financial

- Entrada Therapeutics (TRDA-Q, NR) reports underwhelming initial exon 44-skipping DMD data, extending the pattern of disappointing translation across PMO-based therapies.** Entrada reported Cohort 1 data from the Phase 1/2 ELEVATE-44-201 trial of ENTR-601-44, its EEV-conjugated PMO therapy for ambulatory DMD patients amenable to exon 44 skipping. Eight participants aged 6-17 were randomized 3:1 to receive three IV doses of 6 mg/kg ENTR-601-44 or placebo. The drug met its primary safety objective, with no SAEs, no discontinuations, and renal markers within normal limits, but target engagement was materially below expectations.
 - Treated patients showed only a 2.36% dystrophin increase over a 4.00% baseline and a 2.31% exon-skipping increase over a 2.66% baseline, figures that sit closer to legacy naked-PMO performance than the step-change that EEV conjugation was intended to deliver. Entrada attributed the shortfall to lower-than-expected plasma exposure in pediatric patients versus adult healthy volunteers, a finding the company says is consistent with recently obtained juvenile NHP PK data. Cohort 2 at a doubled 12 mg/kg dose is now dosing, with data expected by year-end. The sole clinical positive was a post-hoc improvement in time-to-rise velocity versus placebo ($p < .05$), far from offsetting the disappointment given prior company commentary suggesting double-digit dystrophin production was the target at the starting dose. TRDA shares fell approximately 44% intraday, erasing roughly US\$490M in market capitalization.
 - The result reinforces several recurring limitations of PMO-based exon-skipping in DMD that we covered extensively in our initial coverage of Satellos Bioscience (MSLE-Q/MSCL-T, Spec Buy, PT US\$16.00). The therapeutic logic remains attractive: skip a mutation-relevant exon, restore the reading frame, and enable production of a shortened but partially functional dystrophin protein. In practice, the class has struggled to translate that logic into durable functional outcomes. Systemic PMOs are rapidly cleared renally, require high-dose repeated IV administration, distribute inconsistently across skeletal muscle groups, have limited cardiac exposure, and do not cross the blood-brain barrier (Leckie et al., Genes, 2024).

- Even at high doses, approved PMOs have generally restored only low single-digit percentages of normal dystrophin, with an uncertain relationship between biochemical dystrophin expression and meaningful clinical benefit. Entrada's Cohort 1 dystrophin increase of 2.36% sits squarely within this range despite the EEV conjugation, suggesting that improved cellular uptake alone may not overcome the core delivery and expression limitations constraining the class. This has become a class-level translational problem rather than a single-program issue: Sarepta's (SRPT-Q, NR) Phase 3 ESSENCE confirmatory trial for casimersen and golodirsen failed on four-stair climb velocity at 96 weeks (LSM difference 0.05 steps/second, $p=0.309$), NS Pharma's (4516-JP, NR) RACER53 trial for viltolarsen missed time-to-stand velocity at 48 weeks, and Sarepta discontinued next-generation vesleteplirsen (SRP-5051) in 2024 despite higher dystrophin expression because of renal and electrolyte toxicity.
- ENTR-601-44 itself was subject to a US clinical hold that was not lifted until February 2025, a regulatory signal that underscored FDA scrutiny of the platform's risk-benefit profile well before these data emerged. That said, the class does retain meaningful commercial traction as a recurrent therapy: Sarepta's Q1/26 PMO revenue was US\$228.6M, down 12% QoQ, though has traded in a narrow US\$228.6M-US\$259.2M quarterly range since Q1/25. The contrast with Elevidys is certainly stark: gene therapy revenue fell from US\$375.0M in Q1/25 to US\$102.0M in Q1/26, a 72.8% decline driven by the November 2025 boxed warning for acute liver injury, label restriction to ambulatory patients, and the broader safety fallout from fatal hepatotoxicity events across the AAV class.
- For Satellos, the read-through modestly reinforces our competitive hypotheses. SAT-3247 is mechanistically orthogonal to exon skipping: rather than attempting to restore partial dystrophin expression through RNA manipulation of the mutated DMD transcript, it inhibits AAK1 to restore muscle stem-cell polarity and asymmetric division, thereby increasing the pool of myogenic progenitors available for muscle regeneration (Dumont et al., Nature Medicine, 2015; Bhatt et al., Nature Communications, 2025). That distinction matters because each successive PMO disappointment sharpens the case for mutation-agnostic, dystrophin-independent approaches that can demonstrate functional and regenerative benefit without relying primarily on dystrophin expression as a surrogate. As we await one-year LT-001 data in the current quarter and interim BASECAMP readouts by mid-year, Entrada's initial results add to the evidence that better delivery chemistry alone may not solve the core translational bottlenecks that have constrained exon-skipping therapy in DMD. One caveat: if Entrada's post-hoc TTR velocity signal holds at higher doses in Cohort 2, the platform cannot be dismissed outright on functional grounds despite the dystrophin miss; year-end data will be the more informative test.
- **Angelini Pharma (private, Italy) acquires Catalyst Pharmaceuticals (CPRX-Q, NR) for US\$4.1B in cash, gaining a three-drug rare neurology portfolio.** Angelini will pay US\$31.50 per share, a 21% premium to the unaffected close on April 22 and a 28% premium to the 30-day VWAP, with closing expected in Q3/26. The deal gives the family-owned Italian pharma its first US commercial presence and adds three FDA-approved products: Firdapse (amifampridine) for Lambert-Eaton myasthenic syndrome (LEMS), Agamree (vamorolone) for Duchenne muscular dystrophy, and Fycompa (perampanel) for partial-onset and primary generalized tonic-clonic seizures. Catalyst will operate as a wholly-owned subsidiary. Of note, Catalyst disclosed settlement of an outstanding Firdapse patent dispute with Hetero Labs, barring generic entry until January 2035.
 - This is primarily a Firdapse acquisition. The LEMS franchise generated US\$358.4M in F2025 revenue, growing 17.1% year-over-year, and Catalyst guided Firdapse to US\$435M-US\$450M in F2026, implying 21-26% growth with continued tailwinds from diagnostic initiatives that increased identified LEMS patients in active diagnostic workup. Firdapse is the only FDA-approved evidence-based therapy for LEMS and now carries patent protection through 2035 with the Hetero settlement closing the last generic threat. At ~US\$4.1B on a F2025 revenue base of US\$589M, the deal prices at roughly 7.0x trailing revenue or approximately 6.5x F2026 guided revenue of US\$615M-US\$645M.
 - Agamree is the secondary growth asset but the more relevant one for our DMD coverage. The dissociative glucocorticoid receptor agonist generated approximately US\$117M in F2025 product revenue (its first full commercial year following FDA approval in October 2023), grew 67.5% in Q4/25 alone, and is guided to US\$140M-US\$150M in F2026. That commercial trajectory validates meaningful payer and prescriber uptake for an oral DMD therapy, a category SAT-3247 would eventually enter, though the two drugs address the disease through fundamentally different mechanisms. Vamorolone preserves anti-inflammatory efficacy while partially mitigating classic glucocorticoid side effects (the Phase 2b VISION-DMD trial showed statistically significant improvement in time-to-stand velocity at 24

weeks; Mah et al., JAMA Neurology, 2022), but it does not restore muscle regeneration or address the underlying satellite cell polarity deficit that drives progressive functional decline.

- For Satellos (MSLE-Q/MSCL-T, Spec Buy, PT US\$16.00), the read-through is twofold. First, Agamree's commercial traction supports the pricing assumptions underlying our SAT-3247 revenue model, which projects annual US pricing at US\$133,500 per patient, a 50% premium to the branded deflazacort/Emflaza price that prevailed prior to generic entry in early 2024. Deflazacort remains the more broadly prescribed DMD corticosteroid at generic price points, but Agamree's ability to generate ~US\$117M at an annualized cost approaching US\$481,000 per patient in its first full commercial year indicates that US payers will support a meaningful premium for oral DMD therapies with differentiated clinical profiles, even when the differentiation is limited to an improved tolerability profile rather than a distinct mechanism.
- **UCB (UCB-Euronext Brussels [EBR], NR) to acquire Candid Therapeutics (private) for up to US\$2.2B, adding a multi-target T-cell engager platform for autoimmune disease.** UCB announced a definitive agreement to acquire privately held Candid Therapeutics for US\$2.0B upfront and up to US\$200M in development and regulatory milestones, with closing expected by the end of Q2 or early Q3 2026, subject to antitrust clearance and customary conditions. The transaction supersedes Candid's previously announced reverse merger with Rallybio, which had been expected to provide a Nasdaq listing and more than US\$505M in concurrent private financing. Candid terminated the Rallybio merger after entering the UCB agreement, triggering a US\$50M termination fee payable to Rallybio.
 - The lead asset, cizutamig/CND-106, is a BCMAxCD3 bispecific T-cell engager built on EpimAb's (private) FIT-Ig platform, a Fabs-In-Tandem Immunoglobulin format that generates a tetravalent bispecific antibody with four active antigen-binding sites. Mechanistically, cizutamig is designed to bind BCMA on antibody-secreting cell populations and CD3 on T cells, redirecting cytotoxic T-cell activity toward BCMA-expressing plasma cells, plasmablasts and B cells while attempting to limit broader cytokine release through optimized CD3 binding affinity. BCMA is a TNF receptor superfamily member whose signalling supports long-lived plasma-cell survival, making it attractive in autoantibody-driven diseases where pathogenic plasma cells may persist after conventional CD20-directed B-cell depletion (Laurent, Nature Communications, 2015; Hiepe, Nature Reviews Rheumatology, 2011).
 - The clinical dataset remains early but directionally supportive. In a Phase 1 dose-escalation study in relapsed/refractory multiple myeloma, 40 patients received cizutamig across doses from 0.2 mg to 300 mg; among patients receiving ≥ 60 mg, the ORR was 66% (12/18), with MRD negativity in 42% of responders. Across all dose levels, CRS was limited to Grade 1 in 18% and Grade 2 in 8%, with no ICANS reported. In a refractory Rheumatoid Arthritis patient previously treated with five targeted therapies, including rituximab, cizutamig produced near-complete depletion of serum plasma light chains, bone marrow CD138+ plasma cells, lymph node B cells/plasma cells, and an early DAS28 improvement from 6.3 to 2.7 after treatment initiation (Grieshaber-Bouyer, Arthritis Rheumatology, 2025 abstract). Candid disclosed in January 2026 that cizutamig had been administered to 80 patients, roughly half in autoimmune diseases, with deep tissue B-cell and plasma-cell depletion, mild CRS in fewer than 20% of autoimmune patients, no ICANS, and plans to advance into global Phase 2 studies in two autoimmune indications in 2026. UCB now states total cizutamig exposure exceeds 100 patients across myeloma and autoimmune diseases, with ongoing clinical studies across more than 10 autoimmune indications.
 - Candid's broader pipeline gives UCB some additional runway; CND261 is a CD20xCD3 bispecific designed to deplete CD20-expressing B-cell populations, with low CD3 affinity intended to reduce excessive T-cell activation. Candid disclosed that CND261 had been dosed in more than 110 patients, including more than 20 autoimmune patients, with tissue B-cell depletion and only Grade 1 CRS in fewer than 20% of autoimmune patients, and no ICANS. The preclinical pipeline also includes CND319, a CD19xCD20xCD3 trispecific, and CND460, a BCMAxCD19xCD3 trispecific, supporting UCB's stated strategy of targeting complementary B-cell and plasma-cell compartments rather than relying on a single antigen.
 - For Medexus Pharmaceuticals (MDP-T, Buy, PT C\$8.00), the read-through is limited and primarily thematic. UCB is acquiring Candid for autoimmune disease rather than myeloma, although cizutamig's prior Phase 1 myeloma experience provides useful human proof-of-mechanism for BCMAxCD3-mediated plasma-cell targeting. Medexus' closest hematology-adjacent asset, GRAFAPEX/treosulfan, sits in a different part of the treatment pathway as a conditioning regimen used immediately before allogeneic hematopoietic stem cell transplant in acute myeloid leukemia, rather than

as a post-transplant or relapsed/refractory myeloma-directed therapy. The more relevant Medexus angle exists in rheumatology exposure through Rasuvo/Metoject, where the UCB/Candid transaction reinforces continued large pharma appetite for differentiated autoimmune platforms, but does not create a direct near-term competitive or commercial read-through.

- **Windward Bio (Private) raises US\$165M crossover round, reinforcing investor appetite for pharmacokinetic extension in autoimmune disease.** Privately held Windward Bio raised US\$165M in a crossover financing led by OrbiMed, bringing total capital raised since its January 2025 launch to US\$365M. Proceeds will support WIN378, a fully human, half-life-extended anti-TSLP monoclonal antibody, currently in the Phase 2/3 POLARIS asthma program, where the dose-ranging component is fully recruited, initial data are expected in 2H26 and the first Phase 3 study is expected to begin in Q4/26. The company also plans to start the Phase 2 SIRIUS COPD study in Q2/26. Windward's second program, WIN027, is a long-acting TSLP x IL-13 bispecific licensed from Qyuns Therapeutics, with Phase 1 data expected by YE26 and multiple respiratory/dermatology proof-of-concept studies planned from Q4/26.

 - TSLP is an epithelial-derived alarmin positioned upstream of multiple inflammatory cascades in asthma, COPD, and other barrier-tissue diseases. Released in response to allergens, viruses, pollutants, and other airway insults, it activates dendritic cells to drive Th2 polarization and stimulates production of IL-5 and IL-13 (Gauvreau, Expert Opin Ther Targets, 2014). WIN378 is a fully human IgG antibody generated from Harbour BioMed's Harbour Mice platform, engineered for half-life extension and effector silencing to support Q6M subcutaneous dosing (similar to Spyre [SYRE-Q, NR], Apogee [APGE-Q, NR] and Oruka's [ORKA-Q, NR] YTE half-life extension candidates, though Windward has not publicly disclosed that WIN378 uses YTE specifically). WIN027 is a bispecific with affinity for both TSLP and IL-13, combining upstream alarmin inhibition with downstream effector cytokine suppression.
 - The TSLP space is becoming increasingly crowded... Relevant clinical-stage or commercial programs include approved monthly tezepelumab from AstraZeneca/Amgen (AZN-LN/AZN-Q, NR; AMGN-Q, NR), GSK's (GSK-NY, NR) AIO-001/GSK5784283, a long-acting anti-TSLP antibody acquired through the US\$1B upfront Aiolos Bio transaction, Generate:Biomedicines' (Private) GB-0895, an AI-engineered long-acting anti-TSLP antibody now being tested in the Phase 3 SOLAIRIA-1/2 program, Upstream Bio's (UPB-Q, NR) verekitug, a TSLP receptor antagonist that reduced annualized exacerbation rates by 56% with Q12W dosing and 39% with Q24W dosing in Phase 2 VALIANT, and Sanofi's (SNY-NY, NR) lunsekimig, a TSLP x IL-13 bispecific that recently met Phase 2 endpoints in asthma and CRSwNP but missed in atopic dermatitis. For Windward, the competitive bar is therefore not only target validation, but whether WIN378 can deliver a cleaner Q6M efficacy profile than other long-acting TSLP approaches and whether WIN027 can differentiate against Sanofi's more advanced bispecific program.
 - For Eupraxia (EPRX-Q, Buy, PT US\$15.50), the read-through is thematic, not competitive. Windward pursues long-duration systemic biologics; EPRX pursues sustained localized tissue exposure through DiffuSphere-based fluticasone delivery. The strategic logic converges on a broader premium being placed on duration-engineered immunology products, whether expressed through half-life-extended antibodies in respiratory disease or sustained local corticosteroid delivery in EoE/esophageal strictures. This is directionally supportive of our updated EPRX thesis.
- **Mirum Pharmaceuticals (MIRM-Q, NR) clears a regulatory path for volixibat in PSC-associated pruritus after positive Phase 2b VISTAS data.** Mirum reported that VISTAS, a randomized, double-blind, placebo-controlled Phase 2b trial in 158 patients with primary sclerosing cholangitis (PSC) and cholestatic pruritus, met its primary endpoint with volixibat 20 mg BID. In the primary analysis cohort of patients with moderate-to-severe itch, volixibat reduced Adult Itch Reported Outcome (ItchRO) by 2.72 points versus 1.08 points for placebo, a 1.64-point placebo-adjusted benefit ($p < 0.0001$), measured as change from baseline to the average of the last 12 weeks of treatment. A ≥ 2 -point ItchRO response was achieved by 55.6% of volixibat-treated patients versus 26.3% on placebo ($p = 0.0019$), while serum bile acids fell by 33.7 versus a 2.1 increase on placebo ($p = 0.0324$). Mirum plans a pre-NDA meeting with FDA in summer 2026 and an NDA submission in 2H26, positioning volixibat as a potential first targeted therapy for cholestatic pruritus in PSC, though not a disease-modifying PSC therapy based on the current topline dataset.

 - Primary Sclerosing Cholangitis is an autoimmune liver disease characterized by Mechanistically, volixibat is a minimally absorbed ileal bile acid transporter (IBAT) inhibitor. IBAT normally mediates reabsorption of conjugated bile acids in the terminal ileum as part of enterohepatic circulation; blocking this transporter increases fecal bile acid loss and reduces the circulating bile acid pool, which provides a biologically plausible route to reducing cholestatic itch. The class trade-

off is also mechanism-linked, with increased colonic bile acids driving diarrhea and other GI adverse events. (Al-Dury, *Frontiers in Pharmacology*, 2018.)

- Across both VISTAS cohorts, TEAEs occurred in 93.5% of volixibat patients versus 84.0% on placebo; grade ≥ 3 TEAEs were similar at 13.0% versus 11.1%, but serious TEAEs were numerically higher at 10.4% versus 6.2%, and discontinuations were 9.1% versus 2.5%. Mirum also flagged more frequent ALT, AST, ALP and bilirubin elevations with volixibat, which is notable in PSC where cholangitis, strictures and fluctuating liver tests can complicate interpretation. Full VISTAS results are expected at EASL on May 30.
- **Eli Lilly (LLY-N, NR) raises US\$9B in its largest-ever bond sale, cash flow and high-grade credit access supporting a widening acquisition strategy.** Lilly sold US\$9B of investment-grade debt across eight tranches with maturities ranging from two to 40 years, upsized from the ~US\$8B initially sought. Demand appeared strong, with the longest-dated 2066 tranche reportedly pricing at T+80 bps versus initial price talk of ~T+113 bps. Proceeds are expected to support general corporate purposes and fund upfront cash consideration and related expenses for Lilly's pending acquisitions of Centessa Pharmaceuticals (CNTA-Q, NR) and Kelonia Therapeutics (Private), two large platform-oriented transactions announced in the past two months. Centessa gives Lilly an OX2R agonist sleep-wake disorder pipeline, while Kelonia adds an in vivo CAR-T/gene-delivery platform led by KLN-1010 in relapsed/refractory multiple myeloma. Lilly's financing of these transactions through debt rather than equity certainly reflects the advantage created by its obesity/metabolic franchise, with Q1/26 revenue up 56% y/y to US\$19.8B and 2026 revenue guidance raised to US\$82–85B.
 - For SMID-cap biotech, the read-through is broadly positive: Lilly's ability to raise US\$9B on attractive terms reinforces that large-cap pharma still has substantial balance sheet capacity to pursue external innovation, particularly where internal pipelines need diversification beyond current growth drivers. While strategic buyers will remain selective, the financing supports the view that differentiated SMID assets with platform value, novel biology, or clear therapeutic-area fit can still command meaningful acquisition interest even before clinical risk is fully resolved.
- **Roche (ROG-SW, NR) acquires digital pathology firm PathAI for up to US\$1.05B, extending its AI-driven diagnostics strategy.** Switzerland-based Roche announced today that it has entered into a definitive merger agreement to acquire Boston-based PathAI, a developer of AI-powered digital pathology tools for clinical laboratories and biopharma, for US\$750M upfront and up to US\$300M in additional milestone-linked payments. The transaction, expected to close in H2/26, will fold PathAI into Roche's Diagnostics division and builds on a partnership first established in 2021 and expanded in 2024 to encompass co-development of AI-enabled companion diagnostic algorithms. PathAI's core commercial asset is AISight, an FDA 510(k)-cleared cloud-native image management system that serves as a workflow hub for digital slide viewing, case management, and deployment of AI-based tissue analysis tools across anatomic pathology labs. Roche explicitly framed the acquisition as a lever to strengthen its position in companion diagnostics for oncology, integrating PathAI's AI-driven biomarker quantification (including PD-L1 and HER2 scoring) into its existing immunohistochemistry and in situ hybridization assay infrastructure.
 - Digital pathology converts glass-slide tissue specimens into high-resolution whole-slide images that can be analyzed computationally, with deep learning models increasingly used to detect cancer, classify tumor subtypes, quantify biomarker expression, and infer molecular features from standard H&E-stained tissue. Reviews by Shmatko and coworkers (*Nature Reviews Cancer*, 2022) and Echele and coworkers (*British Journal of Cancer*, 2021) support the breadth of AI's technical performance in histopathology, while also emphasizing that prospective evidence showing improved clinical outcomes remains comparatively limited. PathAI's value proposition sits within that translational gap: its platform is trained on >32.5M annotations from a network of >450 pathologists, while AISight's 2025 FDA clearance included a Predetermined Change Control Plan, allowing defined future AI model updates without repeat 510(k) submissions and making the platform more scalable as AI/ML regulatory frameworks mature.
 - Relevant readthrough here centers on Perimeter Medical Imaging AI (PINK-V, Spec Buy, PT C\$3.00) and its AI-enabled B-Series/Claire OCT platform for real-time breast tumor margin assessment during lumpectomy procedures. Perimeter and PathAI operate in different segments of the AI-in-pathology continuum, though there is certainly shared value in the core technologies that overlap. PathAI's tools analyze digitized tissue sections post-excision using deep learning applied to whole-slide images, whereas Perimeter's B-Series/Claire uses optical coherence tomography to generate sub-surface images of tissue at the point of care, in the operating room, with AI algorithms trained to identify positive tumor margins in real time to inform same-procedure re-excision decisions.

- The two approaches are complementary rather than competitive. That said, Roche's willingness to deploy US\$1.05B for a digital pathology AI platform underscores a broader thesis that is favorable to Perimeter's commercial positioning: global medtech and diagnostics acquirers are assigning material value to AI-driven tissue analysis capabilities, particularly where those capabilities can demonstrably reduce diagnostic variability, accelerate clinical workflows, or improve patient outcomes. Perimeter's B-Series/Claire has a distinct advantage in that it addresses a well-documented clinical problem (re-operation rates in breast conserving surgery that range from 15-35% in the literature [Moran et al, Annals of Surgical Oncology, 2014]) with intraoperative rather than post-surgical analysis, a use case for which there is no real-time AI-enabled alternative at present. If Roche's acquisition signals accelerating institutional appetite for AI tissue analysis assets broadly, it plausibly expands the acquirer universe for firms like Perimeter that bring AI-driven tissue characterization to surgical settings that digital pathology platforms do not currently reach.
- **Bayer (BAYN-DE, NR) to acquire Perfuse Therapeutics for US\$300M upfront, adding a mid-stage, disease-modifying ophthalmology asset.** Bayer agreed to acquire privately held Perfuse Therapeutics in a transaction worth up to US\$2.45B, including US\$300M upfront and up to US\$2.15B in development, regulatory and commercial milestones, with closing subject to antitrust clearance and Perfuse shareholder approval. The deal gives Bayer full rights to PER-001, a bio-erodible intravitreal implant delivering a small-molecule endothelin receptor antagonist every six months for glaucoma and diabetic retinopathy. Mechanistically, the thesis is differentiated from conventional pressure-lowering glaucoma therapy or anti-VEGF retinal disease approaches: blocking endothelin-1, a vasoconstrictor implicated in impaired ocular perfusion, inflammation and retinal/neuroretinal cell death, with elevated aqueous humor ET-1 reported in primary open-angle and normal-tension glaucoma cohorts (Hedberg-Buenz, *BMC Ophthalmology*, 2025). Clinically, the dataset remains early and largely company/conference-disclosed rather than peer-reviewed. Perfuse reported that PER-001 improved visual field measures and OCT retinal nerve fibre layer thickness in a small Phase 1/2a glaucoma study, while the diabetic retinopathy Phase 2a study showed improvements in low-luminance contrast sensitivity, low-contrast visual acuity, peripheral vision and angiographic markers of ischemia/leakage versus control over ~six months.
- For Ocumetics Technology Corp. (OTC-TSXV, NR), which is not formally under coverage but has been discussed in prior weeklies, the relevance is adjacent rather than directly mechanistic, given its focus on accommodating intraocular lens technology rather than retinal or glaucoma drug delivery. Still, Bayer's willingness to pay meaningful upfront consideration for a durable intraocular implant supports the broader view that strategics continue to value differentiated ophthalmology assets that can reduce treatment burden and improve functional outcomes, provided clinical durability and safety are clearly demonstrated.

Capital Markets Summary

Exhibit 37. EBITDA Or EPS-Positive Canadian Healthcare Stocks

Company	Filing Curr.	Sym.	Shrs	Share	Mkt	Mkt	Ent.	Ent.	EV/EBITDA			Price/Earnings		
			Out. (M)	Price 6-May	Cap (M)	Cap (C\$M)	Value (M)	Value (C\$M)	(T12M)	FY1	FY2	(T12M)	FY1	FY2
Profitable Canadian healthcare firms - specialty services ^{2,4}														
DRI Healthcare Trust	CAD	DHT.UN	55.0	\$16.17	890	890	1,491	1,491	7.1x	6.9x	6.6x	NA	7.5x	7.1x
Jamieson Wellness	CAD	JWEL	41.5	\$33.72	1,399	1,399	1,847	1,847	11.7x	10.4x	9.3x	22.6x	15.9x	13.6x
K-Bro Linen	CAD	KBL	13.0	\$41.50	539	539	824	824	7.5x	7.6x	7.2x	26.2x	20.3x	16.6x
Medical Facilities ¹	CAD	DR	17.6	\$12.44	218	298	407	554	6.5x	7.0x	7.0x	21.9x	6.1x	18.6x
Microbix Biosystems	CAD	MBX	138.0	\$0.25	34	34	32	32	NA	NA	10.9x	NA	NA	NA
Savaria	CAD	SIS	71.9	\$29.61	2,130	2,130	2,317	2,317	NA	11.4x	10.4x	30.8x	21.3x	18.9x
Profitable Canadian healthcare firms - specialty pharmaceuticals development/sales ²														
Aurinia Pharma	USD	AUPH	129.9	\$16.25	2,111	2,878	1,784	2,429	10.3x	8.1x	6.8x	7.5x	20.5x	15.5x
Bausch Health	USD	BHC	373.5	\$5.65	2,110	2,877	30,795	41,934	6.1x	5.9x	6.0x	NA	1.3x	1.4x
BioSynt	CAD	RX	11.6	\$14.60	170	170	142	142	11.7x	9.2x	7.8x	18.2x	15.5x	13.0x
Cipher Pharma ¹	CAD	CPH	25.4	\$13.13	333	455	452	616	18.6x	15.8x	12.7x	12.3x	17.6x	13.8x
HLS Therapeutics ¹	CAD	HLS	31.3	\$3.45	108	147	199	271	12.1x	9.8x	8.2x	NA	NA	NA
Knight Therapeutics	CAD	GUD	98.3	\$7.51	738	738	702	702	10.4x	9.3x	8.7x	NA	46.2x	29.6x
Medexus Pharma ¹	CAD	MDP	32.0	\$2.93	94	128	142	194	10.4x	8.9x	6.4x	NA	NA	9.2x
Profitable Canadian healthcare firms - eldercare services or infrastructure developers														
CareRx	CAD	CRRX	62.9	\$3.66	230	230	294	294	9.7x	8.0x	7.1x	8.8x	22.0x	12.0x
Chartwell Retirement	CAD	CSH.UN	324.0	\$22.15	7,177	7,177	10,055	10,055	25.0x	19.9x	18.1x	NA	NA	58.3x
Extencare	CAD	EXE	94.8	\$30.17	2,861	2,861	2,843	2,843	16.2x	12.1x	10.7x	26.7x	24.8x	21.2x
Vital Infrastructure	CAD	VITL.UN	250.0	\$5.58	1,395	1,395	2,671	2,671	10.3x	12.4x	12.6x	NA	NA	NA
Nova Leap Health	CAD	NLH	87.3	\$0.36	31	31	33	33	12.6x	NA	NA	NA	NA	NA
Sienna Senior Living	CAD	SIA	106.0	\$23.42	2,483	2,483	3,737	3,737	24.1x	18.7x	16.9x	49.8x	39.0x	33.9x
Profitable Canadian healthcare firms - medical equipment distribution/sales ³														
Covalon Technologies	CAD	COV	27.6	\$1.86	51	51	36	36	24.7x	10.3x	6.6x	52.2x	26.6x	13.3x
Viemed Healthcare	USD	VMD	38.3	\$8.52	326	326	446	608	6.6x	4.9x	4.3x	22.1x	17.7x	13.7x
Profitable Canadian healthcare firms - healthcare IT or digital IT services firms														
Healwell AI	CAD	AIDX	295.6	\$0.97	287	287	354	354	NA	42.7x	21.7x	NA	NA	NA
Hydreight	CAD	NURS	53.4	\$4.08	218	218	211	211	NA	9.2x	6.0x	NA	13.6x	8.2x
Kneat.com	CAD	KSI	96.1	\$4.73	455	620	434	434	NA	25.0x	16.9x	NA	NA	NA
Vitalhub	CAD	VHI	63.3	\$7.85	497	677	380	380	16.7x	11.1x	9.3x	NA	31.1x	24.9x
Well Health	CAD	WELL	255.5	\$4.34	1,109	1,109	1,862	1,862	9.2x	10.4x	9.4x	NA	15.7x	11.4x
Average									12.7x	12.3x	9.9x	24.9x	20.2x	17.7x
Recently-acquired Canadian healthcare firms														
Andlauer	CAD	AND	39.2	\$54.97	2,152	2,152	2,165	2,165	13.4x	NA	NA	32.0x	NA	NA
Dentalcorp Holdings	CAD	DNTL	192.0	\$11.00	2,112	2,112	3,112	3,112	10.9x	NA	NA	NA	NA	NA
Quipt Home Medical	USD	QUIPT	44.5	\$3.65	162	223	235	323	5.4x	NA	NA	2.1x	NA	NA
Theratechnologies	CAD	TH	46.0	\$4.47	206	206	238	238	12.3x	NA	NA	NA	NA	NA

¹ Share price converted to USD for stocks reporting financial data in USD but for which share value is reported in CAD; price refers to prior day close, EV calculations based on cash/LT debt reported in most recent quarter

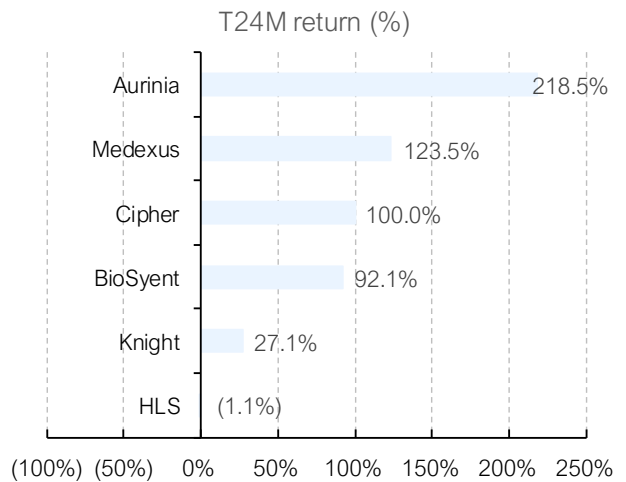
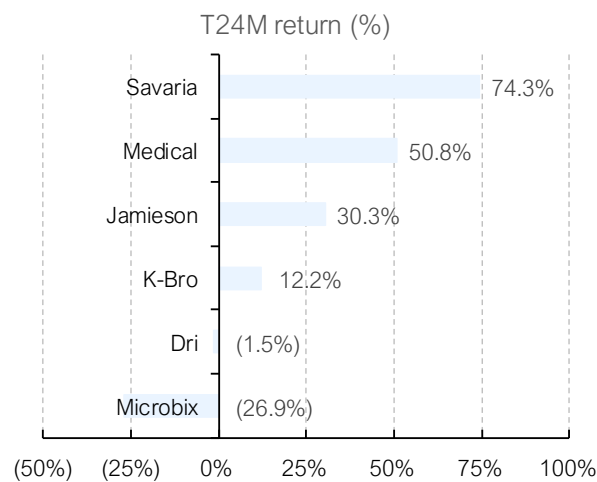
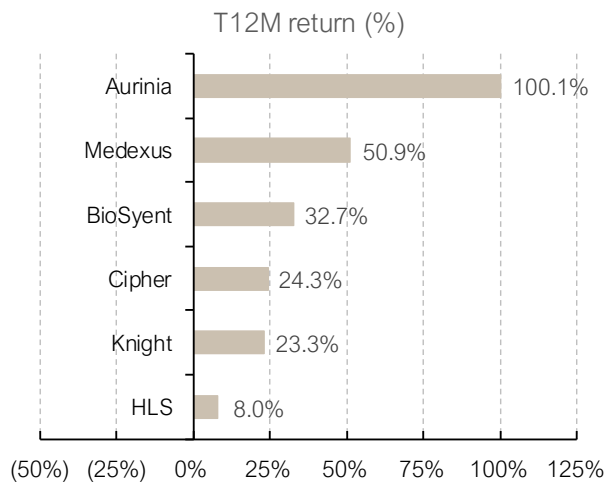
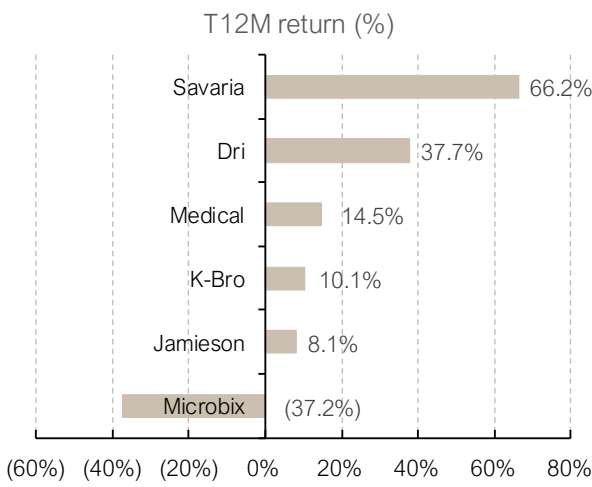
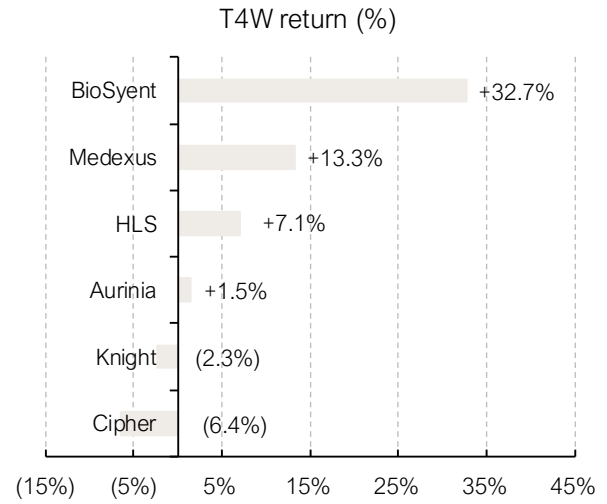
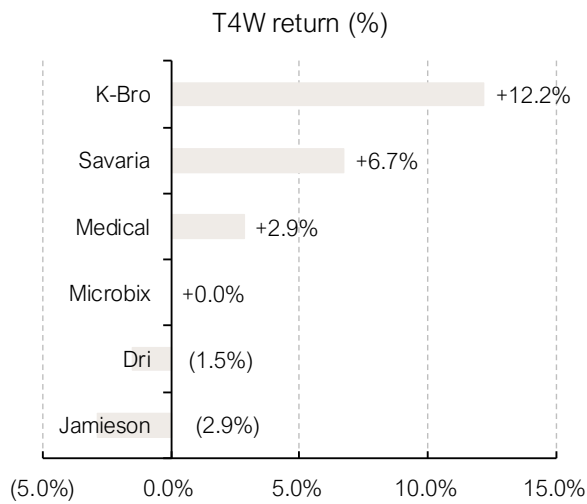
² Legacy specialty pharmaceutical firm & coverage stock Theratechnologies (TH-T, THTX-Q) was acquired in Sept/25 by CB Biotechnology/Future Pak for cumulative consideration of US\$4.20/shr; Andlauer's acquisition by UPS (UPS-NY, NR) is closed as of Nov/25

³ Quipt Home Medical was bid to be acquired by Kingswood Capital & Forager Capital for US\$3.65/shr in Dec/25, transaction closed in Mar/26

⁴ Dentalcorp Holdings was acquired by US private equity firm GRRCR LLC in Sept/25 for an EV of C\$3.3B (market value C\$2.1B); transaction closed in Jan/26

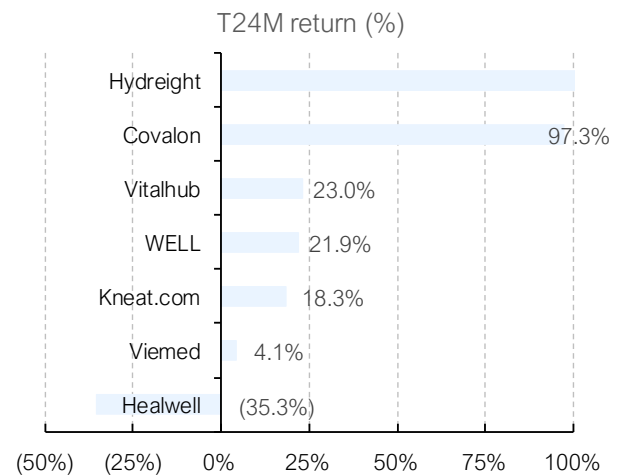
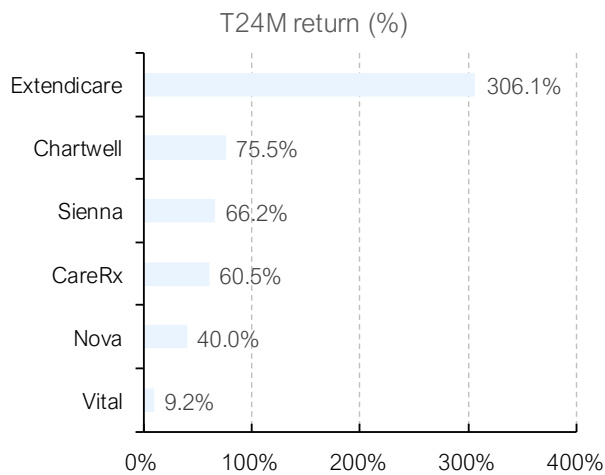
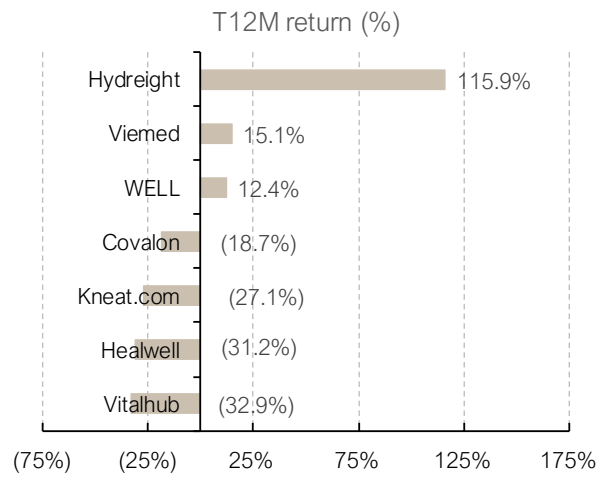
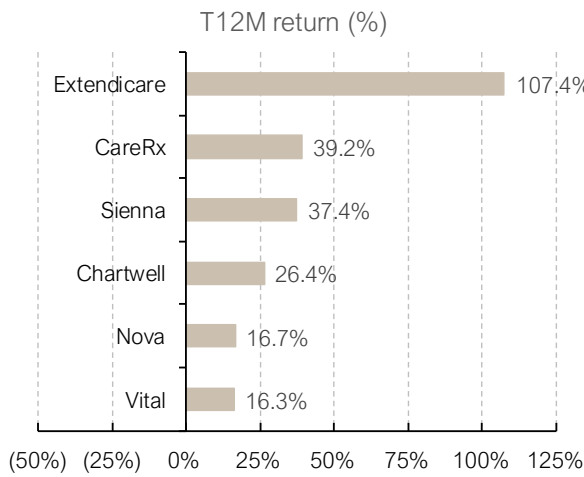
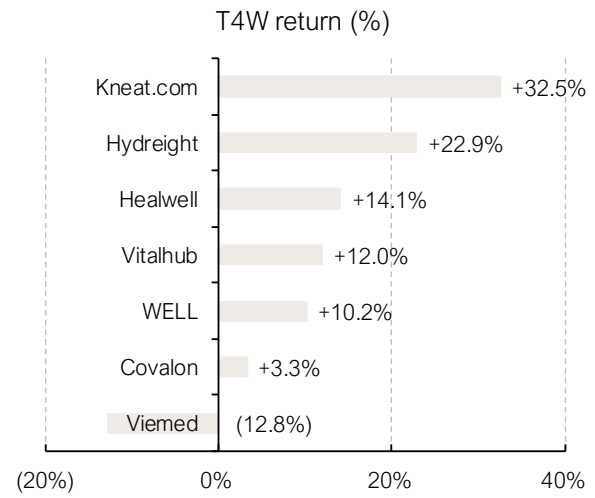
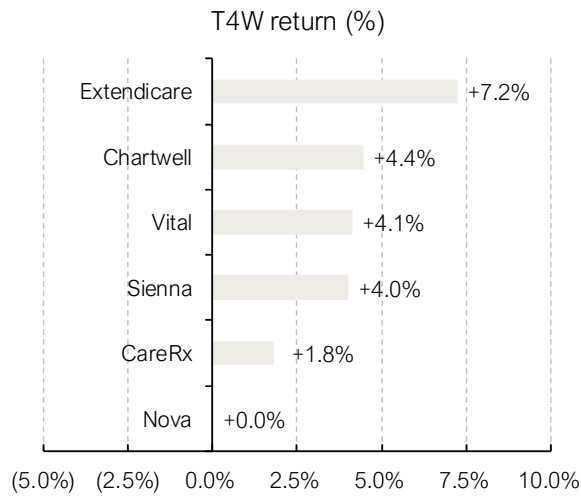
Source: Refinitiv, company reports, Leede Financial

Exhibit 38. Trailing Four-Week, One-Year & Two-Year Relative Share Price Performance For EBITDA/EPS-Positive Canadian Healthcare Equities – Specialty Services & Specialty Pharmaceutical Firms



Source: Refinitiv, company reports, Leede Financial

Exhibit 39. Trailing Four-Week, One-Year & Two-Year Relative Share Price Performance For EBITDA/EPS-Positive Canadian Healthcare Equities – Eldercare Services & Medical Technology Distribution/Healthcare IT Services



Source: Refinitiv, company reports, Leede Financial (*Hydreight [NURS-V, NR] T24M return 1,411%*)

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Speculative Buy	The security is considered a BUY but carries an above-average level of risk.
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RECOMMENDATION	NO. OF COMPANIES	%
Buy	9	60%
Speculative Buy	4	26%
Hold	1	7%
Sell	-	-
Tender	-	-
Under Review	1	7%

Historical Target Price

Appili Therapeutics APLI-TSXV	None
Cardiol Therapeutics CRDL-TSX, NASDAQ	None
CareRx CRRX-TSX	None
Cipher Pharmaceuticals CPH-TSX	None
Eupraxia Pharmaceuticals EPRX-TSX, NASDAQ	None
Extendicare EXE-TSX	None
K-Bro Linen KBL-TSX	4
Medexus Pharmaceuticals MDP-TSX	None
Medical Facilities DR-TSX	None
Nanalysis Scientific NSCI-TSXV	None
Oncolytics Biotech ONCY-NASDAQ	None
Perimeter Medical Imaging PINK-TSXV	None
Profound Medical PRN-TSX, PROF-NASDAQ	None
ProMIS Neurosciences PMN-NASDAQ	2
Satellos Biosciences MSCL-TSX	2