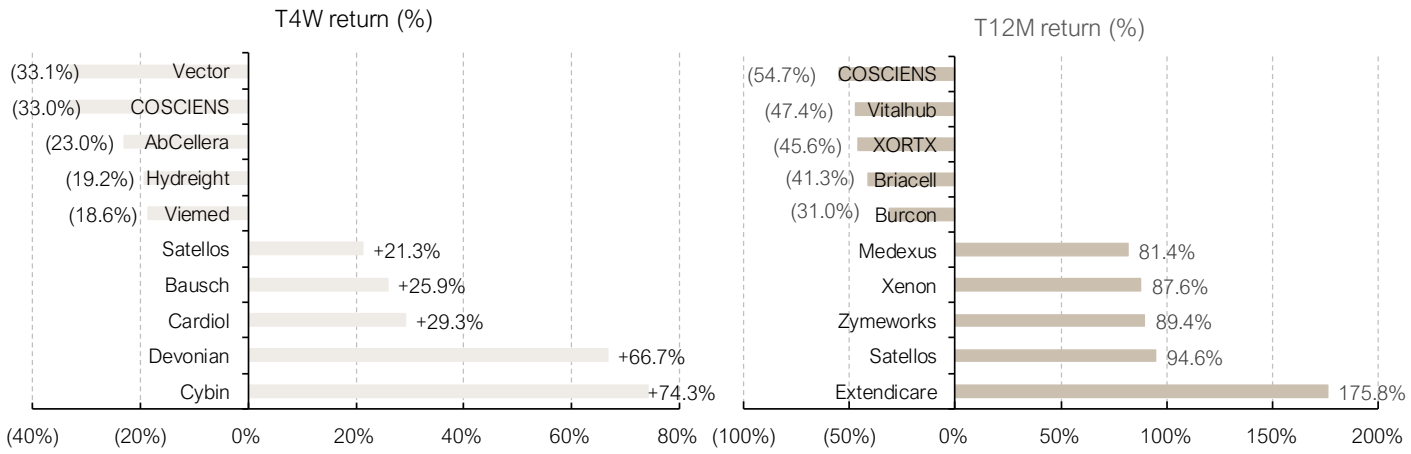
Core Highlights of the Week

Top Movers

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



Source: Leede Financial, Refinitiv

Significant Developments With Relevance To Our Coverage Universe

- **K-Bro Linen reports FQ226 financial results in a typically & seasonally strong period.** AB-based healthcare services outsourcing (linen/laundry processing) firm K-Bro Linen (KBL-T, Buy, PT C$53.00, was C$49.00) reported FQ226 financial results this week, ostensibly featuring strong revenue/EBITDA/cash flow in what is typically a seasonally strong financial period for the firm's hospitality industry division, with healthcare industry operations tending to smooth out all three of those quarterly financial metrics throughout overall fiscal performance & in our model projections.

  - FQ226 consolidated revenue/EBITDA/margin were $150.4M/$29.8M/19.8%, not quite at FQ225 EBITDA margin level of 21.0% but still well above FQ225 data in absolute terms (revenue/EBITDA in that period were $113.1M/$23.7M, though importantly that period excludes impact of K-Bro's acquisition of UK-based Stellar Mayan that closed in the subsequent quarter). Sequential comparisons to FQ126 data are not overly meaningful since K-Bro experiences considerable seasonal strength in its hospitality client operations during FQ2-FQ3 financial periods but for the record, FQ126 revenue/EBITDA/margin were below FQ226 data on all metrics at $139.1M/$22.6M/16.2%.

  - We are interested in equal measure in the relative contribution of K-Bro's healthcare & hospitality laundry processing volumes & in the geographic segmentation of its Canada-based vs UK-based operations & what follows is our summary of each. Canadian operations are dominated in most financial periods by K-Bro's healthcare segment, for which the firm has substantial linen/laundry-processing contracts in SK with 3S Health (the first ten-year renewable contract was signed in Dec/12), in AB with Alberta Health Services (an eleven-year contract was signed in July/21) & in BC with the Fraser & Vancouver Coastal Health Authorities (the first ten-year renewable contract was signed in Mar/16) & other analogous healthcare funding organizations in the region.

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Exhibit 2. Income Statement & Financial Forecast Data for K-Bro Linen, F2017A-to-F2028E

Year-end December 31 (C$000, except EPS)	2017A	2018A	2019A	2020A	2021A	2022A	2023A	2024A	2025A	2026E	2027E	2028E
Healthcare revenue	$116,948	$128,933	$132,620	$144,715	$159,938	$167,239	$177,838	$189,400	$199,722	$205,925	$210,043	$214,244
Hospitality revenue	$48,883	$50,956	$54,004	$21,967	$23,135	$44,796	$63,291	$75,022	$79,089	$81,378	$83,820	$86,334
International revenue (UK)	$4,728	$59,645	$65,786	$29,909	$40,919	$64,588	$79,755	$109,187	$227,965	$311,370	$317,597	$323,949
Total revenue	**$170,559**	**$239,534**	**$252,410**	**$196,591**	**$223,992**	**$276,623**	**$320,884**	**$373,609**	**$506,776**	**$598,673**	**$611,460**	**$624,527**
Revenue growth (%)	*7.2%*	*40.4%*	*5.4%*	*(22.1%)*	*13.9%*	*23.5%*	*16.0%*	*16.4%*	*35.6%*	*18.1%*	*2.1%*	*2.1%*
EBITDA	**$24,021**	**$29,517**	**$47,565**	**$43,755**	**$42,791**	**$36,492**	**$56,806**	**$69,020**	**$90,934**	**$110,154**	**$113,256**	**$115,701**
EBITDA growth (%)	*(14.9%)*	*22.9%*	*61.1%*	*(8.0%)*	*(2.2%)*	*(14.7%)*	*55.7%*	*21.5%*	*31.8%*	*21.1%*	*2.8%*	*2.2%*
EBITDA margin (%)	*14.1%*	*12.3%*	*18.8%*	*22.3%*	*19.1%*	*13.2%*	*17.7%*	*18.5%*	*17.9%*	*18.4%*	*18.5%*	*18.5%*
Net income, operations	$5,718	$6,169	$10,914	$3,787	$8,692	$3,906	$17,607	$18,708	$17,990	$26,062	$34,321	$40,473
Net income, adjusted	$5,754	$6,105	$10,906	$9,298	$8,692	$3,945	$17,607	$18,967	$17,990	$26,901	$34,321	$40,473
EPS, operations	$0.61	$0.59	$1.04	$0.36	$0.81	$0.36	$1.64	$1.77	$1.45	$2.00	$2.64	$3.11
EPS, adjusted	**$0.61**	**$0.58**	**$1.04**	**$0.88**	**$0.81**	**$0.37**	**$1.64**	**$1.79**	**$1.45**	**$2.07**	**$2.64**	**$3.11**
Distribution	$11,310	$12,610	$12,612	$12,702	$12,851	$12,878	$12,872	$12,692	$14,865	$15,602	$15,606	$15,606
Distribution per share	$1.20	$1.20	$1.20	$1.20	$1.20	$1.20	$1.20	$1.20	$1.20	$1.20	$1.20	$1.20
Distributable cash	$20,047	$24,765	$29,607	$31,249	$27,475	$19,572	$32,370	$39,611	$47,353	$59,478	$67,933	$69,506
Oper cash flow (ex W/C)	$22,702	$28,934	$42,050	$39,924	$37,585	$31,751	$47,118	$54,356	$70,783	$90,981	$97,797	$98,619
AFFO/free cash flow	$20,047	$24,765	$29,607	$31,249	$27,475	$19,572	$32,370	$39,611	$47,353	$59,478	$67,933	$69,506
Cash flow per share	$1.99	$1.67	$4.18	$4.01	$2.98	$2.43	$3.82	$4.72	$5.06	$6.31	$7.61	$7.57
AFFO (FCF) per share	**$2.13**	**$2.36**	**$2.82**	**$2.95**	**$2.57**	**$1.82**	**$3.02**	**$3.75**	**$3.82**	**$4.57**	**$5.22**	**$5.34**
Payout ratio (%)	*56.4%*	*50.9%*	*42.6%*	*40.6%*	*46.8%*	*65.8%*	*39.8%*	*32.0%*	*31.4%*	*26.2%*	*23.0%*	*22.5%*
FCF yield (%)	*4.5%*	*5.0%*	*5.9%*	*6.2%*	*5.4%*	*3.8%*	*6.4%*	*7.9%*	*8.0%*	*9.6%*	*11.0%*	*11.3%*
P/E	*77.8x*	*81.8x*	*45.8x*	*54.1x*	*58.5x*	*129.2x*	*28.9x*	*26.5x*	*32.7x*	*23.0x*	*18.0x*	*15.3x*
EV/EBITDA	*29.6x*	*24.1x*	*14.9x*	*16.2x*	*16.6x*	*19.5x*	*12.5x*	*10.3x*	*7.8x*	*6.5x*	*6.3x*	*6.1x*

Source: K-Bro Linen financial filings, Leede Financial

- That component of K-Bro's Canadian operations generated revenue in the period of $51.9M as compared to $19.9M for the firm's domestic hospitality-focused operations. Consolidated domestic revenue/EBITDA/margin were $71.8M/$15.2M/21.1% as compared sequentially to $69.4M/ $13.9M/20.1% in FQ126 (so not exhibiting as much seasonality on EBITDA/margin as we will show for UK operations below) & as compared y/y to $69.4M/$14.7M/21.1% in FQ225. Canadian EBITDA margin stability within a tight 20%-to-23% band during the FQ225-to-FQ226 period is clearly the message on domestic operations, consistent with our investment thesis on the firm.

Exhibit 3. Valuation Scenarios for K-Bro Linen

EPS multiple, F2027	5x	10x	15x	20x	25x	30x	35x
Implied unit price [1,2]	$13.20	$26.39	$39.59	$52.78	$65.98	$79.17	$92.37
AFFO multiple, F2027	**5x**	**7x**	**9x**	**10x**	**11x**	**12x**	**14x**
Implied unit price [1,2]	$26.12	$36.57	$47.01	$52.24	$57.46	$62.68	$73.13
EV/EBITDA multiple, F2027	**3x**	**5x**	**7x**	**8x**	**9x**	**11x**	**13x**
Implied share price ($) [1,2]	$10.49	$27.90	$45.32	$54.03	$62.74	$80.15	$97.57
One-year K-Bro Linen target price (C$)				**$53.02**			

[1] *Based on F2027 forecasts (Adjusted EPS $2.64, EBITDA $113.3M, AFFO $5.22/shr)*

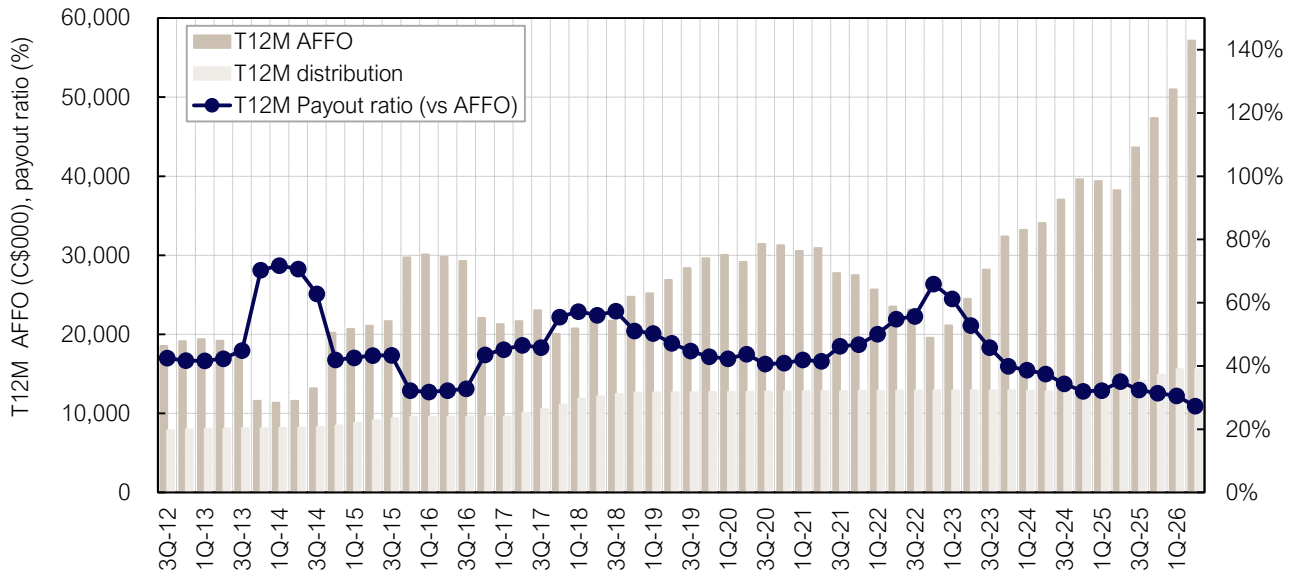
[2] *EV incorporates FQ226 cash of $20.5M, total debt of $223.9M, basic S/O of 13.0M*

Source: K-Bro Linen financial filings, Leede Financial

- Shifting to UK operations from which K-Bro reports contribution from three distinct recent acquisitions – hospitality-dominant Fishers Topco acquired in Nov/17, equally hospitality-dominant Shortridge acquired in Apr/24 & then recently from more hospital client-based Stellar Mayan in Jun/25 as we indicated above – the firm is now generating more

revenue from hospital clients since the Stellar Mayan transpired but hospitality operations still dominate UK revenue & profitability & so UK operations at least for now exhibit more FQ2-FQ3 seasonal strength than its Canadian counterpart. Translated into Canadian dollars in our analysis that follows (was 1.38x on average during the quarter), consolidated UK revenue/EBITDA/margin in FQ226 were $78.6M/$14.6M/18.6% as compared sequentially to $69.7M/$8.6M/12.4% in FQ126 & y/y to $43.7M/$9.1M/20.8% in FQ225 that while in line with recent trends on EBITDA margin are clearly not representative of future UK revenue generation by excluding Stellar Mayan contribution.

Exhibit 4. T12M Adjusted Funds From Operations (AFFO) & Pay-Out Ratio Data For K-Bro Linen, FQ312A-to-FQ226A



Source: K-Bro Linen financial filings, Leede Financial

- UK healthcare revenue of $34.8M was predictably below hospitality revenue in the quarter of $43.8M in a hospitality intensive quarter (& FQ326 should experience even stronger sequential hospitality revenue strength, as our model already assumes), as compared to proportionate healthcare/hospitality revenue in FQ126 of $33.7M/$36.0M & to Stellar Mayan-less FQ225 healthcare/hospitality revenue of $8.2M/$35.4M.

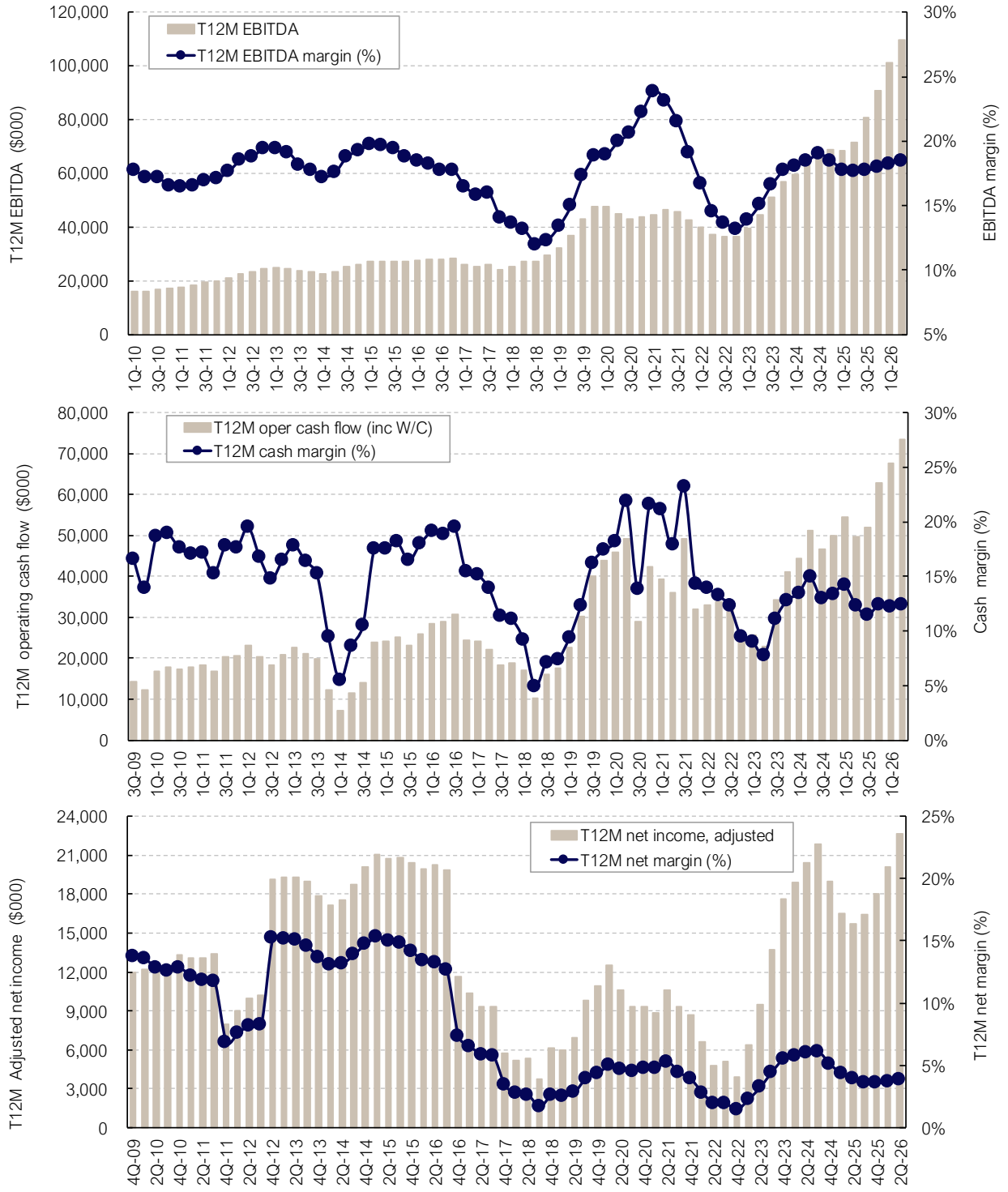
Exhibit 5. F2026E-to-F2028E Quarterly & Full-Year AFFO Forecasts for K-Bro Linen

Year-end December 31 *(C$000, except share-based data)*	1Q-26	2Q-26	3Q-26E	4Q-26E	1Q-27E	2Q-27E	3Q-27E	4Q-27E	2026E	2027E	2028E
Operating cash flow	**22,278**	**8,753**	**27,119**	**23,828**	**23,094**	**25,640**	**26,637**	**23,565**	**81,979**	**98,936**	**98,501**
Deduct (add):											
Working capital surplus (deficit)	4,885	(14,539)	207	445	728	244	78	89	(9,002)	1,139	(118)
Stock option expense	732	754	754	754	754	754	754	754	2,994	3,016	3,016
Payments on lease liabilities	4,389	4,419	4,419	4,419	4,419	4,419	4,419	4,419	17,646	17,676	17,676
Funds from operations (FFO)	**12,272**	**18,119**	**21,739**	**18,211**	**17,193**	**20,223**	**21,386**	**18,303**	**70,341**	**77,105**	**77,927**
FFO per share	$0.94	$1.39	$1.67	$1.40	$1.32	$1.55	$1.64	$1.41	$5.41	$5.93	$5.99
Deduct (add):											
Maintenance capex	(2,877)	(3,348)	(2,389)	(2,249)	(2,131)	(2,303)	(2,441)	(2,296)	(10,863)	(9,172)	(8,421)
Adjusted funds from oper (AFFO)	**9,395**	**14,771**	**19,350**	**15,962**	**15,062**	**17,919**	**18,945**	**16,007**	**59,478**	**67,933**	**69,506**
AFFO per share	$0.72	$1.14	$1.49	$1.23	$1.16	$1.38	$1.46	$1.23	$4.57	$5.22	$5.34
Distribution	3,897	3,903	3,902	3,902	3,902	3,902	3,902	3,902	15,603	15,606	15,606
Distribution per share	$0.300	$0.300	$0.300	$0.300	$0.300	$0.300	$0.300	$0.300	$1.200	$1.200	$1.200
Payout ratio (%)	*41.5%*	*26.4%*	*20.2%*	*24.4%*	*25.9%*	*21.8%*	*20.6%*	*24.4%*	*26.2%*	*23.0%*	*22.5%*
T12M dividend/FCF ratio (%)	***24.6%***	***23.7%***	***22.3%***	***21.9%***	***21.5%***	***17.2%***	***17.3%***	***17.4%***	***21.9%***	***17.4%***	***16.1%***
Shares (units) out (basic, 000)	12,991	13,005	13,005	13,005	13,005	13,005	13,005	13,005	*13,001*	*13,005*	*13,005*
Shares (units) out (fd, 000)	13,130	13,144	13,005	13,005	13,005	13,005	13,005	13,005	*13,071*	*13,005*	*13,005*

Source: K-Bro Linen financial filings; Leede Financial

- Going forward we do expect consolidated data to still experience some UK-influenced seasonal EBITDA strength in FQ2-FQ3 but to a far lower degree than during the pre-Stellar Mayan era, excluding any other regional UK acquisitions that K-Bro may be contemplating. That said, we expect the firm to focus on achieving supplemental cost synergies within its previously-disconnected UK operations & to drive EBITDA margin organically through that effort.

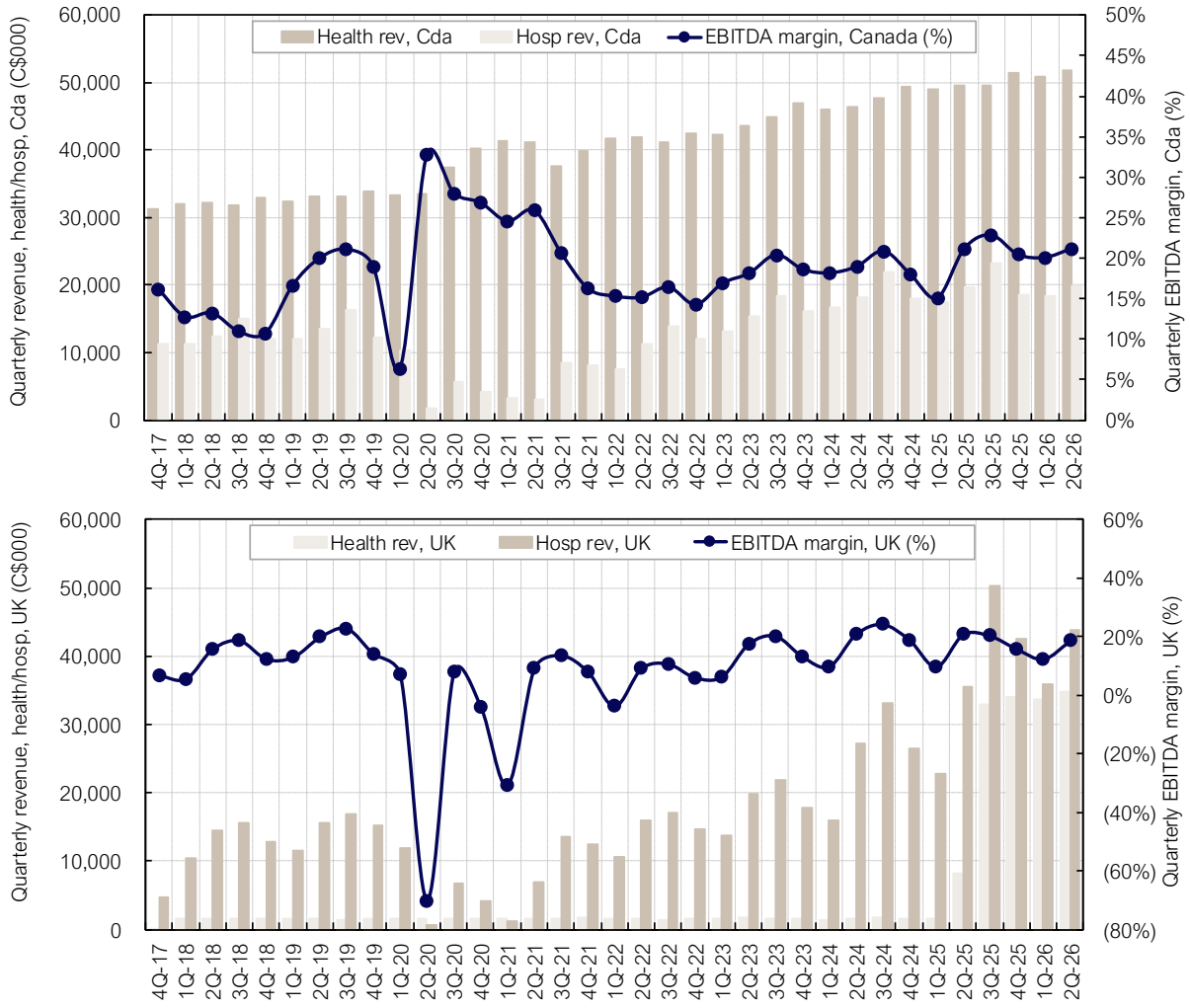
Exhibit 6. Historic T12M EBITDA, Cash Flow & Net Income Data for K-Bro, FQ110-FQ226. Margin Stability While Driving EBITDA & Cash Flow Growth In Recent Periods, With Seasonally Strong FQ326 On The Horizon



Source: Historic Data – K-Bro Linen; Forecasts/Estimates - Leede Financial

- Shifting to operating cash flow, pure cash flow in the quarter (excluding working capital impact that we will describe separately) was $23.3M ($1.79/shr) & thus well above FQ126 cash flow of $17.4M ($1.34/shr) & correspondingly above FQ225 cash flow of $15.3M ($1.18/shr) that as indicated above preceded integration of Stellar Mayan into UK financial data & thus is of minimal interpretive capacity other than to signal its impact on mitigating UK dependency on hospitality linen/laundry-processing volumes & thus to mitigate geographic EBITDA seasonality. FQ226 working capital was substantially into deficit territory at ($14.5M), which naturally compressed consolidated cash flow in the quarter down to $8.8M or $0.67/shr.

Exhibit 7. Historic Quarterly Revenue/EBITDA Margin for K-Bro Linen, Stratified By Division & Geography, FQ417-FQ226

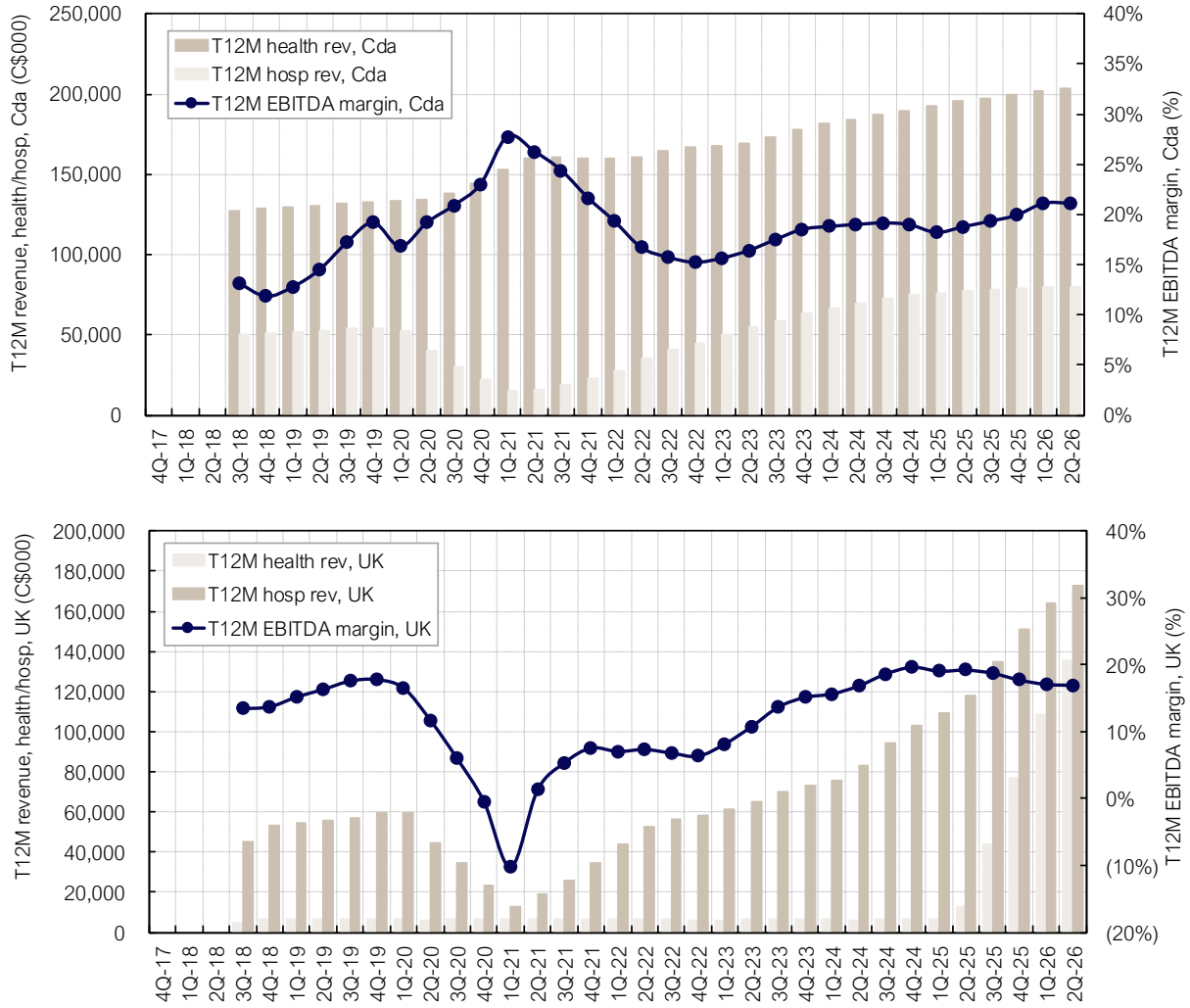


Source: Historical Data – K-Bro Linen; Forecasts/Estimates – Leede Financial

- K-Bro corrects for working capital fluctuations in its AFFO determination, which we have long endorsed even though strictly speaking it disconnects AFFO from free cash flow in so doing. The main culprit was a sizable receivables deficit in the period, a deficit that we expect to re-equilibrate to neutrality in forthcoming quarters since K-Bro has no history of sustaining working capital imbalances, other than for linen-in-service that in a way could just as appropriately be categorized as a routine investment in tangible assets. That said, coincidentally, the last quarter during which K-Bro recorded a working capital deficit of this magnitude was FQ225, though in that period we believe that working capital distortions from integrating Stellar Mayan into forthcoming quarters contributed materially to the deficit shock reported uniquely in that period.

- Shifting to AFFO, as in virtually all prior non-pandemically-challenged financial periods, K-Bro's operating cash flow strength fueled corresponding AFFO strength, with the magnitude of maintenance capex conferring measurable though minimal difference between these two cash-based metrics. FQ226 AFFO was $14.8M, or $1.14/shr & thus well above the firm's dividend payout in the quarter of $0.30/shr, generating a pay-out ratio of 26.4% in the period. This compares favorably to FQ126 AFFO of $9.4M, or $0.72/shr, & the 41.5% payout ratio to which it corresponds. FQ225 AFFO was of course impacted by absence of Stellar Mayan cash flow contribution until the forthcoming FQ325 period, but for the record, FQ225 AFFO was $8.5M, or $0.66/shr (40.1% payout ratio – Stellar Mayan was funded entirely with available cash & new debt, so S/O were not revised to fund its acquisition).
- K-Bro exited the quarter with $20.5M in cash & total debt of $223.9M, with the latter value clearly high by the firm's own historic standard but made necessary by the Stellar Mayan acquisition & regardless, K-Bro's debt-based financial ratios remain in relatively safe territory by our analysis – FQ226 debt-to-EBITDA run-rate ratio was 1.9x while its FQ226 EBITDA-to-interest coverage ratio was 6.1x.

Exhibit 8. Historic T12M Revenue-EBITDA-Margin Data for K-Bro Linen, Stratified By Division & Geography, FQ318-FQ226



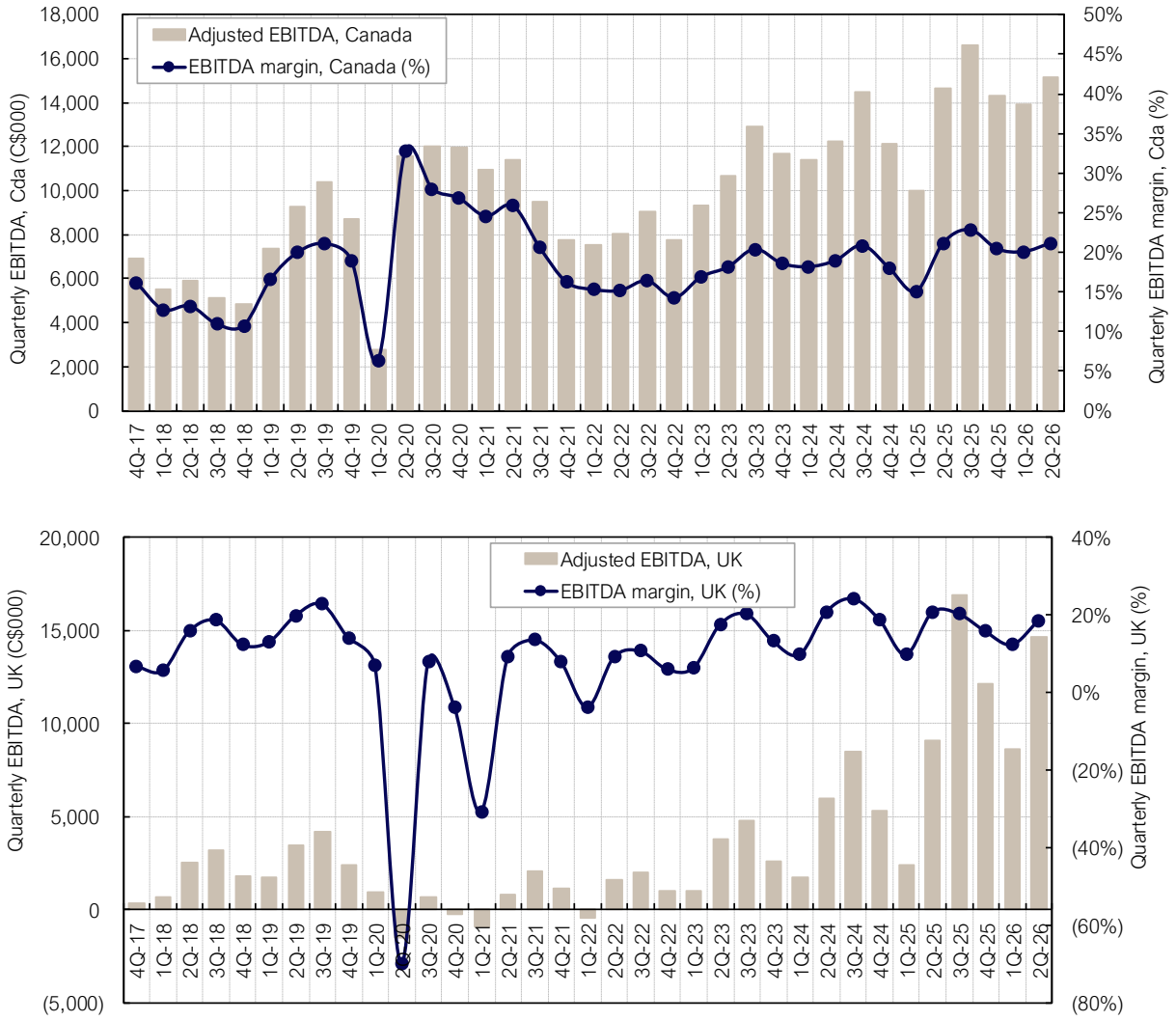
Source: Historical Data – K-Bro Linen; Forecasts/Estimates – Leede Financial

- Look no further than Exhibit 4 below to ascertain why KBL share value has ascended so steadily & so precipitously in recent trading sessions. The firm's T12M AFFO climbed during the last fourteen quarters (so since hitting trough levels post-pandemic in FQ422), from $3.0M for the FQ122-to-FQ422 financial period to $57.1M for the FQ325-to-FQ226 financial period relevant to our current analysis, while experiencing a corresponding decline in pay-out ratio from 65.9% to 27.2% that makes K-Bro's current dividend policy even more sustainable & thus bringing dividend risk down

essentially to nil. In the absence of any obvious acquisition candidates for which deployment of operating cash flow could be prudent than dividend augmentation, the firm is clearly at a point in the evolution of its Canadian/UK-based operations to upwardly revise its monthly dividend at its discretion.

- On a go forward basis, K-Bro was candid in its appraisal of how fuel prices (specifically diesel fuel prices, implying that its fleet of linen/laundry-transporting vehicles are diesel-fueled) could impact future EBITDA performance. The firm on a run-rate basis is certainly meeting our EBITDA margin expectations that are at the top end of the firm's historic performance as well, but current fuel prices if sustained would negatively impact EBITDA margin by about 0.5%; we will watch for developments on this theme but a margin squeeze of this magnitude is far from impacting K-Bro's dividend risk & our model assumes that dividend policy can be sustained regardless of utilities cost fluctuation.

Exhibit 9. Historic Quarterly EBITDA/Margin Data for K-Bro Linen, Stratified By Geography, FQ417-FQ226

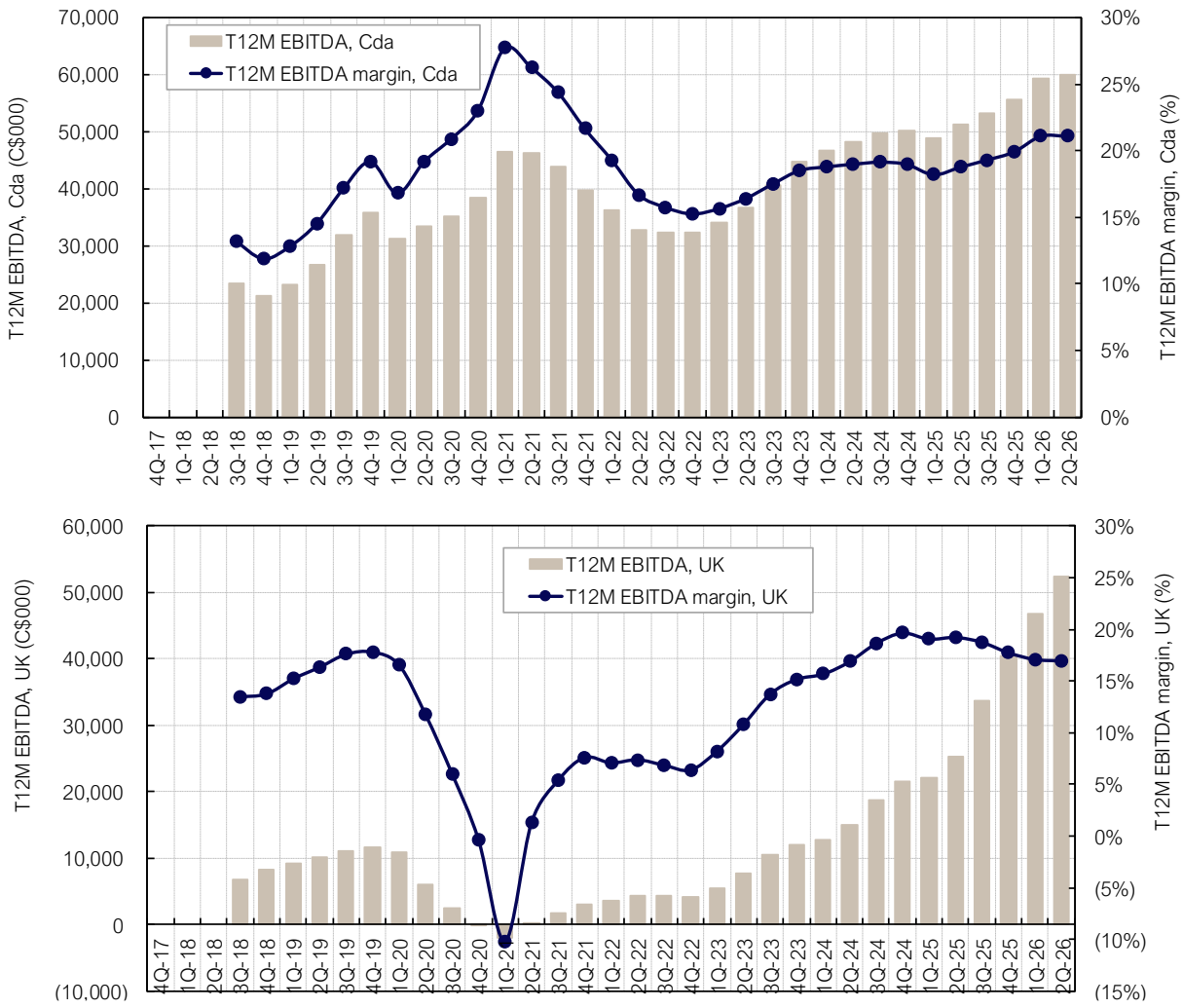


Source: Historical Data – K-Bro Linen; Forecasts/Estimates – Leede Financial

- Elimination of the Canadian carbon tax back in FQ225 continues to positively impact Canadian EBITDA margin specifically & is an offset to direct fuel costs. Separately, K-Bro guided investors to expect full-year F2026 capital spending to be in the $20M-to-$22M range, implying that FH226 capital spending should be comparable to FH126 capital spending that was $11.3M in that period, $6.2M of which was maintenance capex & most of the balance was ascribed to purchase of tangible assets. K-Bro can comfortably fund capex at that level with operating cash flow that we expect to grow modestly & organically from trailing levels.

- **Summary & valuation.** K-Bro's seasonally strong FQ226 financial data were in line with our expectations on both revenue & EBITDA, stabilizing dividend policy even more substantially than trailing quarters already were, & we expect hospitality-driven FQ326 financial data to be even stronger as it always is in non-pandemically-challenged financial periods. Accordingly, **we are maintaining our Buy rating on KBL while slightly revising our PT upward to $53.00**, with our valuation still based on multiples of our F2027 EBITDA-AFFO-EPS financial forecasts as shown in Exhibit 3.

Exhibit 10. Historic T12M EBITDA/Margin Data for K-Bro Linen, Stratified By Geography, FQ318-FQ226



Source: Historical Data – K-Bro Linen; Forecasts/Estimates – Leede Financial

- K-Bro's UK-based growth strategy in parallel with domestic capacity expansion – unavoidable softness during the pandemic era notwithstanding – has been seamless & we continue to reflect favorably on K-Bro's operating excellence in what could under other management's stewardship be a low-margin watching-paint-dry quasi-utility operator, which in a way it was when provincial government entities were overseeing the healthcare linen/laundry-processing industry in prior decades. Though KBL has undergone substantial (& in our view, justifiable) share price ascent since early Apr/26, climbing 37% just on share price return alone before considering the $0.40/shr four-month dividend return recorded during that time, we believe that KBL still represents a stable healthcare-adjacent core holding for dividend conscious investors.

Exhibit 11. Comparable Companies for K-Bro Linen

Company	Curr.	Sym	Shares (M)	Share Price 5-Aug	Mkt Cap ($M)	Ent. Value ($M)	EV/EBITDA (T12)	EV/EBITDA (FY1)	EV/EBITDA (FY2)	Price/Earnings (T12)	Price/Earnings (FY1)	Price/Earnings (FY2)	Description
Linen/laundry services peers													
Cintas	USD	CTAS	400.2	$203.65	$114,589	$117,649	37.5x	34.1x	31.4x	41.0x	37.1x	33.3x	OH-based uniform supply firm, pro-vides healthcare uniform rentals
Aramark	USD	ARMK	263.0	$56.22	$20,787	$28,768	20.3x	18.4x	16.4x	NA	25.0x	20.7x	PA-based services firm. Healthcare division includes uniform services
Eco Lab	USD	ECL	281.4	$283.14	$112,047	$123,394	NA	NA	25.0x	37.8x	34.7x	30.1x	Diversified services, with hospitality and healthcare laundry operations
Sodexo	EUR	SW	147.5	€ 56.50	$13,506	$20,300	14.5x	16.1x	15.1x	18.4x	18.1x	16.6x	French service-solutions company with laundry operations in Canada
Average							**24.1x**	**22.9x**	**22.0x**	**32.4x**	**28.7x**	**25.2x**	
Profitable Canadian healthcare firms													
Apotex	CAD	APTX	228.5	$37.25	$8,512	$11,940	NA	11.9x	10.9x	NA	18.5x	16.0x	ON-based generic drug manufacturer & marketer
Aurinia Pharmaceuticals	USD	AUPH	128.6	$14.93	$1,920	$1,606	11.2x	NA	NA	6.6x	15.7x	12.2x	AB-based immune therapy developer. FDA-approved voclosporin for lupus
Bausch Health	CAD	BHC	374.0	$9.07	$3,392	$22,335	5.7x	5.6x	6.0x	NA	2.0x	2.1x	QC-based specialty pharma firm, formerly Valeant/Biovail
Biosyent	CAD	RX	11.5	$14.65	$169	$163	12.6x	10.2x	8.7x	18.3x	16.5x	13.6x	ON-based specialty pharma firm, sells acute care Rx therapies into hospital mkt
CareRx	CAD	CRRX	63.5	$3.50	$222	$289	9.4x	8.2x	7.3x	8.2x	35.9x	14.6x	Long-term care Rx services provider
Chartwell REIT	CAD	CSH.UN	328.1	$21.89	$7,182	$9,882	22.9x	19.3x	17.4x	NA	NA	53.4x	ON-based nursing home & retirement residence operator
Cipher Pharmaceuticals [1]	CAD	CPH	25.4	$12.14	$309	$303	11.1x	9.8x	8.4x	10.0x	13.5x	11.6x	ON-based specialty pharma firm; lead drug is isotretinoin drug Absorica
Covalon Technologies	CAD	COV	27.6	$2.21	$61	$46	49.9x	12.1x	9.5x	37.1x	24.6x	18.4x	ON-based medical technology developer, focused on wound care
DRI Healthcare Trust	CAD	DHT	55.0	$17.26	$949	$1,079	6.5x	6.5x	6.7x	NA	7.3x	7.2x	ON-based royalty revenue consolidator, ascribed to marketed Rx therapies
Extendicare REIT	CAD	EXE	95.0	$34.51	$3,280	$3,284	17.0x	13.1x	11.5x	25.0x	24.8x	22.7x	ON-based nursing home, homecare, and rehab therapy provider
Healwell AI	CAD	AIDX	303.5	$0.66	$199	$264	NA	37.2x	16.4x	NA	NA	NA	ON-based healthcare AI software developer & marketer
HLS Therapeutics	CAD	HLS	31.3	$4.12	$129	$123	7.4x	6.2x	5.2x	NA	NA	NA	ON-based specialty pharma firm, lead drugs are Vascepa & Clozaril
Jamieson Wellness	CAD	JWEL	41.5	$41.55	$1,724	$2,201	13.7x	12.4x	11.0x	23.5x	19.4x	16.6x	ON-based vitamin & nutritional supple-ment distributor/manufacturer
Kneat.com	CAD	KSI	96.7	$6.48	$627	$602	NA	36.0x	23.3x	NA	NA	NA	ON-based software developer for pharma services management
Knight Therapeutics	CAD	GUD	98.2	$9.34	$917	$844	9.6x	10.8x	10.2x	NA	49.2x	42.5x	QC-based specialty pharma firm, major operations in S.America
Medexus Pharmaceuticals [1]	CAD	MDP	32.0	$3.55	$114	$130	8.3x	5.7x	3.2x	47.9x	11.7x	4.8x	ON-based specialty pharma firm, new focus on oncology/immunology with Grafapex
Medical Facilities [1]	CAD	DR	16.2	$12.35	$200	$225	3.7x	3.7x	3.7x	14.6x	6.7x	16.2x	Physician-owned surgical hospital operator in SD-OK-AR-CA
Vital Infrastructure	CAD	VITL.UN	250.0	$5.52	$1,380	$2,740	12.0x	13.2x	12.9x	NA	NA	NA	ON-based owner/operator of health-care properties (LifeLabs is major tenant)
Savaria	CAD	SIS	72.1	$29.79	$2,149	$2,323	12.3x	11.4x	10.5x	27.0x	21.6x	19.2x	ON-based marketer of patient mobility assist devices
Sienna Senior	CAD	SIA	110.8	$22.02	$2,439	$3,696	22.1x	18.6x	16.3x	41.9x	38.6x	33.9x	Canada-based nursing care provider
Viemed Healthcare	USD	VMS	38.1	$9.84	$375	$373	6.8x	NA	NA	26.0x	NA	16.1x	US-based home respiratory care
Vitalhub	CAD	VHI	63.4	$7.09	$450	$331	12.4x	9.5x	8.1x	59.9x	32.9x	23.4x	ON-based software developer, targeting hospital logistics/records management
WELL Health	CAD	WELL	255.5	$4.09	$1,045	$1,765	8.2x	9.5x	8.6x	38.8x	17.5x	19.5x	BC-based virtual healthcare services
Average					**$1,329**		**13.1x**	**12.9x**	**10.2x**	**27.5x**	**21.1x**	**19.3x**	
K-Bro Linen	**CAD**	**KBL**	**13.0**	**$47.50**	**$618**	**$753**	**NA**	**6.9x**	**6.7x**	**31.2x**	**23.4x**	**19.4x**	**Laundry/linen services for health & hospitality markets in Cda/UK**

[1] *Shares trade on TSX in C$, market capitalization & EV converted to US$ using current US$:C$ exchange rate of 1.41x*

Source: Leede Financial, Consensus Data - Refinitiv

- **Medical Facilities reported FQ226 financial results.** SD-based specialty surgical hospital operator Medical Facilities (DR-T, Hold, PT C$15.75, was C$17.50) reported quarterly financial data for the June-end period that were in line with our expectations for the firm's remaining two US-based physician-owned surgical hospitals in SD & AR, generating distributable cash that comfortably funds quarterly distribution to shareholders while sustaining activity on its share repurchasing program that reduced basic S/O in the quarter to 17.0M (from 17.9M at end-of-F2025, 23.0M at end-of-F2024, 24.7M at end-of-F2023, 25.5M at end-of-F2022 & 30.8M at end-of-F2021). Our analysis of Medical Facilities' legacy cash flow statements shows us that the firm has deployed US$149.1M in cumulative operating cash flow toward repurchasing its own shares since commencing this activity more aggressively in FQ421.

Exhibit 12. Financial Forecast Summary for Medical Facilities

Year-end December 31 (US$000, except EPS)	2016A	2017A	2018A	2019A	2020A	2021A	2022A	2023A	2024A	2025A	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	$167,107	$168,779	$170,466
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	$37,181	$33,739	$38,761
Sioux Falls Surg Hosp, margin	*35%*	*37%*	*33%*	*32%*	*31%*	*31%*	*26%*	*23%*	*26%*	*22%*	*22%*	*20%*	*23%*
Arkansas Surg Hosp, revenue	$67,349	$70,600	$67,849	$69,711	$71,955	$71,085	$73,231	$90,983	$92,347	$98,026	$103,292	$104,325	$105,368
Arkansas Surg Hosp, EBIT	$14,364	$15,499	$13,359	$14,318	$18,814	$15,384	$8,224	$18,718	$21,481	$19,607	$21,188	$21,400	$21,614
Arkansas Surg Hosp, margin	*21%*	*22%*	*20%*	*21%*	*26%*	*22%*	*11%*	*21%*	*23%*	*20%*	*21%*	*21%*	*21%*
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**	**$270,400**	**$273,104**	**$275,835**
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**	**$61,237**	**$61,850**	**$62,468**
EBITDA growth (%)	*(9%)*	*4%*	*5%*	*(3%)*	*(1%)*	*9%*	*(31%)*	*23%*	*(4%)*	*(13%)*	*(17%)*	*1%*	*1%*
EBITDA margin (%)	*27%*	*25%*	*23%*	*24%*	*25%*	*25%*	*17%*	*19.9%*	*20.7%*	*21.5%*	*22.6%*	*22.6%*	*22.6%*
Consolidated net income	$39,689	$46,579	$51,549	$59,677	$39,259	$46,618	$12,869	$43,999	$68,554	$46,963	$34,494	$27,248	$28,263
Net inc, minority interest	$47,440	$25,942	$30,622	$25,422	$37,520	$30,993	$16,700	$21,145	$30,348	$19,191	$13,200	$6,812	$7,066
Net inc, common share hlrs	($7,751)	$20,637	$20,927	$34,255	($1,837)	$15,625	($3,831)	$22,854	$38,206	$27,772	$21,294	$20,436	$21,197
Consolidated EPS	$1.28	$1.50	$1.66	$1.92	$1.26	$1.50	$0.45	$1.75	$2.89	$2.52	$2.05	$1.75	$1.82
EPS, minority interest	$1.53	$0.84	$0.99	$0.82	$1.21	$1.00	$0.58	$0.84	$1.28	$1.03	$0.78	$0.44	$0.45
EPS, common share hlrs	($0.25)	$0.67	$0.68	$1.10	($0.06)	$0.50	($0.13)	$0.91	$1.61	$1.49	$1.26	$1.31	$1.36
Consolidated AFFO/unit	$1.23	$1.29	$1.22	$0.66	$0.96	$0.96	$0.69	$0.89	$1.03	$1.16	$1.84	$2.48	$2.52
Consolidated AFFO/unit (C$)	$1.64	$1.67	$1.60	$0.87	$1.28	$1.21	$0.89	$1.21	$1.41	$1.61	$2.56	$3.47	$3.53
Adj AFFO/unit (C$; share hldrs)	$0.86	$0.88	$0.86	$0.45	$0.67	$0.64	$0.47	$0.63	$0.75	$0.86	$1.31	$1.77	$1.80
Payout per IPS unit (C$)	$1.13	$1.13	$1.13	$0.98	$0.28	$0.29	$0.33	$0.33	$0.34	$0.36	$0.35	$0.36	$0.36
Payout ratio (%)	*69%*	*68%*	*70%*	*113%*	*22%*	*24%*	*37%*	*27%*	*24%*	*22%*	*14%*	*10%*	*10%*
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**	**$31,231**	**$31,543**	**$31,859**
Adj EPS (US$) [1,2]	**($0.25)**	**$0.67**	**$0.68**	**$1.10**	**($0.06)**	**$0.50**	**($0.13)**	**$0.91**	**$1.61**	**$1.49**	**$1.26**	**$1.31**	**$1.36**
Adj AFFO (US$) [1]	**$0.65**	**$0.68**	**$0.65**	**$0.34**	**$0.50**	**$0.51**	**$0.36**	**$0.47**	**$0.54**	**$0.62**	**$0.94**	**$1.26**	**$1.28**
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	*13.5x*	*12.9x*	*13.5x*	*25.6x*	*17.5x*	*17.2x*	*24.4x*	*18.8x*	*16.2x*	*14.3x*	*9.4x*	*7.0x*	*6.9x*
Price-to-adj EPS multiple	*NA*	*18.5x*	*18.3x*	*11.2x*	*NA*	*24.5x*	*NA*	*13.5x*	*7.7x*	*8.3x*	*9.8x*	*9.4x*	*9.0x*
Adj EV/EBITDA multiple	*5.6x*	*5.4x*	*5.1x*	*5.4x*	*5.4x*	*4.9x*	*7.1x*	*5.8x*	*6.0x*	*6.9x*	*8.6x*	*8.5x*	*8.5x*

[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

- Hospital-specific revenue/operating income/margin data were solid in absolute terms though with operations in SD (Sioux Falls Surgical Hospital) exhibiting more profound operating margin softness than we assumed, offset by incremental margin strength at Arkansas Surgical Hospital. In summary, Sioux Falls generated FQ226 revenue/operating income/margin of US$37.1M/US$5.8M/15.5% that was down sequentially from US$41.3M/ US$9.3M/22.5% in FQ126 & with mixed comparison to FQ225 data of US$34.0M/US$5.9M/17.2%.

- On a y/y comparison, Medical Facilities indicated in its MD&A that revenue growth was ascribed mostly to favorable case mix (more higher-reimbursing orthopedic procedures - joint replacement surgery) & higher surgical case volumes overall, though with offsetting impact from unfavorable payor mix arising from a lower proportion of private insurance-supported procedures.

- Shifting to Arkansas Surgical Hospital, that facility generated FQ226 revenue/operating income/operating margin of US$26.0M/US$5.4M/20.8M as compared sequentially & stably to FQ126 data of US$25.8M/US$5.3M/20.5% & y/y to FQ225 data of US$24.5M/US$4.9M/20.2%, highly stable & with the other three quarters between FQ225-to-FQ226 reporting similar revenue & profitability data. In the FQ226 MD&A, Medical Facilities indicated that reported revenue stability was in fact the result of offsetting elements, with higher spinal fusion procedures in the quarter offset by lower surgical case volumes overall.

Exhibit 13. Valuation Summary for Medical Facilities

AFFO multiple (F2027)	5x	6x	7x	8x	9x	10x	11x
Implied unit price [1,2]	$6.32	$7.58	$8.84	**$10.11**	$11.37	$12.63	$13.90
EV/EBITDA multiple (F2027)	**2x**	**3x**	**4x**	**5x**	**6x**	**7x**	**8x**
Implied share price ($) [1,2]	$6.33	$8.36	$10.38	**$12.41**	$14.44	$16.47	$18.50
One-year Medical Facilities target price (US$)				**$11.26**			
One-year Medical Facilities target price (C$) [2,3]				**$15.78**			

[1] *Based on adjusted F2027 EBITDA of $31.5M & F2027 adjusted AFFO of $1.26/shr; EV incorporates FQ226 cash of $64.1M & total debt of $28.8M*

[2] *Current S/O of 17.0M; F2027 forecasts based on notional S/O of 15.5M 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 $61.8M & F2027 AFFO of $2.48/shr*

[4] *Based on a USD to CAD conversion rate of 1.40x*

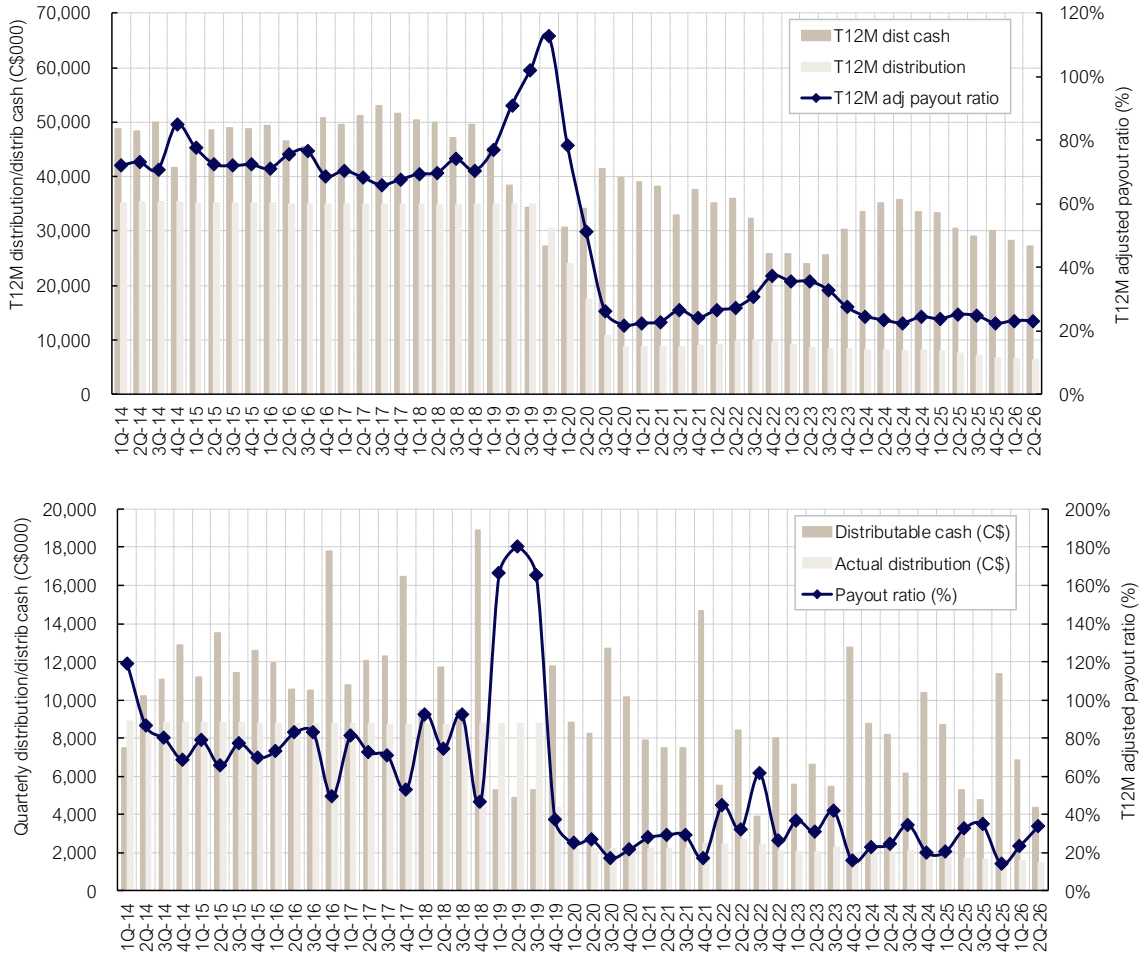
Source: Leede Financial

- On a consolidated basis, total surgical cases across the two hospitals declined y/y by 2.3%, with outpatient case volumes increasing nominally by 0.9% but with inpatient cases (we assume such cases are mostly joint replacement & spinal fusion procedures) down 12.5% y/y & observational cases (excluding low-margin dental surgery procedures that we assume include but are not limited to wisdom teeth extractions or perhaps deployment of dental implants, either of which could require general anesthesia) were down y/y by 9.1%. Case volumes funded by Blue Cross/Blue Shield declined by 1.7% while Medicare-funded case volumes declined by 0.8%.

- And yet despite the frequency with which the term 'decreased' was sprinkled throughout Medical Facilities commentary, FQ226 EBITDA & pure operating cash flow (including cash interest expense & cash tax expense that Medical Facilities allocates below the cash flow line in its statements) were strong in absolute terms if not quite in comparison to prior reference quarters (consolidated EBITDA of US$12.1M in FQ226 was down from US$15.3M in FQ126 & US$16.0M in FQ225). Cash flow trends were less directional in recent quarters, with sporadic impact from taxes paid or proceeds from hospital divestitures (specifically Oklahoma Spine Hospital last quarter) complicating any quarterly comparison, but for the record, consolidated FQ226 cash flow of US$4.5M (US$0.26/shr) was down sequentially from US$14.1M (US$0.80/shr) in FQ126 but up solidly from US$1.5M (US$0.08/shr) in FQ225 when a sizable tax expense negatively impacted free cash flow generation in the period.

- Shifting to AFFO, for which Medical Facilities' calculation accommodates impact from minority interests (physician ownership stake in the two hospitals) & fluctuations in free cash flow adjustments like working capital, maintenance capex & debt/liability repayments, FQ226 AFFO of US$3.1M/C$4.3M was well above dividend payable in the quarter of C$1.5M & thus comfortably funded the firm's dividend policy with a payout ratio of 33.7%; FQ126 AFFO of US$5.0M/C$6.8M was certainly stronger & in a financial period that historically was seasonally soft for Medical Facilities, but was lower in FQ225 at US$3.8M/C$5.3M during which the firm was still generating revenue/operating income from now-divested Oklahoma Spine Hospital & its more modest ambulatory surgery center operations in CA.

Exhibit 14. Historic T12M & Quarterly Distributable Cash/Payout Ratio for Medical Facilities, FQ114-FQ226

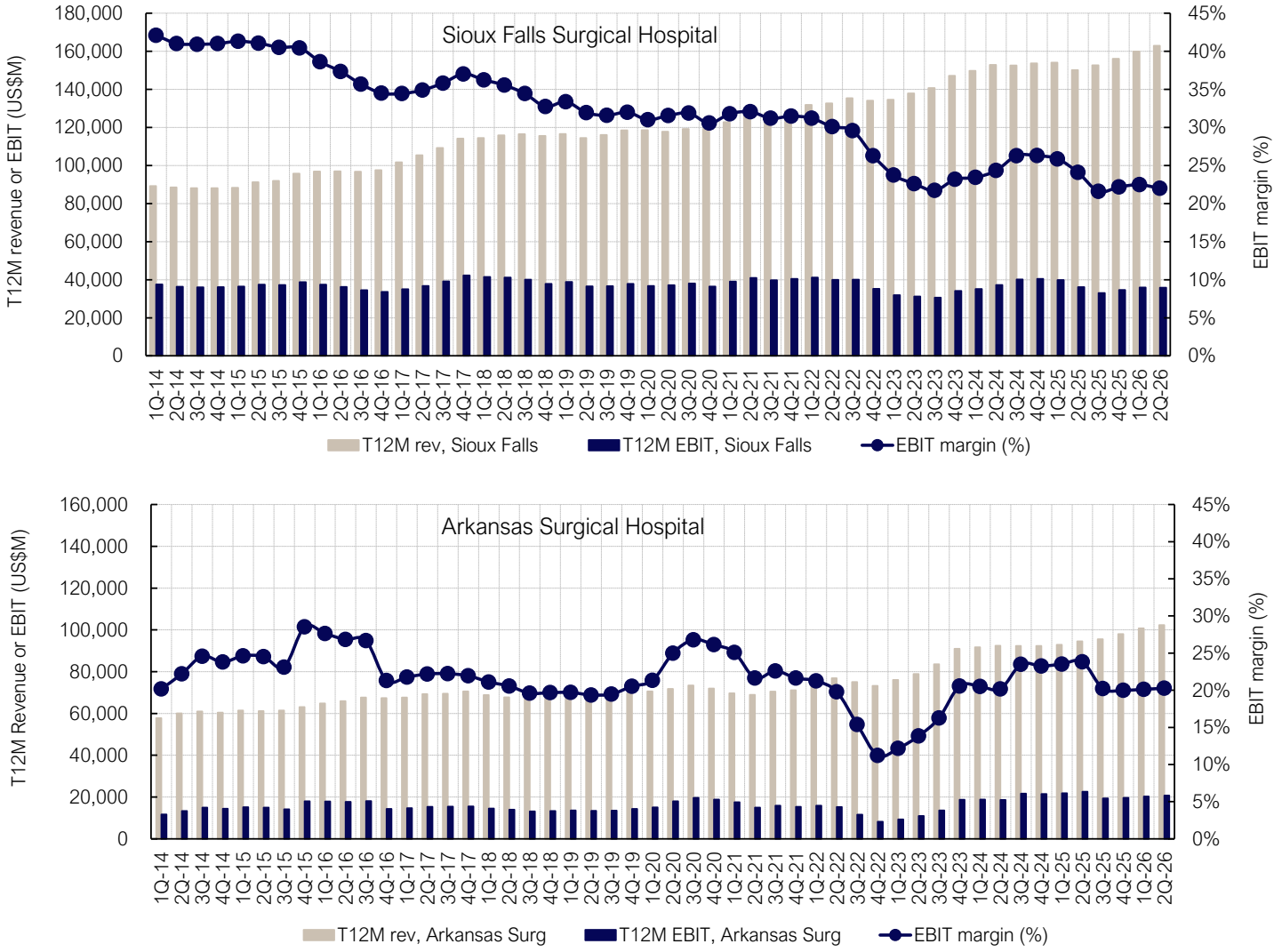


Source: Leede Financial, Historical Data – Company Information (Medical Facilities)

- Medical Facilities' debt-based financial ratios remained strong despite FQ226 EBITDA softness, with total debt-to-FQ226 EBITDA run-rate ratio of 0.6x & FQ226 EBITDA-to-interest coverage ratio of 5.8x both well within safe territory in our view, using consolidated EBITDA & not adjusted EBITDA as the denominator in both calculations. Though the directionality of EBITDA/cash flow in the trailing quarter was counter to the firm's longer-term profitability/history, we believe that SD/AR-based surgical hospital operations are well-positioned to sustain dividend policy throughout the forecast period to which our valuation applies. Both Sioux Falls & Arkansas Surgical Hospital generate stronger FH2 financial data that if replicated in FH226 should further mitigate dividend risk & equilibrate share value at/near current post-FQ226 price level.

- **Summary & valuation.** We consider Medical Facilities' FQ226 financial data to be sufficiently strong to support its existing dividend policy & thus to support our Hold rating on the stock, but on a relative basis, there is no denying that EBITDA & cash flow were softer than in recent quarters & **we are revising downward our PT on DR from C$17.50 to C$15.75**, mostly on revising the multiples that we ascribe to our F2027 adjusted EBITDA & AFFO projections as shown in Exhibit 13. As always when we evaluate Medical Facilities, we ascribe multiples to the proportion of EBITDA/AFFO that are ascribed to common shareholders (51%) & not to physician minority owners of the respective US hospitals contributing to our consolidated forecasts. Our EV calculation incorporates FQ226 balance sheet data (cash of US$64.1M, total debt of US$28.8M) & notional basic S/O of 15.5M that assumes that Medical Facilities will continue to repurchase DR shares during the FQ326-to-FQ427 financial period that is most relevant to our valuation.

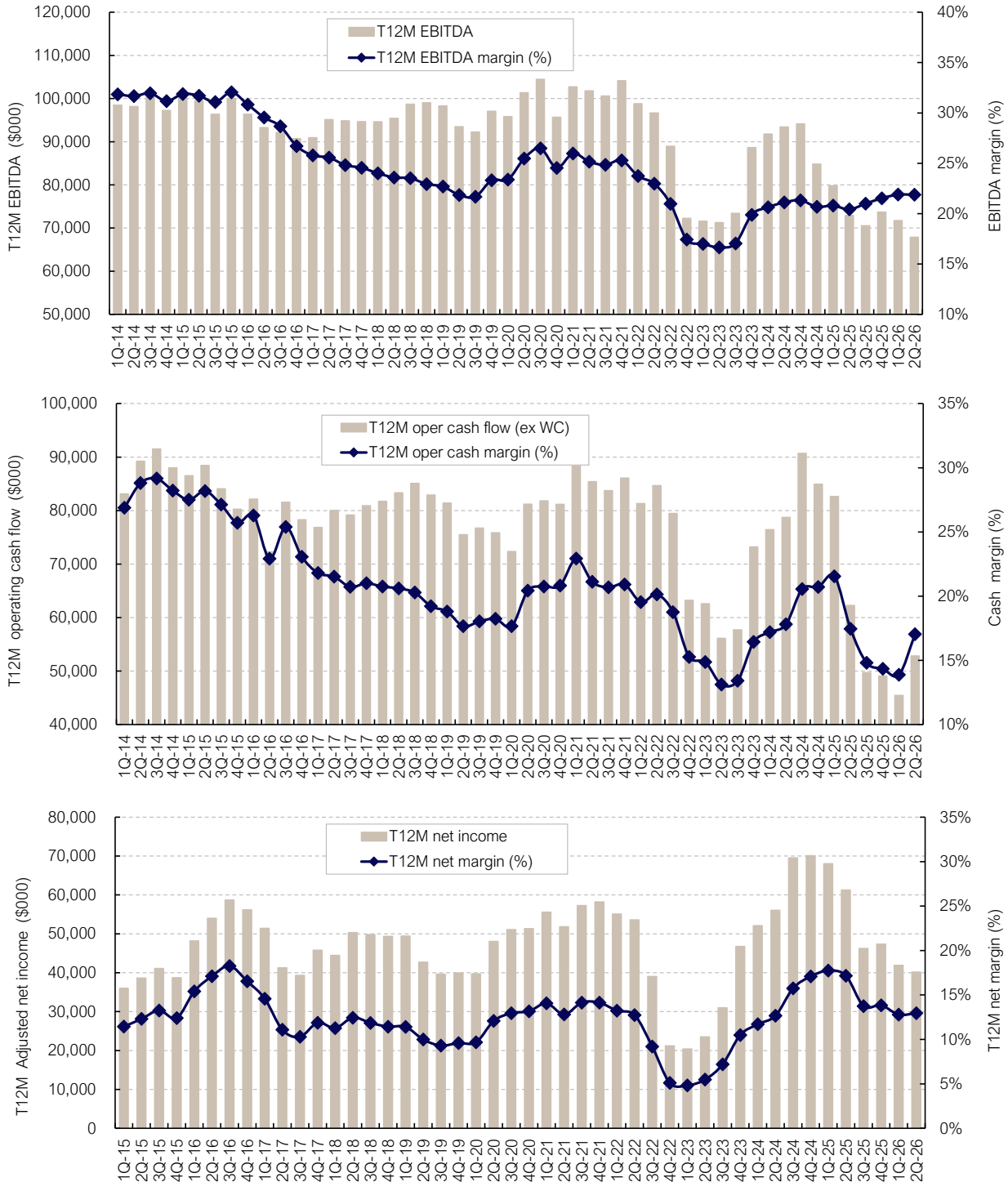
Exhibit 15. T12M Revenue-EBIT-Margin Data for Sioux Falls Surgical Hospital & Arkansas Surgical Hospital, FQ214-FQ226



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

- The firm repurchased 1.34M DR shares just in FQ226 alone, deploying US$17.1M in operating cash flow in the process. While we continue to endorse the operational metrics at Sioux Falls & Arkansas Surgical Hospital that provide orthopedic-spinal-pain management-dental surgery services to regional patients in a cost-effective manner, while basing our core forecasts on those metrics, it is clear that DR shareholders are holding stock less for the growth prospects of the firm than for the direct cash payments that DR provides, either in the form of monthly dividend or in special dividends made feasible when Medical Facilities generates cash proceeds from hospital sales, as it did from the Oklahoma Spine Hospital divestiture in Jan/26. Medical Facilities has not explicitly stated that it intends to fully divest its residual hospital holdings to private vendors but sustained share repurchase certainly puts the firm on a strategic path to achieving that end, if more gradually than an outright sale to private investors would accomplish.

Exhibit 16. Historic T12M EBITDA, Operating Cash Flow, Net Income & Margin Data for Medical Facilities, FQ214-FQ226



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

Exhibit 17. Comparable Companies for Medical Facilities

Company	Curr.	Sym	Shares Out	Share Price 6-Aug	Mkt Cap ($M)	Ent. Value ($M)	EV/EBITDA (T12M)	EV/EBITDA (2026E)	EV/EBITDA (2027E)	Price/Earnings (T12M)	Price/Earnings (2026E)	Price/Earnings (2027E)	Description
Specialty Healthcare Services Peers													
Acadia Healthcare Company, Inc.	USD	ACHC	93.1	$32.24	$3,002	$5,246	8.5x	8.8x	8.2x	16.2x	20.8x	17.7x	TN-based psychiatric services firm
Addus Homecare Corp	USD	ADUS	18.7	$116.46	$2,175	$2,137	12.0x	10.9x	10.3x	19.0x	16.5x	15.4x	IL-based home care services firm
AMN Healthcare Services, Inc.	USD	AMN	38.8	$32.80	$1,272	$1,454	6.3x	5.0x	8.0x	23.3x	12.4x	30.3x	CA-based healthcare workforce & staffing services firm
Option Care Health Inc	USD	OPCH	149.8	$23.70	$3,550	$4,485	9.5x	9.3x	8.6x	13.7x	12.6x	11.4x	Home infusion services for IV medicine targeting multiple medical
Chemed Corp	USD	CHE	13.1	$546.51	$7,143	$7,094	15.0x	13.7x	12.9x	24.7x	21.4x	19.9x	Hospice & palliative care services
DaVita Inc	USD	DVA	63.8	$188.69	$12,038	$21,769	7.8x	7.5x	7.3x	17.8x	12.8x	11.0x	Renal dialysis services, including Rx services for end-stage renal disease
Pediatrix Medical Group Inc	USD	MD	81.3	$25.99	$2,112	$2,292	8.2x	7.9x	7.8x	12.5x	11.2x	10.8x	FL-based neonatal care services
Viemed Healthcare Inc	USD	VMD	38.1	$9.82	$374	$367	6.0x	5.6x	4.8x	28.5x	22.6x	15.8x	US-based consolidator of home healthcare service providers
Average							**9.2x**	**8.6x**	**8.5x**	**19.5x**	**16.3x**	**16.5x**	
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
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	141.0	$2.95	$416	$9,522	6.8x	7.2x	7.1x	1.6x	NA	NA	TN-based operator of general acute care hospitals
HCA Healthcare, Inc.	USD	HCA	216.5	$409.64	$88,688	$136,178	8.6x	8.7x	8.4x	13.5x	13.9x	13.9x	US-based operator of general & acute care hospitals,
Tenet Healthcare Corp	USD	THC	80.5	$261.74	$21,075	$28,351	5.8x	5.8x	5.9x	10.0x	12.3x	12.3x	TX-based hospital operator; 53 general hospitals with 14,352 beds
UnitedHealth Group Inc	USD	UNH	908.1	$412.75	$374,837	$390,449	15.0x	13.1x	11.8x	26.5x	20.8x	20.8x	Provides hospital and medical services plans, acquired LHC Group
Universal Health Services Inc	USD	UHS	60.5	$171.76	$10,398	$15,111	5.6x	5.7x	5.6x	6.9x	7.6x	7.6x	PA-based owner/operator of acute care hospitals, ASCs, radiation
Average							**8.4x**	**8.1x**	**7.7x**	**11.7x**	**13.7x**	**13.7x**	
Medical Facilities [1,2]	**USD**	**DR**	**16.2**	**$12.33**	**$200**	**$143**	**2.7x**	**4.3x**	**4.3x**	**NA**	**12.2x**	**29.5x**	**SD & AR-based physician-owned specialty surgical**

[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 acscribed 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

- **Extendicare reported FQ226 financial results.** ON-based eldercare services provider Extendicare (EXE-T, Buy, PT C$39.00) reported quarterly financial data for the June-end period that were strong on virtually all financial metrics, notably on EBITDA as we will describe, in the first full financial period that home healthcare operations were augmented by the firm's recent acquisition of CBI Home Health in the preceding quarter. We are maintaining our BUY rating & one-year PT of C$39.00 on EXE, with our valuation still based on multiples of our F2027 AFFO & EBITDA forecasts of $2.28/shr & $311.0M, respectively

  - Our EV calculation incorporates FQ226 balance sheet data – cash of $94.6M & total debt of $645.7M that was augmented in comparison to FQ126 debt levels on raising new debt capital to partially fund the CBI Home Health transaction - & basic S/O of 95.0M. Our PT corresponds to a modest dividend yield of only 1.3% & so counter to our legacy investment thesis on EXE that was often based on dividend yield metrics & on dividend stability, we believe that share price ascent is now the primary reason to hold EXE at current levels, with our investment thesis assuming that new long-term facility capacity should expand during FH226-to-FH227 in ON when ongoing capital projects in partnership with Atrium Infrastructure (private) conclude & on sustained margin improvement through integration of home healthcare operations that have grown by acquisition in recent quarters, most recently through the CBI Home Health acquisition as described.

Exhibit 18. Income Statement & Financial Forecast Data For Extendicare

Year-end December 31 *(C$M, exc share-based data)*	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	$1,004.5	$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	$769.7	$808.1	$840.9
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) [1]	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$384.7	$502.3	$530.4
Revenue, Closing The Gap (home) [1]	$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 Living	$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 operations	$18.8	$22.3	$23.9	$26.8	$27.8	$32.8	$47.8	$72.7	$67.2	$68.0	$71.5	$74.4
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	$2,313.7	$2,551.0	$2,658.7
Rev growth (%)	*2.7%*	*2.1%*	*1.1%*	*2.3%*	*8.7%*	*(3.0%)*	*6.8%*	*11.3%*	*14.3%*	*39.3%*	*10.3%*	*4.2%*
EBITDA	**$97.6**	**$94.2**	**$91.1**	**$41.7**	**$77.7**	**$55.8**	**$95.2**	**$142.7**	**$175.6**	**$275.8**	**$311.0**	**$329.6**
EBITDA margin (%)	*8.9%*	*8.4%*	*8.0%*	*3.6%*	*6.2%*	*4.6%*	*7.3%*	*9.8%*	*10.6%*	*11.9%*	*12.2%*	*12.4%*
EBITDA growth (%)	*5.0%*	*(3.4%)*	*(3.3%)*	*(54.2%)*	*86.3%*	*(28.1%)*	*70.5%*	*50.0%*	*23.0%*	*57.0%*	*12.8%*	*6.0%*
Non-oper exp (inc D&A)	*$27.0*	*$34.1*	*$35.7*	*$39.7*	*$36.2*	*$27.4*	*$38.9*	*$28.1*	*$20.1*	*$43.6*	*$47.6*	*$49.8*
Interest expense	*$28.1*	*$27.6*	*$28.7*	*$28.5*	*$27.3*	*$20.6*	*$20.6*	*$20.1*	*$18.7*	*$30.8*	*$34.3*	*$34.3*
Tax expense	*$10.9*	*$4.2*	*$7.2*	*$16.3*	*$6.5*	*$0.0*	*$10.8*	*$24.7*	*$33.4*	*$44.2*	*$56.9*	*$61.0*
Adjusted EPS (basic)	**$0.36**	**$0.09**	**$0.19**	**$0.48**	**$0.08**	**($0.05)**	**$0.40**	**$0.88**	**$1.12**	**$1.65**	**$1.79**	**$1.92**
Adjusted AFFO	**$0.66**	**$0.65**	**$0.59**	**$0.88**	**$0.60**	**$0.28**	**$0.73**	**$1.09**	**$1.20**	**$1.82**	**$2.28**	**$2.29**
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%*	*27%*	*22%*	*65%*
P/E ratio	*97.8x*	*381.8x*	*182.5x*	*72.3x*	*411.0x*	*(681.2x)*	*86.4x*	*39.9x*	*31.2x*	*21.2x*	*19.5x*	*18.1x*
EV-to-EBITDA	*35.5x*	*36.8x*	*38.0x*	*83.0x*	*44.6x*	*62.1x*	*36.4x*	*24.3x*	*19.7x*	*12.6x*	*11.1x*	*10.5x*
Price/AFFO	*53.0x*	*53.4x*	*59.2x*	*39.5x*	*58.3x*	*123.1x*	*48.0x*	*32.2x*	*29.1x*	*19.1x*	*15.3x*	*15.2x*

[1] *Stratification of home healthcare revenue in F2017A-to-F2028E is as estimated by Leede Financial & is not as reported by Extendicare in those periods*

Source: Extendicare financial filings, Leede Financial

- Shifting to FQ226 income statement data, the firm's long-term care revenue/operating income/margin of $233.6M/$29.7M/12.7% were a bit below FQ126 data of $243.5M/$32.2M/13.2% but up solidly from FQ225 data of $207.1M/$23.9M/11.6%, reflecting solid operational performance for the firm during the post-pandemic era. Our model assumes that long-term care operating margin can hold firm in the 12.0%-to-13.5% range in forthcoming quarters.

Exhibit 19. Valuation Scenarios For Extendicare

AFFO multiple, F2027	5x	10x	12.5x	15x	17.5x	20x
Implied unit price [1]	$11.38	$22.77	$28.46	**$34.15**	$39.85	$45.54
EV-to-EBITDA multiple, F2027	**5x**	**10x**	**12.5x**	**15x**	**17.5x**	**20x**
Implied unit price [1,2]	$10.63	$27.09	$35.32	**$43.55**	$51.78	$60.01
One-year EXE target price [1,2]				***$38.85***		
Implied dividend yield (%)				***1.3%***		
Current dividend yield (%)				*1.4%*		

[1] *Based on F2027 EBITDA forecast of $311.0M & F2027 AFFO forecast of $2.28/shr; basic S/O of 94.5M incorporates new equity issued in FQ425*

[2] *EV includes FQ226 cash of $94.6M; total debt of $645.7M*

Source: Extendicare financial filings, Leede Financial

- For ever-expanding home healthcare operations, FQ226 revenue/operating income/margin were $360.3M/$46.7M/ 12.9% that were up substantially in absolute terms if incrementally below trailing margin at $205.4M/$27.9M/13.6%. Comparisons to FQ225 have minimal interpretive capacity since they not only exclude CBI Home Health revenue/ operating income contribution but also contribution from a separate acquisition (the peer firm Closing The Gap back in

May/25) that we believe contributes average quarterly revenue of $21.0M or so (T12M revenue at the time of its acquisition was $84.2M). But for the record, FQ225 home healthcare data were $158.6M/$21.4M/13.5%, clearly still strong on operating margin if not quite at historic high of 16.0% generated in FQ425.

- On a consolidated basis & thus including corporate costs along with financial data from the firm's higher-margin long-term care consulting & group purchasing operations through Extendicare Assist, FQ226 revenue/EBITDA/margin were $611.0M/$68.3M/11.2% as compared to CBI-less FQ126 data of $465.2M/$52.9M/11.4% & to also-Closing-The-Gap-less FQ225 data of $383.4M/$39.8M/10.4%. Importantly, all three of these financial periods as well as the quarters in between generated EBITDA margin at/above levels achieved by the firm in virtually any other prior period, including even while the firm was overseeing US-based nursing home operations up to the sale of those operations for US$870M to Formation Capital back in Jul/15.

- Shifting to cash flow, Extendicare generated FQ226 pure operating cash flow of $53.8M, or $0.57/shr, that was well above FQ126 operating cash flow of $41.0M ($0.43/shr) & FQ225 operating cash flow of $40.3M ($0.48/shr) that was interestingly quite close to FQ126 cash flow level even without any contribution from Closing The Gap & obviously with any contribution from CBI until FQ226 as stated.

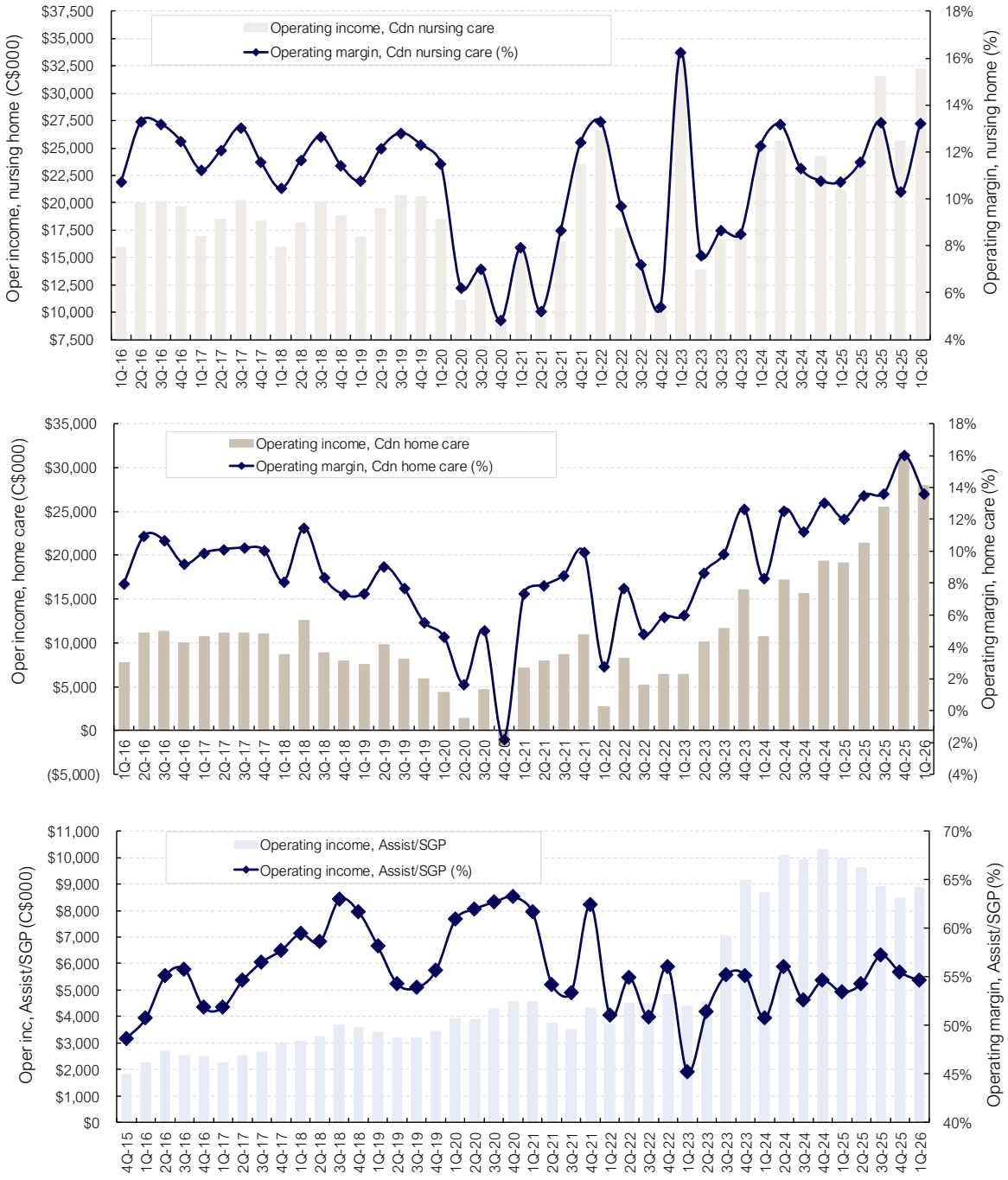
Exhibit 20. Quarterly & Annual AFFO Projections For Extendicare, F2026E-to-F2028E

Year-end December 31 *(C$000, except per unit data)*	1Q-26	2Q-26	3Q-26E	4Q-26E	1Q-27E	2Q-27E	3Q-27E	4Q-27E	2026E	2027E	2028E
EBITDA	**$52,858**	**$68,328**	**$75,201**	**$79,400**	**$74,166**	**$72,171**	**$79,912**	**$84,722**	**$275,787**	**$310,972**	**$315,706**
Less:											
Net interest expense	2,080	7,791	7,791	7,791	7,791	7,791	7,791	7,791	25,453	31,164	31,164
Depreciation exp for FFEC tangible assets	2,300	2,754	3,081	3,106	3,117	3,166	3,217	3,255	11,241	12,755	13,294
Depreciation for office leases	783	2,029	775	775	775	775	775	775	4,362	3,100	3,100
Current income tax expense, deferred tax	7,171	11,313	9,170	9,857	8,973	8,605	9,868	10,648	37,510	38,093	40,853
Payment to Paramed under CEWS	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
Adjustment for JV	(808)	(1,085)	800	800	800	800	800	800	(293)	3,200	3,200
Accretion costs	59	(59)	(59)	(59)	(59)	(59)	(59)	(59)	(118)	(236)	(236)
Funds from operations (FFO)	**41,273**	**45,585**	**53,643**	**57,131**	**52,770**	**51,093**	**57,521**	**61,512**	**197,632**	**222,895**	**224,331**
FFO per unit	**$0.44**	**$0.48**	**$0.56**	**$0.60**	**$0.56**	**$0.54**	**$0.61**	**$0.65**	**$2.08**	**$2.35**	**$2.36**
Add:											
Amortization of financial costs	328	455	325	325	325	325	325	325	1,433	1,300	1,300
Accretion costs	59	(59)	(59)	(59)	(59)	(59)	(59)	(59)	(118)	(236)	(236)
Adjustment to value of invest for SILs	0	0	0	0	0	0	0	0			0
Income support for acquired retirement residences, stock option adjustment	(9,168)	(6,560)	1,250	1,250	1,250	1,250	1,250	1,250	(13,228)	5,000	5,000
Principle portion of government capital funded payments	417	421	425	425	425	425	425	425	1,688	1,700	1,700
Adjustment for JV	70	207	70	70	70	70	70	70	417	280	280
Less: AFFO, discont oper/ stock opt exp	0	0	0	0	0	0	0	0			
Distributable income (DI)	**32,979**	**40,049**	**55,654**	**59,142**	**54,781**	**53,104**	**59,532**	**63,523**	**187,824**	**230,939**	**232,375**
DI per unit	**$0.35**	**$0.42**	**$0.59**	**$0.62**	**$0.58**	**$0.56**	**$0.63**	**$0.67**	**$1.98**	**$2.43**	**$2.44**
Less:											
Adjustment for maintenance capex	*233*	*3,592*	*3,250*	*7,453*	*233*	*3,592*	*3,250*	*7,453*	14,528	14,528	14,528
Adj funds from oper (AFFO)	**$32,746**	**$36,457**	**$52,404**	**$51,689**	**$54,548**	**$49,512**	**$56,282**	**$56,070**	**$173,296**	**$216,411**	**$217,847**
AFFO per share	**$0.35**	**$0.38**	**$0.55**	**$0.54**	**$0.57**	**$0.52**	**$0.59**	**$0.59**	**$1.82**	**$2.28**	**$2.29**
Actual distribution	$11,948	$11,976	$11,976	$11,976	$11,976	$11,976	$11,976	$11,976	47,875	47,903	47,903
Actual distribution per share	$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%***	***32.8%***	***22.9%***	***23.2%***	***22.0%***	***24.2%***	***21.3%***	***21.4%***	***27.6%***	***22.1%***	***22.0%***
Shares outstanding (basic)	*94,822*	*95,046*	*95,046*	*95,046*	*95,046*	*95,046*	*95,046*	*95,046*	*94,990*	*95,046*	*95,046*
Capital expenditures											
Growth capex	*$6,580*	*$2,473*	*$9,244*	*$9,317*	*$9,350*	*$9,499*	*$9,651*	*$9,765*	*$27,614*	*$38,266*	*$39,881*
Maintenance capex	*$2,533*	*$6,346*	*$7,410*	*$9,317*	*$3,394*	*$8,207*	*$7,736*	*$9,765*	*$25,606*	*$29,102*	*$30,310*
Total capex	*$9,113*	*$8,819*	*$16,654*	*$18,634*	*$12,744*	*$17,706*	*$17,388*	*$19,531*	*$53,220*	*$67,368*	*$70,190*
% revenue, growth capex	*1.41%*	*1.25%*	*1.50%*	*1.50%*	*1.50%*	*1.50%*	*1.50%*	*1.50%*	*1.19%*	*1.50%*	*1.50%*
% revenue, maintenance capex	*0.54%*	*1.30%*	*1.20%*	*1.50%*	*0.54%*	*1.30%*	*1.20%*	*1.50%*	*1.11%*	*1.14%*	*1.14%*

Source: Extendicare financial filings, Leede Financial

- Strong cash flow translated into equally strong AFFO that in the quarter was $36.4M, or $0.38/shr, corresponding to a payout ratio of 32.8% & as compared to FQ126 AFFO of $32.7M or $0.35/shr (payout ratio of 36.5%, which is more modest AFFO increment that we expect CBI to contribute on a go-forward basis & certainly well below the growth increment that sequential operating cash flow growth would imply.

Exhibit 21. Quarterly Profitability Metrics For Extendicare's Eldercare divisions, FQ116A-to-FQ226A

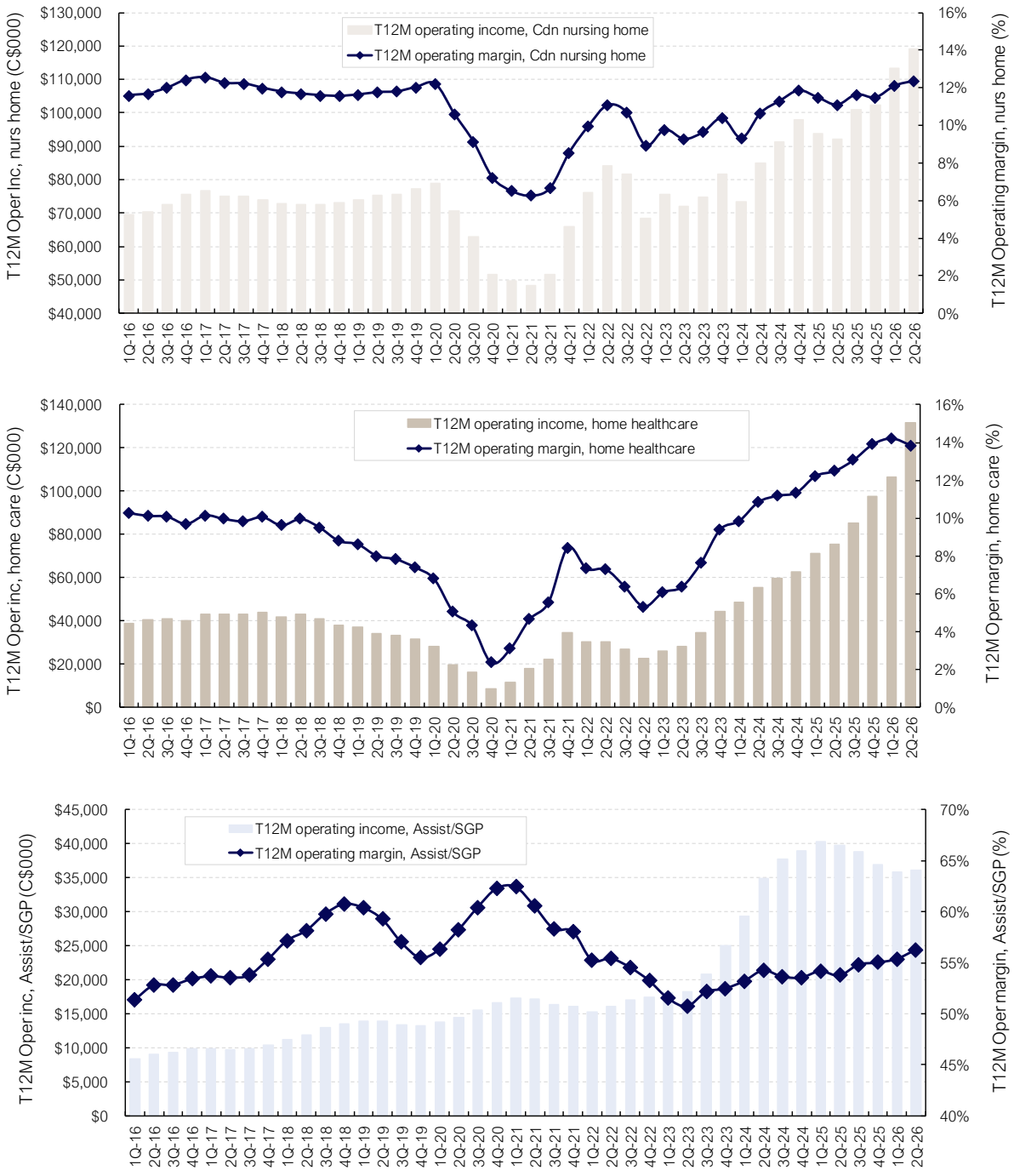


Source: Extendicare financial filings, Leede Financial

- But that said, we observe that interest & tax expense adjustments to AFFO were more substantial in FQ226 vs FQ126; we believe that ongoing integration of CBI into Extendicare's Paramed operations can identify cost synergies that could improve EBITDA/margin contribution even further. FQ225 AFFO was $24.8M ($0.30/shr) at a payout ratio of 42.6%.

As with our cash flow commentary above, all recent quarters generated EBITDA/cash flow/margin data that were at/near historic highs for the firm even before considering acquisitive home healthcare growth & we believe that margin can still be augmented through integration of acquired home healthcare firms, consistent with the quarterly EBITDA growth into F2027/28 that our model projects.

Exhibit 22. T12M Profitability Metrics For Extendicare's Eldercare divisions, FQ116A-to-FQ226A

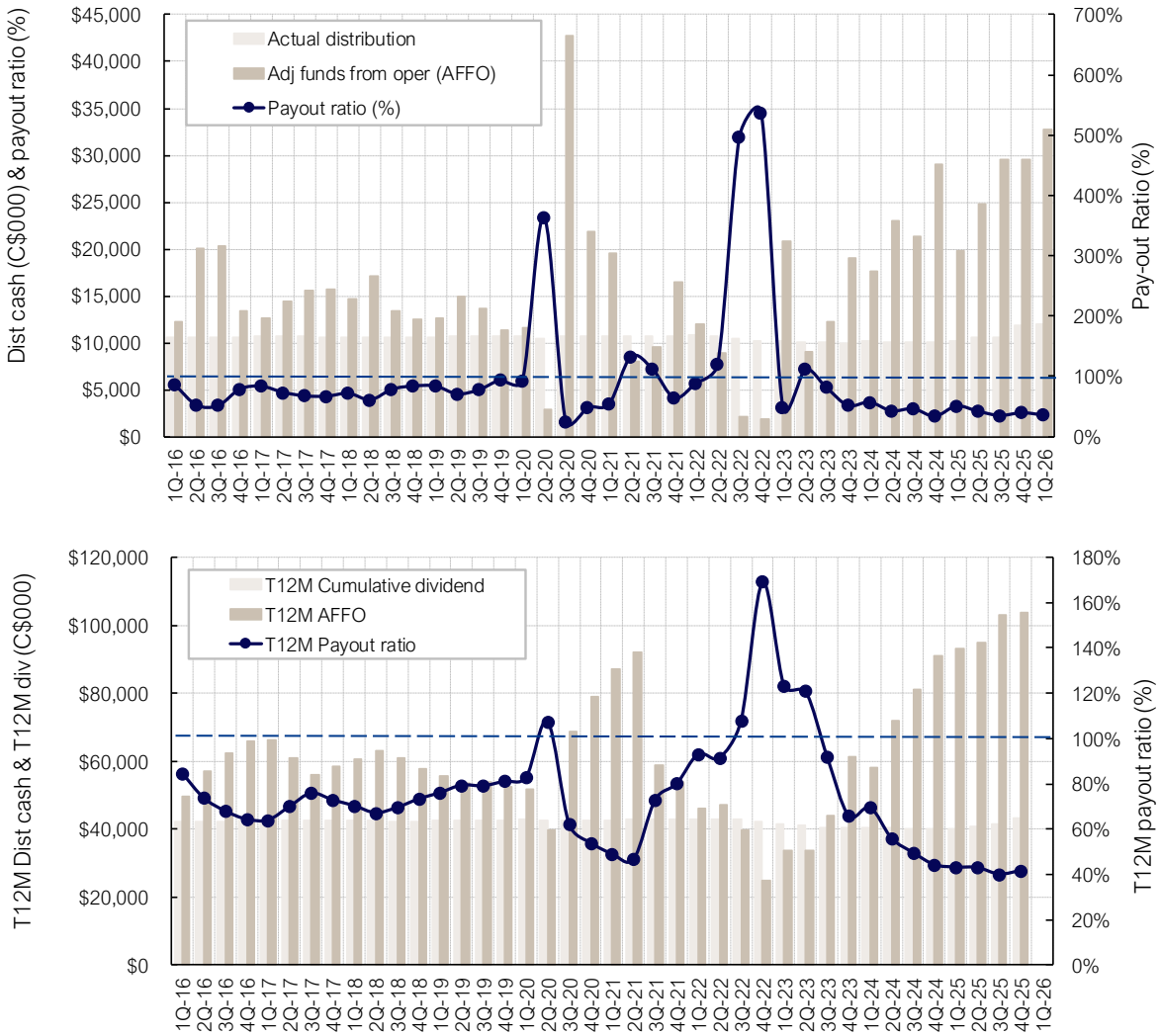


Source: Extendicare financial filings, Leede Financial

- Operating metrics for home health were comparatively skewed by CBI & so quarterly comparisons are not overly meaningful, but for context, total hours of home healthcare service in the quarter were 7.05M as compared to 3.77M in FQ126 & to 3.03M in FQ225; average daily hours were correspondingly up in FQ226 to 77,478 as compared to 41,936

in FQ126 & to 33,310 in FQ225. Long-term care occupancy data, excluding impact on capacity from ward-style C-suite nursing homes for which four-to-a-room occupancy is no longer implemented, were strong & stable as in most prior periods – consolidated average occupancy was 98.0% in the quarter, consistent with virtually all trailing quarters when average occupancy was 97.5% or higher, & occupancy in ON specifically was at 98.6%, near the level sustained through most non-pandemic periods. ON occupancy as always requires special attention from the firm since it must be held at/above 97% to receive full funding under the province's envelop-based cost-plus formula for long-term care funding. But occupancy at this level, at least in financial periods unencumbered by unique epidemiological circumstances, is almost impossible not to achieve when considering the number of elderly patients awaiting admission into any one of the province's long-term care facilities, including those operated either by Extendicare or its peers.

Exhibit 23. Quarterly & T12M Dividend-AFFO-Payout Ratio For Extendicare's Eldercare divisions, FQ116A-to-FQ226A



Source: Extendicare financial filings, Leede Financial

- Total capex in the quarter was $17.9M, of which $9.1M was growth capex (presumably Extendicare's share of construction costs ascribed to its long-term care capacity build-out with Atrium) & maintenance capex was $8.9M, consistent with our expectations. Working capital was modestly into surplus territory in FQ226 at $5.5M after two quarters of sizable deficits (a [$45.7M] deficit in FQ126 actually drive consolidated cash flow into negative territory in the period) but the firm has no history of sustaining working capital imbalances one way or the other & these imbalances are always factored into our AFFO calculation anyway; AFFO is one of the two profitability metrics to which we ascribe

significance in our PT determination, as shown in Exhibit 19. In summary, we believe that magnitude of FQ226 EBITDA & cash flow were strong & consistent with our expectations even though there was some sequential softness on home healthcare operating margin & consolidated EBITDA margin, mindful that both metrics were still at the top end of Extendicare's historic performance throughout our coverage history of the firm that dates back to F2003 & equally mindful that some integration elements are inevitable in the first financial period when an acquisition at the scale of CBI is incorporated into operations. As we depict graphically in the concluding pages of this Healthcare Weekly, EXE shares are among the most impressive performers in our coverage universe, generating T12M & T24M returns of 176% & 357%, respectively.

Exhibit 24. Comparable Publicly-Traded Firms For Extendicare

Company	Curr.	Sym.	Shares Out. (M)	Share Price 6-Aug	Mkt Cap ($M)	Ent. Value ($M)	EV/EBITDA (T12)	EV/EBITDA (FY1)	EV/EBITDA (FY2)	Price/Earnings (T12)	Price/Earnings (FY1)	Price/Earnings (FY2)	Price/FFO (FY1)	Price/FFO (FY2)	Dividend	Yield (%)
Canadian healthcare trusts or dividend-paying healthcare firms																
BioSyent	CAD	RX	11.5	$15.49	178	173	NA	10.8x	9.2x	19.3x	17.4x	14.3x	NA	NA	$0.22	1.4%
CareRx	CAD	CRRX	63.5	$3.35	213	280	NA	8.1x	7.1x	7.8x	34.4x	14.0x	NA	NA	$0.09	2.6%
Chartwell REIT	CAD	JWEL	328.1	$22.03	7,228	10,440	NA	20.4x	18.4x	NA	NA	53.7x	NA	NA	$0.84	3.8%
Jamieson Wellness	CAD	JWEL	41.5	$41.50	1,722	2,169	NA	12.2x	10.9x	21.7x	19.4x	16.6x	NA	NA	$0.84	2.0%
K-Bro Linen	CAD	KBL	13.0	$46.33	603	899	NA	8.2x	7.9x	27.5x	22.7x	18.5x	NA	NA	$1.20	2.6%
Medical Facilities [1]	CAD	DR	16.2	$11.57	188	243	NA	7.3x	7.3x	19.7x	6.3x	15.2x	NA	NA	$0.35	3.0%
Vital Infrastructure	CAD	VITL.UN	250.0	$5.47	1,368	2,727	11.9x	13.1x	12.9x	NA	NA	NA	12.6x	11.7x	$0.36	6.6%
Sienna Senior Living	CAD	SIA	110.8	$22.34	2,475	3,677	NA	18.3x	16.1x	42.5x	NA	NA	15.6x	14.5x	$0.94	4.2%
Average							**11.9x**	**12.3x**	**11.2x**	**23.1x**	**20.0x**	**22.1x**	**14.1x**	**13.1x**		**3.3%**
Extendicare	**CAD**	**EXE**	**95.0**	**$34.91**	**3,318**	**3,320**	**57.8x**	**13.2x**	**11.6x**	**39.9x**	**25.1x**	**23.0x**	**19.6x**	**17.4x**	**$0.53**	**1.5%**
Healthcare REITs																
Healthcare Realty Trust	USD	HR	342.7	$20.20	6,923	11,145	15.9x	16.5x	16.0x	NA	NA	NA	12.5x	12.1x	$0.95	4.7%
LTC Properties	USD	LTC	53.9	$39.45	2,127	2,863	NA	14.4x	13.2x	15.6x	20.6x	21.2x	14.2x	13.8x	$2.32	5.9%
Medical Properties Trust	USD	MPW	598.1	$4.60	2,751	11,989	NA	14.1x	13.5x	NA	37.1x	36.5x	7.2x	6.8x	$0.35	7.5%
National Health Investors	USD	NHI	48.5	$75.38	3,654	4,898	NA	16.2x	15.3x	NA	21.3x	22.4x	15.6x	14.8x	$3.70	4.9%
Omega Healthcare Investors	USD	OHI	303.0	$48.68	14,751	18,736	16.5x	15.7x	15.0x	17.2x	23.2x	24.4x	15.0x	14.6x	$2.69	5.5%
Sabra Healthcare REIT	USD	SBRA	255.5	$21.08	5,385	7,780	NA	15.2x	14.0x	NA	30.5x	27.9x	13.6x	12.9x	$1.20	5.7%
Universal Health Services	USD	UHT	13.9	$42.07	585	962	NA	NA	NA	NA	NA	NA	NA	NA	$2.96	7.0%
Ventas	USD	VTR	512.9	$92.26	47,324	59,813	27.3x	23.6x	20.7x	NA	NA	NA	23.9x	NA	$1.99	2.2%
Average									**15.4x**			**26.5x**	**14.6x**	**12.5x**		**5.4%**
Assisted living, hospital/rehab services & US nursing care																
Brookdale Senior	USD	BKD	238.8	$14.36	3,429	7,491	NA	14.7x	13.0x	NA	NA	NA				
Encompass Health	USD	EHC	99.2	$124.82	12,382	14,808	10.3x	10.8x	10.0x	NA	20.7x	19.0x				
Ensign Group	USD	ENSG	58.3	$178.65	10,412	10,231	17.0x	14.0x	12.7x	27.2x	22.9x	20.9x				
Sonida Senior Living	USD	SNDA	47.3	$40.36	1,911	3,449	NA	NA	NA	NA	NA	NA				
Tenet Healthcare	USD	THC	80.5	$256.64	20,664	31,742	6.5x	6.4x	6.6x	9.8x	12.1x	12.2x				
Average									**10.6x**			**17.4x**				
Extendicare	**CAD**	**EXE**	**95.0**	**$34.91**	**3,318**	**3,318**	**57.8x**	**13.2x**	**11.6x**	**39.9x**	**25.1x**	**23.0x**	**19.6x**	**17.4x**	**$0.53**	**1.5%**

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

Source: Refinitiv

- **Profound Medical reported FQ226 financial results.** ON-based ultrasound ablation technology developer Profound Medical (PRN-T; PROF-Q, Buy, PT US$11.50) reported quarterly financial data for the June-end period that were soft by the firm's admission, but mostly because of delayed delivery on capital equipment delivery for the firm's FDA-approved MR-guided ultrasound ablation platform TULSA-PRO that will shift US$3.1M in capital sales into what we know assume will be an unusually strong FQ326 revenue quarter for that reason.

- We are not at the stage in our evaluation of Profound where we are aggressively focused on quarterly performance, but capital markets are & that reality is likely to compress PRN/PROF valuation in the near-term. But for our part, we are more positive in the fact that the firm received >US$7.0M in new TULSA-PRO purchase orders, which if we assume an average selling price for the device of about US$0.4M implies a capital backlog of at least eighteen systems. About 84 TULSA-PRO systems were placed with global MR-equipped hospitals/urology centers at end-of-FQ226, which on its own is a positive metric in our view for driving TULSA-PRO procedure volume-based recurring revenue as well.

Exhibit 25. Financial Forecast Summary for Profound Medical

Year-end December 31 (US$000, exc share data)	2024A	2025A	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E	2035E	2036E
TULSA-PRO, capital equipment	2,440	6,368	13,663	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	11,444	23,925	43,566	71,830	103,483	132,523	165,083	195,938	212,438	228,938	245,438
Service, maintenance	940	740	521	778	1,122	1,530	1,724	1,918	2,112	2,307	2,501	2,695	2,889
Total prod revenue	**10,680**	**16,098**	**25,628**	**47,103**	**71,887**	**105,360**	**139,206**	**170,441**	**203,195**	**234,244**	**250,938**	**267,633**	**284,327**
Revenue growth, y/y (%)	*78%*	*51%*	*59%*	*84%*	*53%*	*47%*	*32%*	*22%*	*19%*	*15%*	*7%*	*7%*	*6%*
Gross margin	**7,037**	**11,393**	**17,669**	**32,188**	**50,247**	**73,752**	**97,445**	**119,309**	**142,236**	**163,971**	**175,657**	**187,343**	**199,029**
Gross margin (%)	*65.9%*	*70.8%*	*68.9%*	*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	17,452	15,611	17,911	18,097	20,453	22,351	23,424	22,584	22,749	22,746
Gen & administrative expense	0	10,000	9,861	6,444	7,189	10,536	15,730	18,748	20,319	21,082	21,330	21,946	22,746
Research & develop expense	16,965	20,596	18,857	8,770	5,214	6,322	5,568	5,965	6,096	5,856	5,019	5,085	5,118
EBITDA	**(29,545)**	**(35,204)**	**(27,155)**	**(478)**	**22,233**	**38,983**	**58,049**	**74,142**	**93,470**	**113,608**	**126,724**	**137,563**	**148,419**
EBITDA margin (%)	*NA*	*NA*	*NA*	*NA*	*31%*	*37%*	*42%*	*44%*	*46%*	*49%*	*51%*	*51%*	*52%*
EBITDA growth, y/y (%)	*NA*	*NA*	*NA*	*NA*	*(4,749%)*	*75%*	*49%*	*28%*	*26%*	*22%*	*12%*	*9%*	*8%*
Cumul non-operating exp (amort exp, stock option, interest, F/X)	(1,727)	7,114	336	1,507	1,507	1,507	1,507	1,507	1,507	1,507	1,507	1,507	1,507
Tax expense	(2)	252	80	614	5,181	9,369	14,136	18,159	22,991	28,025	31,304	34,014	36,728
Net Income, fully-taxed	**(27,816)**	**(42,570)**	**(27,572)**	**(2,599)**	**15,544**	**28,107**	**42,407**	**54,476**	**68,972**	**84,076**	**93,913**	**102,042**	**110,184**
EPS (basic)	($1.07)	($1.33)	($0.76)	($0.07)	$0.43	$0.77	$1.16	$1.49	$1.89	$2.30	$2.57	$2.79	$3.02
EPS (fd)	**($1.00)**	**($1.23)**	**($0.70)**	**($0.07)**	**$0.39**	**$0.71**	**$1.07**	**$1.37**	**$1.74**	**$2.12**	**$2.37**	**$2.57**	**$2.78**
P/E	*NA*	*NA*	*NA*	*NA*	*20.4x*	*11.3x*	*7.5x*	*5.8x*	*4.6x*	*3.8x*	*3.4x*	*3.1x*	*2.9x*
EV/EBITDA (basic S/O)	*NA*	*NA*	*NA*	*NA*	*2.7x*	*1.6x*	*1.0x*	*0.8x*	*0.7x*	*0.5x*	*0.5x*	*0.4x*	*0.4x*

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

- Systems shipped during FQ126 are still in the process of being installed & thus do not yet contribute to recurring revenue but should by end-of-F2026. But that said, logistical rigor for a commercial-stage medical technology developer is an essential feature of a mature publicly-traded firm & we expect Profound to focus more intently on transitioning its TULSA-PRO backlog to timely delivery of TULSA-PRO systems (& revenue recognition of same) so that its published financial data does not become too irregular, as it will inevitably be during the FQ226-to-FQ426 financial periods.

- Management indicated that its guidance is based on the assumption that at least 90% of capital sales & procedure volumes are ascribed to its prostate gland-ablating TULSA-PRO platform, with residual sales/procedure volumes ascribed to the firm's uterine fibroid/osteoma-ablating Sonalleve MR-HIFU platform. These proportions are consistent with our model forecasts & indeed, we do not overtly derive any assumptions on Sonalleve MR-HIFU economics in our PRN outlook. Both devices are MR-guided ultrasound ablation platforms, the latter acquired from Netherlands-based partner Koninklijke Philips NV (PHIA-AMS, NR) in Jul/17. Sonalleve MR-HIFU is also approved for sale in China but we believe that sales in that geography have been modest.

- Profound's main competitors in the treatment of localized prostate disease, specifically prostate cancer & benign prostatic hyperplasia, are not other ablation technologies (at least not yet) but are alternative technologies like robot-assisted radical prostatectomy (for which the leader by far is da Vinci robot developer Intuitive Surgical [ISRG-Q, NR]) or radiation therapy (for which the leader is Siemens Healthineers AG/Varian Medical's [SHLG-DEF, NR] TrueBeam platform) that at this point in the evolution of prostate health standard-of-care are just more embedded into the care continuum. But one ablation technology developer that we track is France-based FocalTherics (FOCL-Q, NR; formerly called EDAP TMS, corporate rebranding announced in May/26) that developed its own ultrasound ablation platform in FDA/EMA-approved Focal One.

- The firm will be announcing its own FQ226 financial data next week, but for the March-end FQ126 financial period, FocalTherics reported its own positive sales momentum for the device, generating FQ126 HIFU (high-intensity focused ultrasound)-based revenue of US$11.6M, up from US$6.5M last year, selling eleven Focal One systems in the period vs six systems sold in FQ125. The proportion of recurring revenue embedded in consolidated revenue data grew 54% y/y, with Focal One-based procedures growing by a corresponding amount (just a bit lower at 53%, implying modest reimbursement increase per procedure in FQ126 vs FQ125). HIFU revenue that was US$16M in F2022 grew to SU$37M last year & is on pace to reach US$52M this year.

Exhibit 26. Valuation Summary for Profound Medical

NPV, discount rate		5%	10%	15%	20%	25%	30%
Implied value per share		$38.93	$26.39	$18.42	**$12.57**	$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	**$12.37**	$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]		$3.90	$5.61	$7.31	**$9.02**	$10.72	$12.42
One-year Profound Medical target price (US$) [1,2]				**$11.32**			

[1] *F2030 fully-diluted fully-taxed EPS forecast $1.07/shr; EBITDA $58.0M; NPV discounted at 20%; fd S/O 39.4M incorporates new equity offering consummated in Dec/25*

[2] *Balance sheet includes FQ226 cash of US$38.3M (includes net proceeds from Dec/25 equity offering; FQ226 LT debt of US$4.5M)*

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

- Interestingly, FocalTherics funded its own post-approval prostate ultrasound ablation studies & published one of these in the journal *European Urology Oncology* in Apr/26. We reviewed this study in prior Healthcare Weeklies but it bears emphasis in our view – the 531-patient trial (the HIFI-2 trial) tested Focal One ultrasound ablation as a salvage therapy in patients with high serum PSA levels even after undergoing radiation therapy. Results were favorable to Focal One, showing that 71% of post-ablation prostate cancer patients experienced androgen-deprivation-free survival for at least two-and-a-half years after undergoing Focal One ablation & lower PSA levels were associated with that survival.

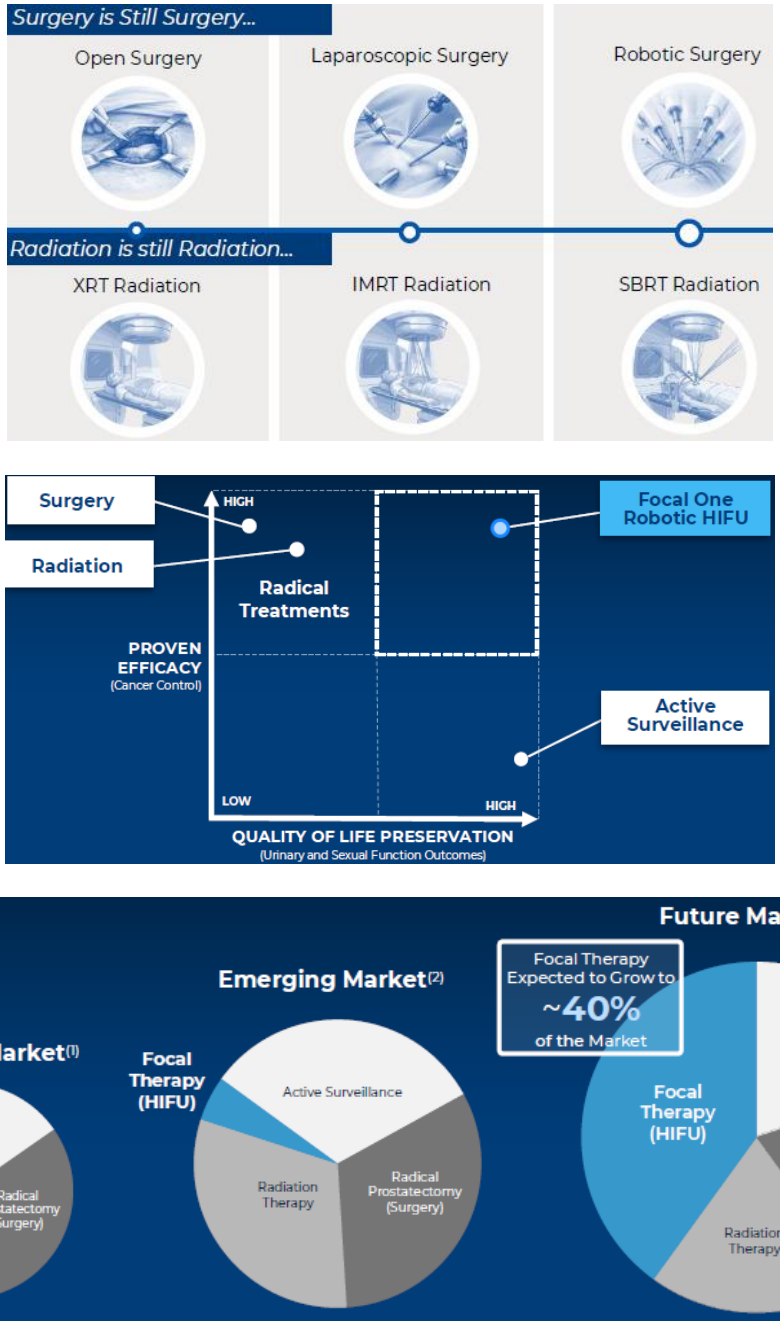
- We still reflect favorably on data that Profound & its clinical collaborators published on its 201-patient CAPTAIN trial, comparing patient outcomes following TULSA-PRO MR-guided focused ultrasound ablation to da Vinci robot-facilitated radical prostatectomy. As originally reported by Profound in Mar/26, TULSA-PRO patients performed well on superior side effect profile (50% of patients experiences preserved erectile function & urinary continence at six-month follow-up as compared to only 24% of radical prostatectomy patients). Taking each of these side effects individually, the gap was narrower on six-month erectile function preservation (56% of TULSA-PRO patients vs 47% of prostatectomy patients experiences function preservation over that timeframe) but far more dramatically favoring TULSA-PRO on pad-free urinary continence (84% of TULSA-PRO patients vs 49% of prostatectomy patient).

- These outcome data should in our view be sufficiently motivating, even before considering the reimbursement macroenvironment that Profound (& FocalTherics) have put in place for ultrasound prostate ablation procedures, but acute procedure-based outcomes were just as compelling – lower blood loss during procedure (which is virtually nil for TULSA-PRO), shorter post-procedure hospital stay, lower procedure-associated pain, lower employment time loss post-procedure & lower hospital re-admission rate all favored TULSA-PRO, as we described at the time back in Mar/26. We believe that CAPTAIN data will trickle & then gush into the global oncology/urology community over time, driving TULSA-PRO in lockstep as our model already assumes.

- **Summary & valuation.** Notwithstanding the logistical hiccup in FQ226 that led to a superficially soggy FQ226 revenue quarter, lingering backlog & growing TULSA-PRO demand is consistent with our long-term view on pace of adoption for alternative ablative technologies in localized prostate disease standard-of-care & we expect Profound to sustain TULSA-PRO unit sales trajectory in future quarters. The firm maintained its F2026 full-year guidance for revenue of US$25M

in cumulative capital sales & procedure-based recurring revenue & this is consistent with our current forecast. In its FQ226 MD&A, Profound asserted that its TULSA-PRO prospect list (not quite at the official backlog stage but pricing/contract signing is imminent) is valued at about US$70M, which at our assumed price per system of US$0.4M implies that Profound has 180 TULSA-PRO system sales well within reach. Our clinical rationale for TULSA-PRO to grow in status as a supplemental if not alternative treatment modality for prostate disease is unchanged.

Exhibit 27. Valuation Proposition For Ultrasound Ablation In Localized Prostate Disease Standard-Of-Care



[1,2] Traditional market stratification is as published by Cornell University researchers in the journal Prostate (2018). Vol. 78, pp. 512-520; Future market is as estimated by FocalTherics in the referenced presentation

Source: FocalTherics investor presentation (Jun/26)

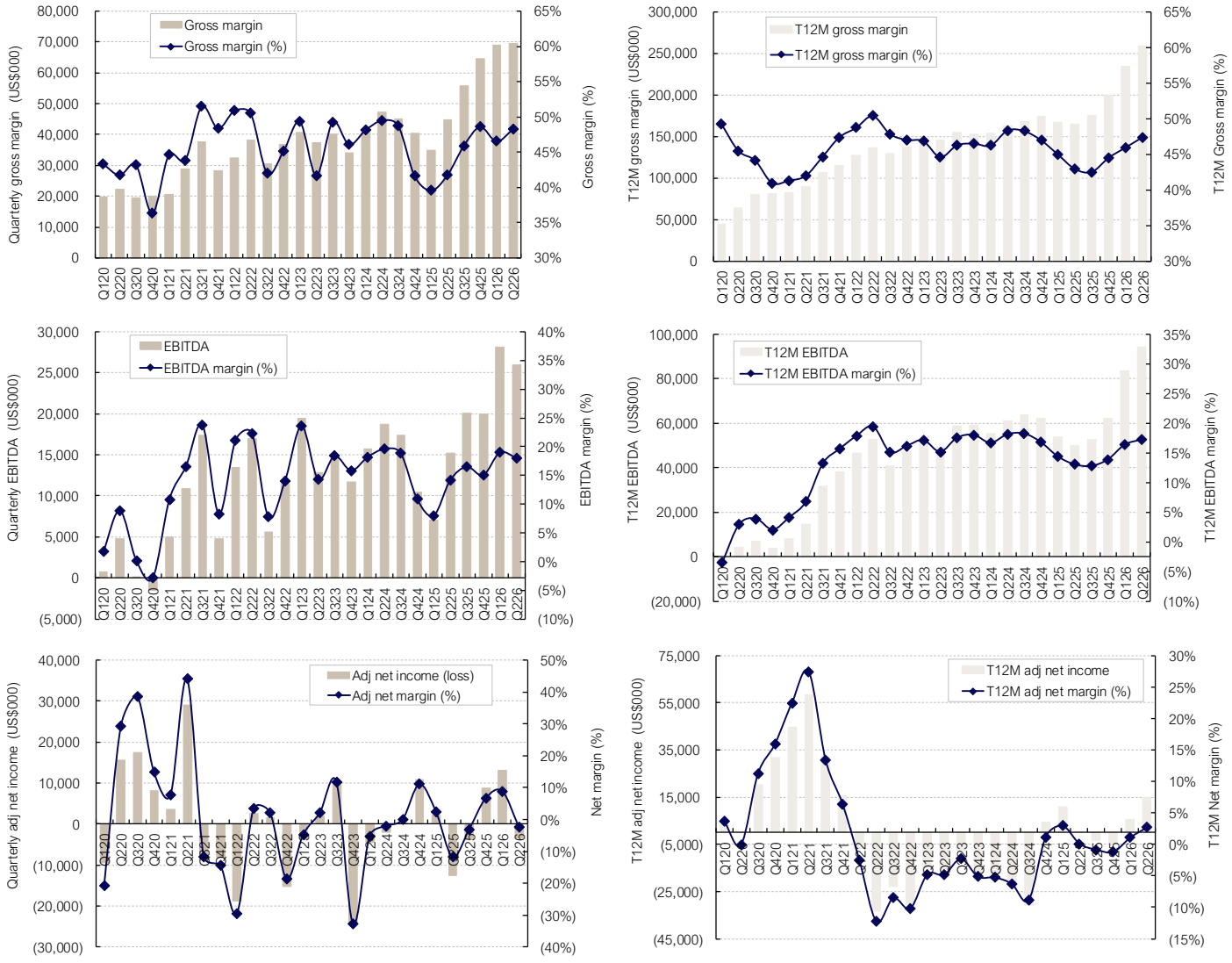
- Accordingly, we are maintaining our Buy rating & one-year PT of US$11.50 on PRN/PROF, with our valuation still based on NPV (20% discount rate, consistent with the rate we conventionally ascribe to commercial-stage medical technology developers) & multiples of our F2030 EBITDA/fd EPS forecasts of US$58.0M & US$1.07/shr, respectively. Our EV

calculation incorporated FQ226 balance sheet data (cash of US$38.3M, total debt of US$4.5M) & fd S/) of 39.4M. Our model assumes that revenue/EBITDA growth trajectory can sustain the firm to profitability with cash-on-hand but our model does assume quarterly EBITDA losses at least until end-of-F2027.

Significant Developments With Relevance To Our Coverage Universe

- **Knight Therapeutics reported FQ226 financial results.** QC-based global specialty pharmaceutical firm Knight Therapeutics (GUD-T, NR) reported quarterly financial data for the June-end period that were slightly down on several metrics from strong FQ126 financial data, but that comparison is cautionary only by Knight's own standards & we consider FQ226 EBITDA/cash flow to be positive on balance, especially when considering Knight's FH226 revenue outlook that motivated the firm to upwardly revise its full-year F2026 revenue guidance for the second time in as many quarters.

Exhibit 28. Historic Quarterly & T12M Gross Margin, EBITDA & Net Income Data for Knight, FQ120-FQ226



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

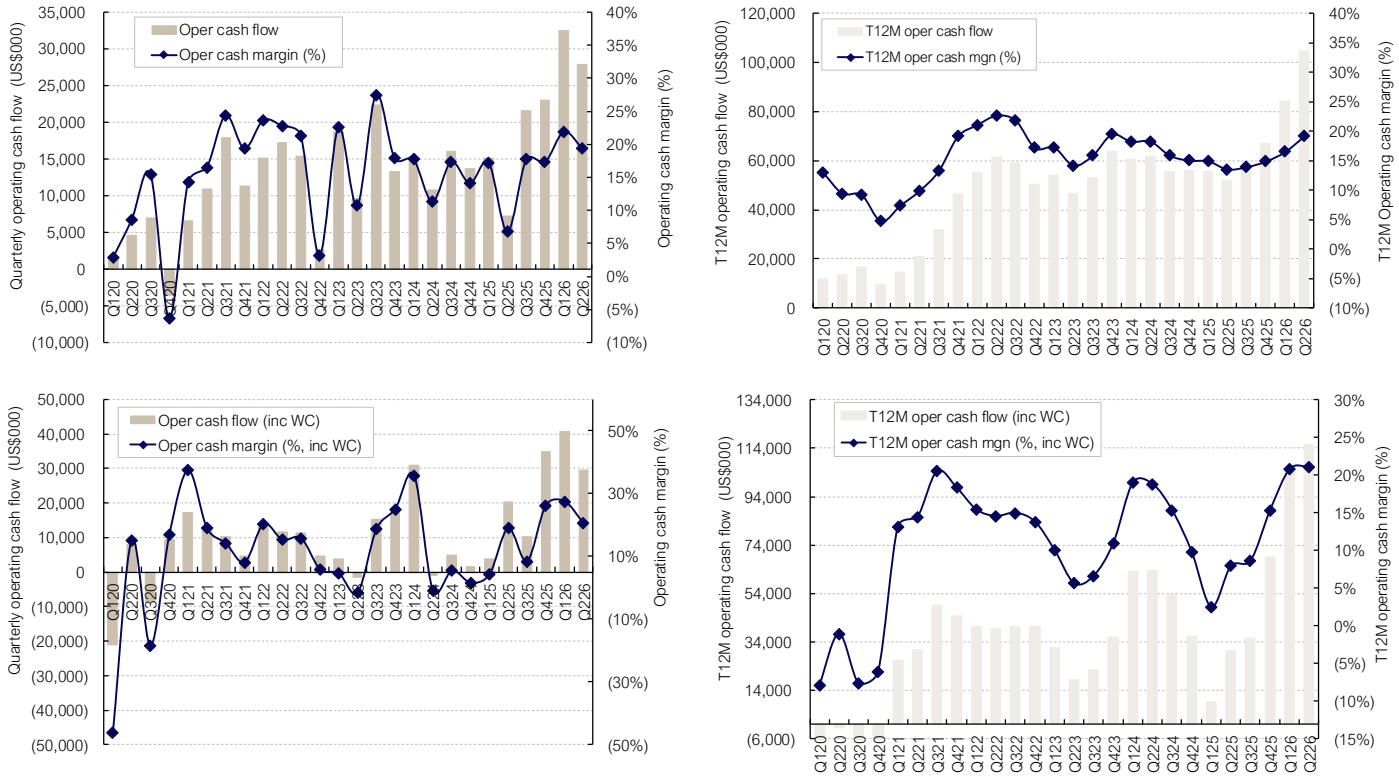
- In brief, FQ226 revenue/EBITDA/margin were $144.2M/$26.0M/18.0% as compared sequentially to $148.4M/ $28.2M/19.0% & to FQ225 data of $107.4M/$15.2M/14.2% that preceded the Paladin portfolio acquisition. Pure FQ226 operating cash flow, excluding working capital imbalances, was $27.9M ($0.28/shr) as compared to FQ126 cash flow of $32.5M ($0.33/shr) & to FQ225 cash flow of $7.3M ($0.07/shr) that bears minimal relevance to FQ226 anyway since it excludes Paladin's contribution to Canadian Rx sales that are themselves generating much of the

quarterly revenue growth that Knight experienced in FH126 (cumulative domestic FH126 Rx sales of $76.1M compared to $17.4M in FH125).

- Knight's balance sheet data were strong by its own standards & in absolute terms with FQ226 cash of $109.6M (& higher than that at $191.0M if we include fund investments) & total debt of $23.1M, with debt brought down substantially & sequentially from $58.6M in FQ126 on an explicit debt repayment of $37.2M recorded on the FQ226 cash flow statement. Accordingly, Knight's debt-based financial ratios improved substantially, with FQ226 EBITDA-to-interest coverage ratio of 12.2x improving from 10.7x in FQ126, while FQ226 debt-to-EBITDA run-rate ratio improved from an already-low 0.5x in FQ126 to 0.2x in FQ226. Both ratios are substantially distant from risk thresholds that we conventionally monitor for financial risk in our official coverage universe to minimally merit commentary & we expect Knight to deploy existing balance sheet cash & future operating cash flow to pipeline augmentation & not to debt reduction in future periods.

- Importantly, Knight again increased its full-year revenue guidance just as it did in FQ126, from $510M-to-$525M previously to $540M-to-$560M in revised guidance, with consolidated F2026 EBITDA margin expected to be >15%, which it was during FH126 when FQ126 EBITDA margin was 19.0% by our calculation & FQ226 EBITDA margin was close to that value at 18.0%. Part of that revised revenue guidance arises from more positive expectations on FH226 revenue growth trajectory for its promoted Rx therapies in Canada, all of which are growing solidly throughout the FQ124-to-FQ226 period (see below). But still, Knight's revised revenue guidance seems at its core to just be a reflection of its current portfolio performance, with FQ226 revenue run-rate itself corresponding to the high-end of revenue guidance & actually higher at $576.8M.

Exhibit 29. Historic Quarterly & T12M Operating Cash Flow Data for Knight, FQ120-FQ226



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

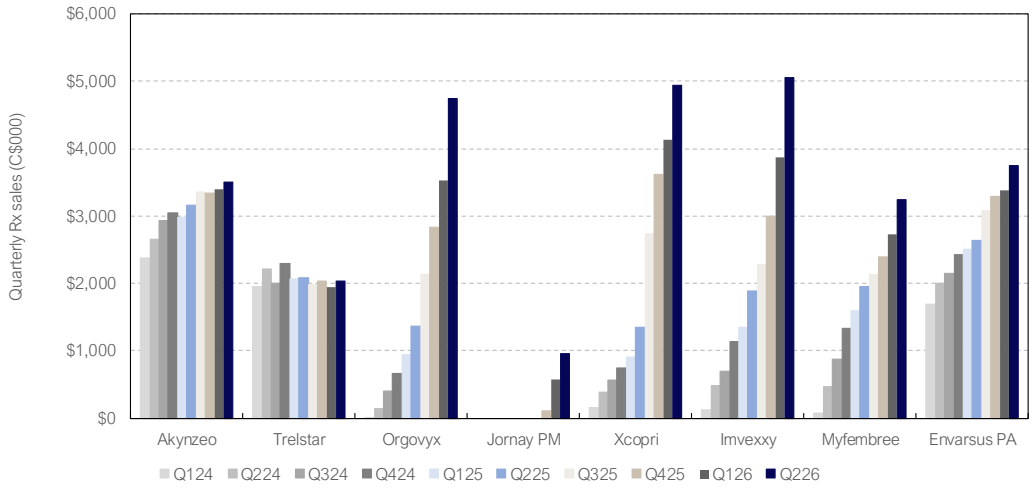
- But in South America where Knight still generates a preponderance of its quarterly Rx revenue, the firm specifically identified growth initiatives that should begin impacting financial data in FQ326 & thereafter. These include two high profile oncology/hematology drugs in the chronic immune thrombocytopenia drug fostamatinib/Tavalisse (just approved in Brazil, FH226 launch is planned), the poly-ADP ribose polymerase (PARP) inhibitor olaparib/Molapib that was just approved/launched in Argentina, & the fibroblast growth factor receptor-2 fusion-targeted colangiocarcinoma drug

pemigatinib/Pemazyre that was also just approved/launched also in Argentina. Notwithstanding the variability that Knight experiences on AmbiSome sales in Brazil, we expect those three products to positively impact Brazil/Argentina Rx sales during the next several quarters.

- Sales in Brazil, which is still Knight's largest Rx market even after it acquired Endo's Canadian Rx operations last year, continue to be the largest geographic revenue segment for the firm, generating FQ226 sales in that region of $54.9M, down sequentially from $60.8M but up modestly from $50.0M in FQ225. The antifungal drug AmbiSome (Gilead Sciences' [GILD-Q, NR] liposomal amphotericin B formulation for which Knight acquired Brazil marketing rights in Oct/20) were down y/y by $9.4M but for the full FH126 financial period they were actually up by $4.1M due to strong FQ126 shipments to the Brazilian Ministry of Health. Gilead's own AmbiSome sales in Europe & RoW markets in FQ226 were US$110M, down from US$129M in FQ225.

Exhibit 30. Quarterly Sales Of Featured Health Canada-Approved Therapies, FQ124-to-FQ226

Brand	Active Drug	Target indication	Mechanism of action	Quarterly Rx sales (C$000) Q124	Q224	Q324	Q424	Q125	Q225	Q325	Q425	Q126	Q226
Akynzeo	Netupitant & palonosetron	Chemotherapy-related nausea & vomiting	Anti-emetic; Substance P-neurokinin 1 receptor antagonist; seretonon-3 (5-HT3) receptor antagonist	2,375	2,659	2,935	3,051	2,988	3,163	3,359	3,343	3,402	3,495
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	2,030
Orgovyx	Relugolix	Advanced prostate cancer	Gonadotropin-releasing hormone (GnRH) agonist	4	143	398	659	938	1,356	2,130	2,841	3,531	4,739
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	949
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	4,932
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	5,061
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	3,242
Envarsus PA	Tacrolimus, extended-release	Immunosuppressive in allogeneic kidney or liver	Calcineurin binding inhibits Ca-dependent T-cell signalling; reduces trans-	1,694	1,993	2,153	2,422	2,502	2,635	3,073	3,284	3,384	3,743
Total				**6,380**	**8,342**	**9,626**	**11,616**	**12,338**	**14,440**	**17,703**	**20,618**	**23,572**	**28,191**



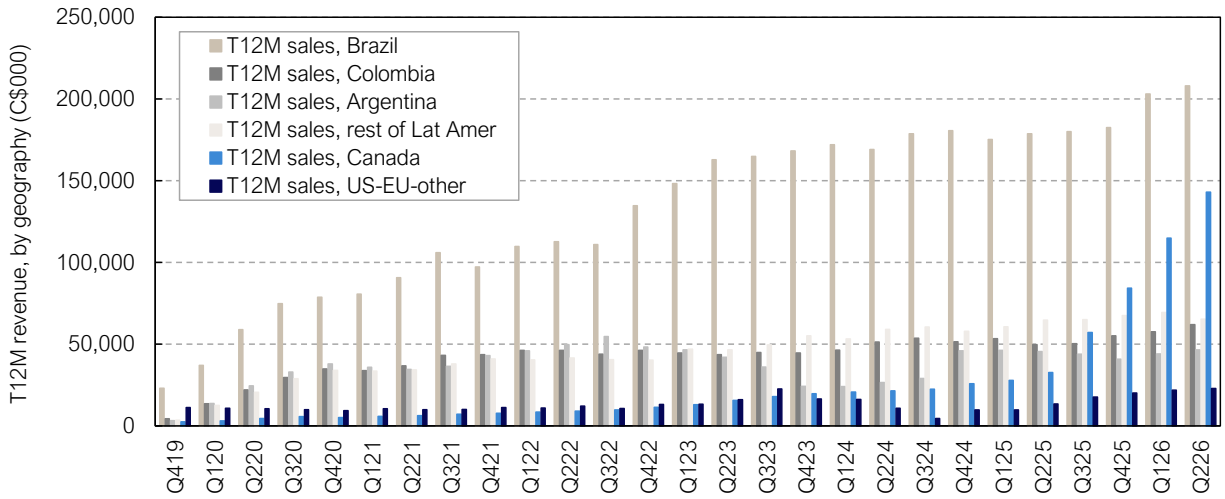
Source: Leede Financial, Historical Data – Company Information (Knight Therapeutics)

- The drug is used to treat invasive fungal infections (mainly *Cryotococcusl, Aspergillus or Candida* fungal species) & visceral leishmaniasis, both of which are prevalent in equatorial nations & specifically in high-population Brazil. AmbiSome sales are likely to be periodic throughout Knight's commercial experience with the drug & that is factored into our outlook for Brazil Rx quarterly sales. According to a 2024 economic review published in the journal Lancet Global Health, liposomal amphotericin B/AmbiSome is by the far the market leader in the amphotericin B anti-fungal/anti-protozoal market, largely due to its more favorable side effect profile (lower kidney toxicity & lower anemia incidence, both well-known effects of the drug itself). Amphotericin B binds to a fungal membrane sterol component called ergosterol, poking holes in fungal membranes in so doing & killing fungal spores in the process. The drug is not very

water soluble, hence why it is co-formulated in liposomes (or with the amphipathic bile sale deoxycholate) to enhance its bioavailability. Competing antifungal drugs tend to be triazole-based orally-active therapies like Pfizer's (PFE-NY, NR) Diflucan/fluconazole among others.

- Knight's Canadian Rx portfolio that experienced a sizable quarterly bump in the periods following its acquisition of Paladin Labs from Endo Pharmaceuticals (now part of Mallinckrodt [private]) in Mar/25 performed well in the period, generating regional Rx sales of $38.7M as compared sequentially to $37.4M in FQ126 & y/y to $10.7M in FQ225 in the quarter during which Paladin Rx sales did not contribute to quarterly performance (the acquisition closed in Jun/25). As we observed in our commentary of Knight's FQ126 Canadian Rx sales, the firm is tracking quarterly sales performance of a suite of promoted Rx products that we summarize in Exhibit 30 & it is clear from that summary that those drugs collectively considered are growing well, up to $28.2M in FQ226 from $6.4M in FQ124 when our analysis begins. Virtually all drugs in that portfolio are growing sequentially to some degree, but much of the cumulative revenue growth arises from drugs that were either launched during FQ124 or close to that timeframe, including but not limited to the anti-seizure sodium channel-blocker cenobamate/Xcopri, anti-prostate cancer GnRH agonist relugolix/Orgovyx, vaginal atrophy-targeted estradiol formulation Imvexxy & uterine fibroid/endometriosis-targeted relugolix-estradiol-norethindrone triple-drug combination Myfembree.

Exhibit 31. Historic T12M Revenue for Knight, Stratified By Geography, FQ419-FQ226



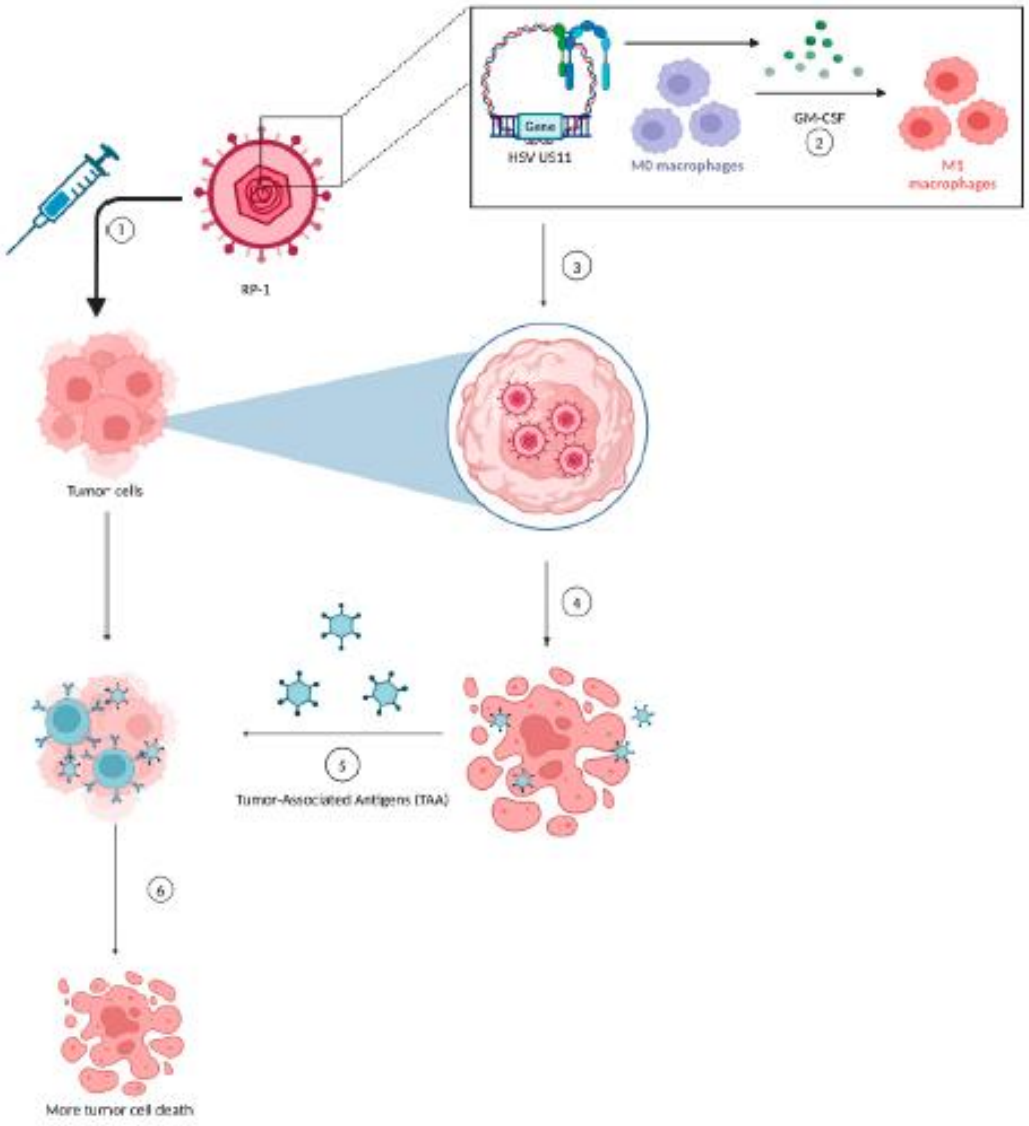
Source: Leede Financial, Historical Data – Company Information (Knight Therapeutics)

- **Replimune's oncolytic virus RP1 passes advisory committee & FDA review hurdle – readthrough to our coverage universe & melanoma-focused technology developers therein.** An FDA advisory panel focused on cellular-tissue-gene therapies (CTGTAC) voted 10-3 in favour of approving Replimune's (REPL-Q, NR) RP1 (vusolimogene oderparepve, now branded as Tudriqev), an oncolytic virus that when combined with Bristol Myers Squibb's (BMY-NY, NR) anti-PD1 mAb nivolumab/Opdivo performed to what now appears to be approvable standard in advanced melanoma pivotal testing. The FDA itself agreed with the decision yesterday, granting the herpes simplex virus-1-based anticancer virus therapy formal accelerated approval yesterday morning. We believe there is read-through to our coverage universe & related firms with melanoma-focused technology development programs & so on that basis, we believe that Replimune's clinical/regulatory history provides some insights into path-forward for biologics undergoing testing for advanced melanoma.

  - The committee determined efficacy results from Replimune's Phase II IGNYTE trial were evaluable & clinically meaningful, itself a positive event, but the vote itself as are all advisory committee decisions was nonbinding & RP1's PDUFA action data of August 2nd had passed by without a formal decision, leaving RP1's third BLA submission in regulatory limbo until yesterday. Importantly, the advisory committee's vote was based on a narrow question, asking panelists whether IGNYTE data could even be evaluated & whether the efficacy signal was clinically meaningful, rather than whether the data constituted substantial evidence of effectiveness sufficient for accelerated approval. That distinction likely will be relevant to RP1s clinical adoption post-approval.

- Several members who voted yes explicitly stated that their affirmation reflected evaluability rather than a judgment that a clinically-meaningful efficacy hurdle had been exceeded, & there remain three core concerns that produced two prior Complete Response Letters in Jul/25 & earlier this year in Apr/26 that interestingly were not addressed to any meaningful degree in the third BLA submission. The underlying data package remains the same – a single-arm, 140-patient study (the IGNYTE study) that supported all three submissions. What changed in the now-approved filing was institutional context, with each BLA submission undergoing review during periods of different FDA leadership. A confirmatory 400-patient Phase III IGNYTE-3 trial testing RP1/nivoumab in comparison to physician-determined standard-of-care is ongoing, with overall survival data expected some time during F2030.

Exhibit 32. Plausible Mechanism Of Action For RP1



(1) The RP-1 oncolytic virus is injected into the tumor cells. (2) Viral DNA replaces the tumor DNA and secretes GM-CSF that causes the recruitment of macrophages and other leukocytes. (3) The HSV US11 gene promotes viral DNA replication inside the tumor cells. (4) Viruses cause the oncolysis of tumor cells, which releases tumor-associated antigens (TAAs). (5) TAAs further infiltrate other tumor cells and promote a cytotoxic T-cell response. (6) Further tumor cell death is induced through apoptosis.

Source: Adapted from *Pharmaceuticals (2024). Vol. 17, pp. 916-934*

- Readers familiar with **Oncolytics Biotech's (ONCY-Q, Spec Buy, PT US$3.00)** pelareorep will recognize the similar mechanism, though with a few key differentiating factors. Oncolytic viruses are engineered or naturally occurring viruses that preferentially replicate in & lyse tumor cells while sparing normal tissue, with the therapeutic hypothesis extending beyond direct cytotoxicity: virus-mediated tumor cell death is immunogenic, releasing tumor neoantigens alongside danger-associated & pathogen-associated molecular patterns that can prime a systemic anti-tumor immune response. Pelareorep is a reovirus administered intravenously that exploits constitutive RAS-pathway activation to achieve selective replication in tumor cells regardless of anatomic location, whereas RP1 is an engineered herpes simplex virus type 1 injected directly into accessible tumor lesions.

- The intratumoral route is a structural constraint of the HSV-1 platform rather than a design choice: high pre-existing immune sensitivity of HSV-1 in adults means neutralizing antibodies could clear the virus before it reaches tumor tissue if administered systemically, & the virus retains neurotropism (affinity for binding to neurons) that poses safety risk with intravenous delivery. Pelareorep avoids both limitations. The practical consequence is that RP1 is restricted to cancers with injectable lesions (Replimune has expanded this with image-guided deep & visceral injection, but the procedural complexity narrows the addressable population), & this restriction has direct regulatory consequences: when a virus is injected into a tumor & that tumor's response is then measured, isolating the drug's contribution from the mechanical & inflammatory effects of injection itself becomes an evidentiary challenge.

- RP1 is built on a clinical HSV-1 strain the company selected for lytic activity & is engineered with two payloads that distinguish it from its predecessor talimogene laherparepvec/Imlygic, which was the first FDA-approved oncolytic virus back in 2015 that was developed by BioVex/Amgen [AMGN-Q, NR]). The two proteins that are incorporated into RP1 are: (1) a glycoprotein derived from gibbon ape leukemia virus that causes infected tumour cells to fuse & (2) a modified form of human granulocyte-macrophage colony-stimulating factor (GM-CSF) that recruits dendritic cells to the site of RP1 injection (this mechanism is described in a 2019 review in the *Journal for ImmunoTherapy of Cancer*).

- In preclinical models, addition of the fusing transgene improved both direct oncolytic activity & uninjected tumor responses compared with the same backbone expressing GM-CSF alone, & the combination with anti-PD-1 further amplified systemic activity (Thomas et al., 2019). The combination rationale with nivolumab rests on the concept that intratumoral oncolysis converts immunologically cold tumors into inflamed microenvironments, purporting a restored sensitivity to checkpoint inhibition in patients whose disease has already progressed on anti-PD-1 therapy. The intratumoral route of administration is central to some of the regulatory questions that have followed RP1 through three BLA submissions: unlike a systemically administered agent, an injected therapy's contribution of effect must be disentangled from both the co-administered systemic drug & from the confounding effects of repeated local interventions (injection, biopsy, reinjection) on the reliability of tumor response measurement, a challenge compounded by the single-arm trial design that offers no concurrent control to anchor the comparison. This specific set of regulatory concerns does not generalize to oncolytic viruses as a class; it is an artifact of the intratumoral route, this trial design, & this combination.

- As we touched on, the clinical precedent for oncolytic viruses in melanoma was established by Amgen's T-VEC, which in the Phase III OPTiM trial produced a 26.4% independently assessed ORR & demonstrated systemic immune-mediated activity beyond the injection site, though with a clear gradient: at least 50% shrinkage occurred in 64% of injected lesions but only 34% of uninjected non-visceral & 15% of visceral lesions (Andtbacka et al., Annals of Surgical Oncology, 2016). OPTiM was conducted before checkpoint inhibitors became standard & did not achieve a statistically significant overall survival benefit.

- When the Phase III MASTERKEY-265 trial subsequently tested T-VEC combined with pembrolizumab in treatment-naive melanoma, it failed to show superiority over pembrolizumab alone, reinforcing that in the first-line setting the incremental contribution of an oncolytic virus was undetectable. RP1 must answer the question of whether or not a second-generation oncolytic virus can restore systemic anti-tumor immunity after anti-PD-1 failure. Replimune's lesion-level analysis from IGNYTE reported similar response rates in injected (~31.5%) & non-injected (~28.7%) target lesions including uninjected visceral disease, suggesting a more uniform systemic effect than the gradient observed with T-VEC, though whether that reflects the modified transgene payload, concurrent nivolumab, or the different patient population remains the unresolved question at the center of FDA's contribution-of-effect concern.

- The BLA re-submission remains on the back of IGNYTE, an open-label, single-arm study of RP1 administered intratumorally in combination with nivolumab in 140 patients with advanced melanoma & confirmed progression on an anti-PD-1-containing regimen. The enrolled population was heavily pretreated: 65.7% had primary anti-PD-1 resistance, 48.6% had stage IVM1b/c/d disease, 56.4% were PD-L1 negative, & 46.4% had received prior anti-PD-1 plus anti-CTLA-4 therapy. By independent central review using RECIST 1.1, the confirmed objective response rate was 32.9% with a complete response rate of 15.0%. At a three-year landmark analysis presented at ASCO 2026, median overall survival was 32.9 months, with one-, two-, & three-year OS rates of 75.3%, 61.5%, & 47.8%, respectively.

- Grade 3 or higher treatment-related adverse events occurred in 12.8% of patients, & no RP1-related deaths were reported. The efficacy signal is not in question; the regulatory question is whether this trial design can generate substantial evidence of it. FDA's review identified three core deficiencies that have persisted through all three submissions. First, the single-arm design cannot isolate RP1's contribution from nivolumab in a combination regimen: the expected ORR for anti-PD-1 rechallenge in patients with confirmed primary refractory disease is approximately 5-7%, making the observed 33% suggestive of a treatment effect but not definitive in the absence of a concurrent control arm.

- Second, the FDA conducted a sensitivity analysis in an attempt to clarify if responses were attributable to direct local injection oncolysis alone rather than RP1 prompted systemic immune activity. They removed 25 patients with all baseline target lesions directly injected with RP1. A disproportionate share of confirmed responders came from this removed group: excluding them dropped the ORR to 15.7%. Replimune countered at the lesion level (as opposed to patient level), looking at all lesions, either injected or non injected; showing similar response rates in injected (~31.5%) & non-injected (~28.7%) lesions within the overall cohort, arguing this consistency supports a systemic mechanism. The counterargument may be limited by the fact that all patients received concurrent nivolumab, so non-injected lesion responses could reflect nivolumab activity alone rather than RP1-primed immunity.

- Third, FDA's briefing document identified potential confounders to reliable tumor assessment: reinjection of progressing lesions, protocol-specified biopsies & surgical resections, a retrospectively constituted independent review committee with applicant-selected reviewers, & non-evaluable imaging assessments, any of which could have inflated or confounded the reported response rate. Taken together, these are not objections to the biology of oncolytic immunotherapy; they are objections to whether a single-arm, 140-patient study with these specific design & conduct features can meet the statutory standard for substantial evidence of effectiveness, which FDA stated explicitly during the AdCom applies equally to accelerated & traditional approval.

- The 10-3 headline ratio somewhat overstates the strength of conviction among supportive panelists. The acting chair stated he entered the session intending to vote no & changed his mind during the proceedings. One member who voted yes characterized her position as "borderline no" & described the data as "more anecdote than evidence." Another yes voter explicitly cautioned "don't take it as a yes, this is convincing data," framing his affirmative as an acknowledgment of evaluability rather than clinical meaningfulness. Dr. Garcia voted yes but stated he did not believe IGNYTE & this application appropriately answered that question fully, framing his support as a recognition that the field lacks appropriate endpoints for intratumoral agents rather than an endorsement of data quality.

- Among the more substantive yes rationales, Dr. Tawbi acknowledged the study "was maybe not perfect" but was persuaded by tumor shrinkage in both injected & non-injected lesions in patients with no other available options; Dr. Miller cited durable responses across clinically relevant subgroups including visceral disease & noted that complete responses in non-injected lesions suggested systemic effect beyond what he would reasonably expect from anti-PD-1 rechallenge alone. The three dissenting votes were driven by evidentiary standards: Dr. Ballman cited "so much uncertainty as to what that overall response rate is"; Dr. Chatman stated "I don't even understand the data. I don't know what the response rate is." A recurring theme across both sides was that phase III IGNYTE-3 completion is critical regardless of the PDUFA outcome, with one panelist raising the concern that accelerated approval could impair confirmatory trial enrollment by removing the clinical equipoise needed to randomize patients.

- This regulatory conversation carries direct read-through implications for two names in our coverage & weekly commentary universe. For Oncolytics Biotech, RP1's non-linear regulatory journey is both instructive & relevant in our view. Encouragingly, pelareorep's development program is structured such that it avoids every specific issue that has produced three CRLs for Replimune. The FDA's objections to RP1 center on contribution of effect in a single-arm

combination trial where the drug is injected directly into the lesions being measured. Pelareorep is administered intravenously, eliminating injection-site confounders entirely, & the company's active registration-enabling study in second-line RAS-mutated MSS mCRC (REO 033) is a randomized Phase II comparing FOLFIRI plus bevacizumab with or without pelareorep in 60 patients, with a concurrent control arm that directly addresses the contribution-of-effect question.

- That study began enrollment in Apr/26 with preliminary data expected Q4/26 & is built on prior REO 022 data showing 33% ORR versus approximately 6-11% historical, a 19.5-month median duration of response versus 4-6 months, & 27-month median OS versus 11.2 months in a population where incremental gains have historically been modest. Separately, Oncolytics reached FDA alignment in Apr/26 on the design of a pivotal SCAC study structured for both accelerated & full approval at different timepoints, with Fast Track designation following in July, the company's third in GI cancers. The FDA advisory committee importantly was not questioning whether oncolytic viruses can generate anti-tumor effects, but rather they questioned whether a single-arm intratumoral trial in combination with nivolumab is sufficient to clarify the magnitude & specificity of that effect. A systemically administered oncolytic virus in a randomized trial with a concurrent comparator is in a much stronger position to meet the regulatory evidentiary standard.

- For NS-based SONA Nanotech (SONA-CSE, NR), which we have discussed in previous weeklies, the RP1 experience is informative at a strategic level. As a refresher, SONA is developing Targeted Hyperthermia Therapy (THT), an intratumoral treatment that uses gold nanorods to deliver localized therapeutic heat (42-48°C) to solid tumors, with the proposed mechanism of converting immunologically cold tumors into hot microenvironments that respond to immunotherapy, their lead indication is in late-stage refractory melanoma. The mechanistic parallel is obvious, both platforms aim to create immunogenic cell death at the injection site to prime a systemic immune response, though through different mechanisms (photothermal ablation versus viral oncolysis).

- A 10-patient first-in-human feasibility study in immunotherapy-resistant melanoma reported an 80% overall response rate & 60% complete response rate, & the company announced IGNITE-THT (late-stage melanoma, THT plus immunotherapy rechallenge) & PRIME-THT (early-stage melanoma, THT plus intratumoral immunotherapy before surgery) in May/26, both single-arm combination designs. These are appropriate for the current stage of development. However, the RP1 regulatory history establishes clearly that single-arm intratumoral combination data, regardless of the strength of the efficacy signal, faces a high evidentiary bar for registration, & SONA's program should be evaluated with the expectation that randomized controlled data will ultimately be required to demonstrate contribution of effect. As of this writing, SONA is undertaking a public equity offering to fund ongoing Phase I/II melanoma/THT testing

- **GSK consummates a new AI-based drug discovery alliance with Nvidia-partnered Relation.** UK-based global pharma firm GSK (GSK-LN, NR) just announced a new AI-focused drug discovery alliance with the also-UK-based AI developer Relation Therapeutics (private) in a deal providing Relation with up to US$110M in downstream milestones for any development projects that achieve modest-to full success using its MORGAN platform (short for multi-omic regulatory genomics using artificial neural networks) for identifying cellular responses that are relevant to disease etiology. GSK, Nvidia's NVentures investment division (NVDA-Q, NR) & Deerfield Management (private) were early investors in Relation.

  - Relation features osteoporosis as a flagship indication in its own pipeline priorities & it already has constructed a single-cell bone atlas from osteoporosis patients that serves as an AI-based searchable engine for identifying disease-relevant protein expressions maps for the disease. Immunology & metabolism broadly defined (metabolism could mean just about anything & often it implies a focus either on cardiorespiratory function or endocrinology [type I/II diabetes], but it could also just be referring to the firm's focus on bone health; we are guessing on that notion).

  - GSK's current commercial portfolio, as just summarized in its FQ226 financial update last week, is predominantly focused on infectious disease (with a sizable franchise in vaccine development), respiratory medicine & oncology, with no therapies targeting bone health/osteoporosis (interestingly, the firm has no discernible presence in dermatology either even though it acquired dermatology-focused NC-based Stiefel Laboratories for US$1.5B [which seems like such a discounted value in 2026, with so many acquisitions even of preclinical/Phase I drug developers being transacted for >US$2B & often far more than that] back in July/09). GSK's clinical/regulatory pipeline as separately announced during its FQ226 update is also focused on those indications broadly defined, interestingly with Bellus Health's (ticker was BLU-T) now-discontinued chronic cough drug camlipixant still in the pipeline as a Phase III data read-out event.

- Based on the fact that deal economics are actually quite modest in comparison to other AI-based alliances we previously reviewed in earlier editions of our Healthcare Weekly – including a prior deal that Relation itself signed with Novartis (NVS-NY, NR) in Dec/25 that was potentially valued at up to US$1.7B, including US$55M upfront, for targeting atopic immunologically-based diseases - & the separate fact that no target indications were explicitly mentioned in the announcement, we believe that the GSK-Relation alliance is more exploratory than targeted, probably using MORGAN to see if there are any new insights into disease biology, agnostic to what disease that may happen to be, that MORGAN can uncover. Interestingly, Relation already had a prior alliance with GSK in place since Dec/24, whereby target indications were made explicit (fibrotic diseases [probably lung or liver fibrosis specifically] & osteoarthritis) & deal economics that were just as performance-based as its new GSK alliance is (US$45M upfront, US$63M in near-term collaborative payments, US$200M in milestone payments per identified target).

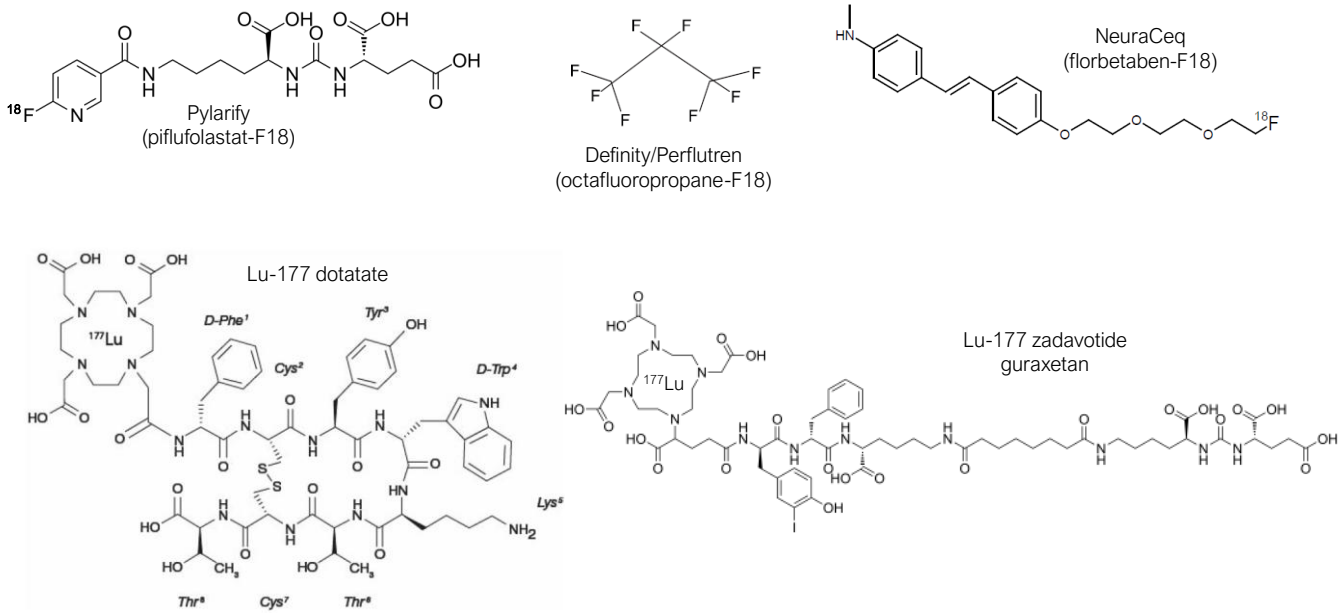
- Commentary on new AI drug discovery or target discovery alliances is a recurring theme in these pages & we are quite possibly approaching a point in drug development history when new AI deal announcements will be so ubiquitous that the absence of new deals could be more eventful than the announcement of new deals is at present. In the early days of AI-based drug discovery, we were interested to see which pharma firms were the early movers into this space (GSK & Novartis & probably Eli Lilly [LLY-NY, NR]) were certainly two of these, along with the early partners of Insilico Medicine (3696-HK, NR) - Bora Pharmaceuticals (6472-TW, NR), SK Biopharmaceuticals (326030-KS, NR), Takeda (4502-JP, NR) to name three - that we have featured many times in prior Weeklies. But the suite of AI-enabled drug developers is growing rapidly, certainly arithmetically if not yet exponentially, & we expect clinical-stage drugs & biologics to increasingly present with an AI pedigree in coming quarters. We provided a summary of several clinical-stage drugs for which AI was known to be instrumental in their discovery & while there were certainly some clinical failures in that drug portfolio, so too were there multiple clinical successes, at least to the point of their current clinical history.

- And while on the subject of AI drug development, we observe that the Insilico-discovered TEAD-inhibiting (short for transcriptional enhancer activator domain, which is a key DNA-binding protein in the cell growth-promoting Hippo signalling pathway) drug ISM6331, discovered using Insilico's Chemistry42 platform, was just granted Fast Track Status by the US FDA for targeting mesothelioma (as the name suggests, it is a cancer of mesothelial tissue, usually though not exclusively in the lungs & usually though not exclusively arising from particulate inhalation [asbestos, for example]), for which a 100-patient Phase II trial is ongoing, with one-year PK/safety & response rate data expected in early F2028. Only about 3,000 new mesothelioma cases are diagnosed each year in the US according to the US National Cancer Institute but it is both aggressive & lacking in any effective standard-of-care, making the drug's Fast Track status virtually obligatory.

- **Curium acquires radiopharmaceuticals innovator Lantheus on attractive terms.** MA-based radiopharmaceuticals developer Curium Pharma (private) made a bid to acquire also-MA-based peer firm Lantheus Holdings (LNTH-Q, NR) in a deal valuing Lantheus at US$8B. The timing of the transaction is notable in that Lantheus just last month received a Complete Response Letter for its gallium-68-labelled diagnostic agent LNTH-2501 (Ga-68-edotreotide) for identifying somatostatin receptor-positive neuroendocrine tumors (one of the seminal cancer diagnostic markets where radio-labelled contrast agents are well-established as standards-of-care). But the regulatory setback appears to be influenced by manufacturing issues with Lantheus' contract manufacturing partner & not with LNTH-2501's underlying pharmacology; the firm has other commercial-stage & advanced clinical-stage radio-labelled assets that Curium can now incorporate into its own portfolio.

  - Coincidentally, Lantheus' acquisition value is quite close to the transaction value of US$7.0B ascribed to Curium in Nov/25 when it was recapitalized by lead investor NY-based CapVest Partners LLP (private). Radiopharmaceutical development is highly relevant to the Canadian drug development landscape with the historic acquisitions of ON-based Fusion Pharmaceuticals by AstraZeneca (AZN-LN, NR) for US$2.4B back in Mar/24 & of also-ON-based Point Bioharma by Eli Lilly (LLY-NY, NR) for US$1.4B back in Oct/23. In a separate transaction that we featured in an earlier Healthcare Weekly, PA-based Bristol Myers Squibb (BMY-NY, NR which coincidentally experiencing its own merger speculation [ironically with AstraZeneca] that we will analyze if/when it ever happens), acquired CA-based still-clinical-stage cancer imaging agent developer RayzeBio for US$4.1B back in Feb/24. The valuation ascribed to Lantheus is clearly at a premium to that ascribed to the other three transactions (which when added together are essentially at US$8.0B, coincidentally) but Lantheus is a far more advanced radio-labelled drug/diagnostic developer to which conventional valuation metrics were undoubtedly applied. That said, a US$8.0B value for Lantheus corresponds to a price-to-FQ126 revenue run-rate multiple of 5.3x & price-to-FQ126 free cash flow run-rate multiple of 16.4x.

Exhibit 33. Examples of Clinical Or Commercial-Stage Radio-Labelled Therapeutics (Usually Lu-177-Labelled) Or Diagnostics (Usually F-18-Labelled) In The Collective Curium-Lantheus Portfolios



Source: MedChemExpress

- Both firms are hybrid pharmaceutical/diagnostic molecule developers, with Lantheus' lead commercial assets including fluorine-18-derivatized protein-specific membrane antigen (PSMA)-targeted positron-emitting PET imaging pentanedioic acid derivative piflufolastat-F18/Pylarify, cardiac ultrasound-targeted perflutren lipid microsphere-based Definity & beta-amyloid plaque-binding Alzheimer's disease-targeted PET imaging methylaniline derivative florbetaben-F18/Neuraceq. Lanthus generated FQ126 worldwide revenue of US$377.3M, mostly from Pylarify (FQ126 sales US$249.9M in the quarter) but with Definity/Neuraceq contributing materially if more modestly to FQ126 sales (US$84.6M & US$35.4M, respectively) & with future upside from the firm's pancreatic neuroendocrine tumor imaging agent Lu-177 dotatate for which tentative FDA approval was granted in Mar/26. Lu-177 dotatate is a generic disulfide cross-linked lutetium-177-chelating oligopeptide radio-pharmaceutical equivalent of Novartis' Lutathera, for which FQ226 sales were US$225M. In May/26, the firm affirmed its full-year revenue guidance of up to US$1.45B, a level that clearly looks achievable based on FQ226 run-rate alone, though sales operations will of course be overseen in future periods by acquirer Curium, probably by FQ127.

- Shifting to Curium, that firm has a more diversified & more global radiopharmaceutical/radiodiagnostic portfolio that includes the neuroendocrine tumor-imaging agent Detectnet (a Cu-64-chelated version of dotatate sold in the US), radioactive chloride salts of germanium-68 & gallium-68 collectively branded in the EU as GalenVita & a technicium-99m generator branded as UltraTechnekow V4 sold in Canada. As well, the firm markets its own piflufolastat-F18 formulation as Pylclari in Europe. In its pipeline, Curium just last week began manufacturing radioactive thallous-201 chloride for the US cardiac imaging market after discontinuing production of electron capture-based gamma-emitting thallium-201 F2022. Thallium isotopes behave as if they were potassium ions in the body & thus are translocated through potassium channels in cells/tissues where trans-membrane potassium transport is relevant to activity, as it is in most tissues but in the heart & brain specifically.

- Another Curium pipeline drug is an intravenous prostate cancer-targeted Lu-177-labelled PSMA analog that for now is just called 177Lu-PSMA (also called lutetium-177 zadavotide guraxetan), for which Phase III testing in a 439-patient three-year study (the ECLIPSE trial) is ongoing, for which response rate & survival data are expected by early FH129. The trial has an active control arm in which prostate cancer patients will receive an alternative standard-of-care such as J&J's abiraterone/Zytiga or Pfizer/Medivation's (PFE-NY, NR) enzalutamide/Xtandi. A Cu-64-PSMA analog is undergoing testing in a separate 439-patient Phase III prostate cancer trial (the Solar-Stage trial) for which three-year response rate/survival data are separately expected a bit later in F2029, probably by mid-year.

- We were interested to see Lantheus & its clinical collaborators publish a study in May/26 in the journal *Clinical Cancer Research* describing the firm's Phase II ARROW trial, a 120-patient metastatic castrate-resistant prostate cancer trial testing the firm's iodine-131-labelled PSMA-targeted LNTH-1095. The study actually concluded in FQ324 & presented in at the 2024 ESMO Annual Congress hosted in Spain that year. The drug when combined with Pfizer/Medivation's (PFE-NY, NR) enzalutamide/Xtandi engendered a PSA50 response rate (the proportion of patients experiencing at least a 50% reduction in serum PSA levels from baseline) of 62.9% in comparison to 31.3% for enzalutamide/Xtandi monotherapy patients. The drug was actually developed by Progenics Pharmaceuticals (ticker was PGNX-Q, NR), which Lantheus Holdings acquired in an all-stock transaction back in Oct/19.

- By coincidence, a private MA-based radio-pharmaceutical developer Ratio Therapeutics raised US$70M in new Series C capital earlier this week, with Bristol Myers Squibb (BMY-NY, NR) participating as one of the strategic investors in the financing round. Ratio's lead drug candidate is an actinium-225-labelled drug called RTX-2358, for which Phase II testing in refractory soft tissue sarcoma is ongoing in the ATLAS trial. RTX-2358 targets an over-expressed protein in this cancer form called fibroblast activation protein-alpha (FAP), a membrane-bound dipeptidyl peptidase that is thus part of a family of enzymes that, for example, degrades GLP-1 in the body; the 76-patient trial (up to 26 patients in the Phase I component of the trial; up to 50 patients in the Phase II efficacy component of the trial) commenced in Dec/25 & should be on pace to generate preliminary response rate/survival data by early 2028

- Interestingly, Ratio is using PET imaging as a modality for determining FAP expression in evaluable subject & it is using Lantheus' Cu-64-LNTH1363S for that purpose (NY-based contract development & manufacturing organization PharmaLogic [private] is the manufacturer of the labelled agent). This positron-emitting FAP-binding imaging agent was well-characterized in a Jun/24 paper & a separate Mar/26 paper published by Ratio's R&D team & Washington University researchers respectively in the *Journal of Nuclear Medicine.* LNTH1363S has a human albumin-binding component to its structure as well, incorporated presumably to extend the serum half-life & facilitate systemic distribution in the body.

- Novo Nordisk reports negative clinical data for what was a lead cardiovascular disease-relevant program. EU-based endocrinology-focused pharma giant Novo Nordisk (NVO-NY, NR) reported negative Phase III data for anti-interleukin-6 mAb ziltivekimab in the 6,300-patient ZEUS trial, testing the mAb as an anti-inflammatory agent for patients suffering from atherosclerotic cardiovascular disease as a secondary symptom of chronic kidney disease.

  - There is some indirect read-through to our coverage of inflammatory heart disease-focused ON-based Cardiol Therapeutics (CRDL-T, Spec Buy, PT C$7.00) & to LSALT peptide developer ON-based Arch Biopartners (ARCH-V, NR; undergoing Phase II clinical activities in a 240-patient acute kidney injury trial targeting patients undergoing prior coronary artery bypass graft [CABG] surgery), as we will describe.

  - Focusing on ZEUS/ziltivekimab initially, the trial was designed to test the mAb's ability to reduce frequency of major adverse cardiovascular events in patients presenting with both atherosclerosis & chronic kidney disease at enrollment. The mAb did work as intended at least pharmacologically, reducing circulating levels of interleukin-6 itself (the antigen to which it binds directly) & of C-reactive protein (a blood-based biomarker of systemic inflammation) with once-monthly dosing but that did not translate into a reduction in MACE risk (short for major adverse cardiovascular events, usually intended to mean cardiovascular-related death, or non-fatal heart attack or stroke). ZEUS clinical results do surprise us & presumably also Novo & its clinical collaborators since interleukin-6 is a well-known pro-inflammatory cytokine to which other anti-inflammatory mAbs are targeted & approved, though usually for other autoimmune disorders & not cardiovascular disease

  - Notwithstanding interleukin-6's well-known activity as a regulator of systemic inflammation, the cytokine is actually more useful in the medical literature as a generally measure of systemic inflammation (& so its reduced levels in systemic circulation is a measure of the anti-inflammatory activity of other agents, regardless of whether or not they target interleukin-6 activity or production in the body) & not as a targetable ligand for immunologically active drugs on its own. The clinical history of mAbs targeting this cytokine is clearly mixed & Novo's ZEUS data adds to that characterization. Recordati's (RECI-MI, NR) interleukin-6 mAb siltuximab/Sylvant is approved for treating Castleman's disease (enlarged lymph nodes, an ultra-orphan rare indication for which there is a direct link between cytokine over-production & disease manifestation (FH126 sales €48.1M).

- But it is actually more common for mAbs to target the interleukin-6 receptor instead of interleukin-6 itself, presumably because it is more localized to receptor-expressing immune cells & not systemically distributed as cytokines are by definition. Examples of FDA-approved interleukin-6 receptor-targeted mAbs include Sanofi/Regeneron's (SNY-NY, NR; REGN-Q, NR) rheumatoid arthritis-targeted sarilumab/Kevzara (FQ226 sales €177M), Roche's (ROG-SW, NR) aquorin-4-associated neuromyelitis optics spectrum disorder (NMOSD)- & thyroid eye disease-targeted satralizumab/Enspryng (FH126 sales CHF195M) & Roche's also-rheumatoid arthritis-targeted tocilizumab/Actemra (FH126 sales CHF1.07B).
- Other anti-interleukin-6 mAbs that either are or were in formal clinical testing include include R-Pharma's (private) olokizumab/Artlegia (was originally developed as CDP6038 by UCB [UCB-BB, NR] but underwhelming Phase II rheumatoid arthritis data led to the mAb's discontinuation in Sept/12) & Bristol-Myers Squibb's (BMY-NY, NR) clazakizumab/BMS-945429 that was developed in the early 2010s for targeting psoriatic arthritis or Crohn's disease but it never advanced beyond Phase II testing. J&J was developing its own interleukin-6 mAb called sirukumab/CNTO136 (was to be branded as Plivensia) yet despite relatively positive performance in the 1,670 SIRROUND-D trial, the 559-patient SIRROUND-H trial & the 878-patient SIRROUND-T trial (all targeting moderate-to-severe rheumatoid arthritis), it was denied FDA approval as a rheumatoid arthritis therapy mostly on safety considerations in Aug/17 (J&J's filing in the EU was then withdrawn in Oct/17).
- Of course, multiple other interleukins have been successfully targeted for non-cardiovascular-relevant indications, including for plaque psoriasis (J&J's [JNJ-NY, NR] ustekinumab/Stelara targets interleukin-12 & interleukin-23; Abbvie's [ABBV-NY, NR] Risankizumab/Skyrizi exclusively targets interleukin-23) or for atopic dermatitis or eosinophilic esophagitis (EoE; Sanofi's interleukin-4 receptor alpha antagonist dupilumab/Dupixent is by the far the market leader in this category & is a featured competitor in much of our commentary on BC-based DiffuSphere-formulated fluticasone propionate developer Eupraxia Pharmaceuticals [EPRX-Q, Buy, PT US$15.50).

Capital Markets Summary

Exhibit 34. EBITDA Or EPS-Positive Canadian Healthcare Stocks

Company	Filing Curr.	Sym.	Shrs Out. (M)	Share Price 6-Aug	Mkt Cap (M)	Mkt Cap (C$M)	Ent. Value (M)	Ent. Value (C$M)	EV/EBITDA (T12M)	EV/EBITDA FY1	EV/EBITDA FY2	Price/Earnings (T12M)	Price/Earnings FY1	Price/Earnings FY2
Profitable Canadian healthcare firms - specialty services [2,4]														
DRI Healthcare Trust	CAD	DHT.UN	55.0	$17.27	949	949	1,511	1,511	6.5x	6.5x	6.7x	NA	7.3x	7.2x
Jamieson Wellness	CAD	JWEL	41.5	$41.50	1,722	1,722	2,199	2,199	13.7x	12.3x	11.0x	23.5x	19.4x	16.6x
K-Bro Linen	CAD	KBL	13.0	$46.26	602	602	896	896	7.7x	8.2x	7.9x	27.4x	22.6x	18.5x
Medical Facilities [1]	CAD	DR	16.2	$12.33	200	280	313	438	5.2x	5.3x	5.3x	14.6x	6.7x	16.2x
Microbix Biosystems	CAD	MBX	137.2	$0.29	40	40	38	38	NA	NA	NA	NA	NA	NA
Savaria	CAD	SIS	72.1	$30.25	2,182	2,182	2,357	2,357	NA	11.6x	10.6x	31.4x	21.9x	19.5x
Profitable Canadian healthcare firms - specialty pharmaceuticals development/sales [2]														
Apotex	CAD	APTX	228.5	$37.50	8,569	8,569	11,940	11,940	NA	NA	11.9x	NA	NA	18.6x
Aurinia Pharma	USD	AUPH	128.6	$15.19	1,953	2,737	2,297	3,217	11.5x	NA	NA	6.7x	16.0x	12.4x
Bausch Health	USD	BHC	374.0	$6.29	2,352	3,296	31,187	43,687	5.6x	5.6x	6.0x	NA	1.4x	1.5x
BioSyent	CAD	RX	11.5	$15.50	178	178	172	172	13.3x	10.8x	9.2x	19.3x	17.4x	14.4x
Cipher Pharma [1]	CAD	CPH	25.4	$12.08	307	430	420	588	15.5x	13.9x	11.9x	10.0x	13.4x	11.5x
HLS Therapeutics [1]	CAD	HLS	31.3	$2.94	92	129	173	242	10.4x	8.7x	7.5x	NA	NA	NA
Knight Therapeutics	CAD	GUD	98.2	$9.26	910	910	836	836	9.5x	10.7x	10.1x	NA	48.7x	42.1x
Medexus Pharma [1]	CAD	MDP	32.0	$3.55	114	159	181	253	11.7x	11.5x	7.9x	47.8x	NA	11.7x
Profitable Canadian healthcare firms - eldercare services or infrastructure developers														
CareRx	CAD	CRRX	63.5	$3.35	213	213	279	279	9.1x	8.1x	7.1x	7.8x	34.4x	14.0x
Chartwell Retirement	CAD	CSH.UN	328.1	$22.08	7,244	7,244	9,945	9,945	23.0x	19.4x	17.5x	NA	NA	53.9x
Extendicare	CAD	EXE	95.0	$34.91	3,318	3,318	3,322	3,322	17.2x	13.2x	11.6x	25.3x	25.1x	23.0x
Vital Infrastructure	CAD	VITL.UN	250.0	$5.53	1,383	1,383	2,742	2,742	12.0x	13.2x	12.9x	NA	NA	NA
Nova Leap Health	CAD	NLH	87.3	$0.44	38	38	40	40	13.6x	NA	NA	NA	NA	NA
Sienna Senior Living	CAD	SIA	110.8	$22.74	2,519	2,519	3,712	3,712	22.2x	18.5x	16.3x	43.3x	39.9x	35.0x
Profitable Canadian healthcare firms - medical equipment distribution/sales [3]														
Covalon Technologies	CAD	COV	27.6	$2.05	57	57	46	46	50.0x	12.1x	9.5x	34.4x	22.8x	17.1x
Viemed Healthcare	USD	VMD	38.1	$11.88	452	452	522	731	6.7x	5.6x	4.8x	31.4x	27.3x	19.2x
Profitable Canadian healthcare firms - healthcare IT or digital IT services firms [5]														
Healwell AI	CAD	AIDX	303.5	$0.68	206	206	271	271	NA	38.3x	16.9x	NA	NA	NA
Hydreight	CAD	NURS	53.7	$3.74	201	201	184	184	37.6x	8.1x	5.1x	44.3x	12.5x	7.4x
Kneat.com [5]	CAD	KSI	96.7	$6.49	627	879	603	603	NA	36.0x	23.3x	NA	NA	NA
Vitalhub	CAD	VHI	63.4	$7.09	450	630	331	331	12.4x	9.5x	8.1x	59.9x	32.9x	23.4x
Well Health	CAD	WELL	255.5	$4.09	1,045	1,045	1,759	1,759	8.1x	9.5x	8.5x	38.8x	17.5x	19.5x
Average									**14.7x**	**12.9x**	**10.3x**	**29.1x**	**21.5x**	**19.2x**
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***	***QIPT***	***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

[2] Theratechnologies (TH-T) acquired in Sept/25 by CB Biotechnology/Future Pak for US$4.20/shr; Andlauer's acquisition by UPS (UPS-NY, NR) closed in Nov/25

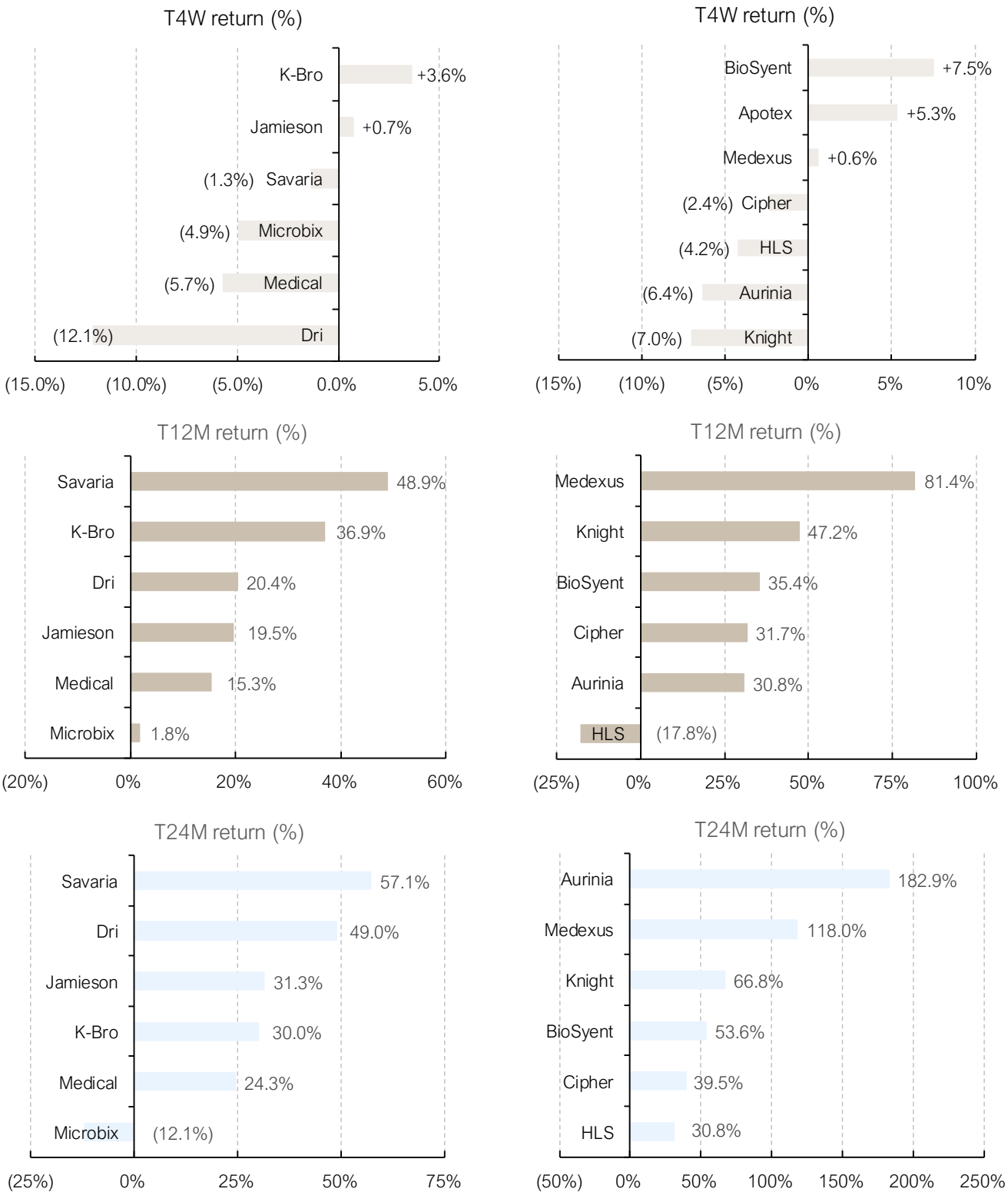
[3] Quipt Home Medical was acquired by Kingswood Capital & Forager Capital for US$3.65/shr in Dec/25, transaction closed in Mar/26

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

[5] Kneat.com was bid to be acquired in Jun/26 by Thoma Bravo LP for C$650M; transaction close expected during FQ326

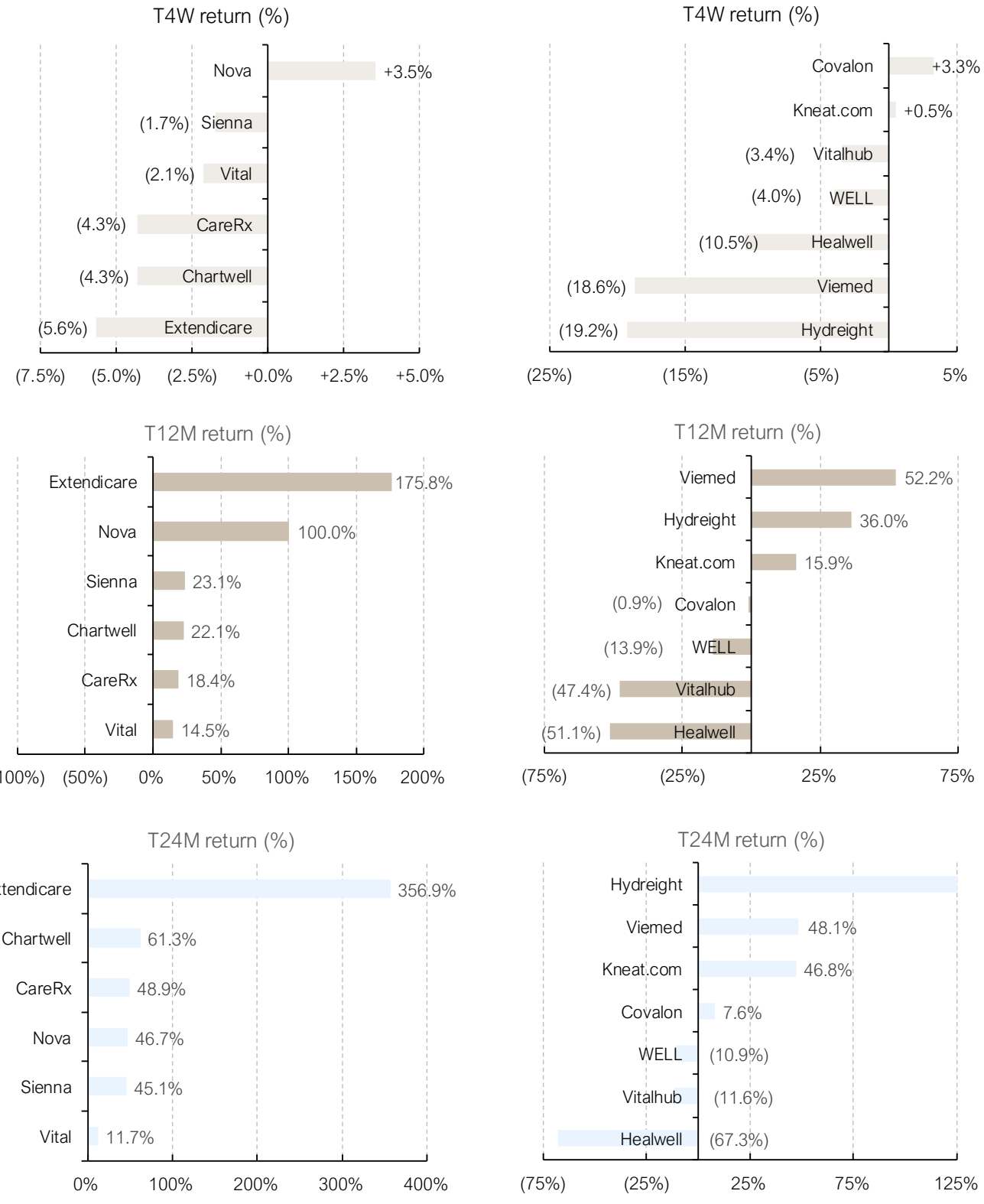
Source: Refinitiv, company reports, Leede Financial

Exhibit 35. 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 36. 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 1,396%)*

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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	None
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