

TSXV:SGMD

Salona Global Medical Device Corp.



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SGMD at a Glance

SGMD Today: Acquisition-oriented medical device company; Audited annual revenues of \$15.8M (Pre-COVID); approximately \$13M in net assets (no parent debt); approximately 64 million shares outstanding including up to 19 million share earnout from first acquisition.

The Track Record:

- **Chairman - Les Cross** -Former Chairman/CEO of DJO Global (listed on NYSE before being sold to Blackstone for US\$1.5B)
- **Vice-Chair Jane Kiernan** – Former Director of American Medical Supply (listed on the Nasdaq before being sold to Endo Pharmaceuticals for US\$2.9B)
- **M&A Advisors** - Michael Dalsin/Roger Greene – Former Chairman/Vice Chair and bankers for PHM (now Viemed on the Nasdaq/TSX and Quipt on the Nasdaq/TSXV)

The Plan: Similar to both DJO and PHM, SGMD plans to acquire medical device companies and products in a highly accretive structure with a post-acquisition plan to rapidly expand sales globally with the goal a dual listing on the Nasdaq

Competitive Advantage: The potential for Increased EPS with every acquisition

1. Performance-based earn-out acquisition structures provide limited float and down-side protection
2. We are focused on acquisition targets that have limited geographic sales; SGMD plans to grow product sales using existing global relationships



The SGMD Growth Plan

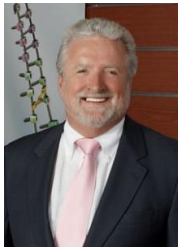
Simple 5 Step Plan

The Plan:

1. Capitalize on deep industry contacts in building a large pipeline of potential acquisitions
2. Use a proven process to efficiently acquire accretive private, revenue generating, IP protected medical device companies with revenues from limited geographies
 - Usually only US focused with no revenues from European or Asian markets
3. Leverage long standing global distribution relationships to generate organic revenue growth post acquisition outside the US.
4. Create additional organic revenue growth by focusing on acquiring synergistic products creating a “bundling” premium to surround the customer
5. Generate increased cash flow through operational integration using the state-of-the-art FDA approved facility (first acquisition)



Board of Directors and Management



Les Cross – Chairman and interim CEO

Former CEO & Chairman, DJO Global (NYSE:DJO)

Former CEO & Chairman, Alphatec Spine (NASDAQ:ATEC)

Built DJO with the acquisition of 14 medical device companies, taking DJO **from \$200M to \$2B** in valuation (Sold to Blackstone).



Jane Kiernan – Vice Chairwoman

Former CEO, Salter Labs

Former Chair of the Audit Committee and Director, American Medical Systems Holdings Inc. (NASDAQ:AMMD)

American Medical Systems (NASDAQ:AMMD), **sold for \$3.6B to Endo Pharmaceuticals**. Jane Kiernan is an expert in healthcare management, growth, and corporate oversight.

M&A Bankers:

Salona has a banking team with deep experience and success in structuring US healthcare acquisitions.

- Michael Dalsin/Roger Greene - M&A advisors – Former Chairman and Vice Chair of PHM) who built PHM with 11 acquisitions driving the value of the enterprise and its successors, **from \$15M to \$600M** – PHM is now Viemed on Nasdaq and TSX. Quipt now on Nasdaq and TSXV.

Snapshot of SGMD (June 2021)

	2019 Annual Revenue (Pre-COVID)	Shares Outstanding
SGMD (at listing – first acquisition)	\$16M	64M*

M&A Capacity:

1. SGMD has a deep and full pipeline of potential acquisition targets – all medical device companies with between \$5M - \$20M in revenues w/ cash flow
2. The SGMD team can close two acquisitions per quarter starting Q2 2021
3. Management has reserved up to \$4-6M in cash and allocated 15-18M additional shares for the several targets in negotiations

Exchange	Company	Revenue Multiple	2020 Revenue	Market Cap**	Rev Growth	EBITDA
NASDAQ	Utah Medical	7.4	US\$42.2M	US\$312.8M	-10%	33%
NASDAQ	Cerus Corp	8.5	US\$114.2M	US\$973.7M	22%	-47%
NASDAQ	Zynex Inc	6.6	US\$80.1M	US\$530.4M	76%	13%
NASDAQ	Tandem Diabetes Care	10.7	US\$498.8M	US\$5.341B	38%	-5%
NASDAQ	iRhythm Technologies	8.3	US\$265.2M	US\$2.200B	24%	-16%



Acquisition Opportunity & Pipeline

- **Deep Industry Connections:** Management's personal relationships with business owners and executives throughout the industry allows the Company to get access to decision makers and potential targets quickly and effectively.
- **Acquisition Pace:** Several targets in negotiations and a growing pipeline of qualified and motivated sellers.
- **Accretive Acquisition Structure:** Salona's strategy is to acquire companies, paying private company multiples, predominantly through earn-outs heavy in stock. Earn out structures help to keep float tight and allow the company to ensure cash flow and revenue is earned in advance of payment.
- **Motivated Sellers:**
 - **Lack of Capital and Scale:** Private, under capitalized, niche, medical device companies struggle with sufficient scale and expertise to fully realize the global value of their intellectual property (IP).
 - The Salona economies of scale REMOVE these barriers, offering aggressive and accessible organic growth.
 - **Attractive Structure:** Salona Global will be positioned to offer acquisitions upside through stock/cash deals with a TSXV listing – creating a private-to-public arbitrage.



Focus of Markets And Products

The Market Opportunity: The \$30B recovery science & medical device industry has consistently outperformed the market average¹

Surround medical call points across spectrum of care:

Prevention ----- Repair ----- Recovery

- Muscle Stimulation
- Pre-op Devices
- Specialty Supports
- Athletic Braces
- Orthotic Shoes
- Compression
- Ergonomics

- Wound Care Devices
- Hot/Cold Therapy
- Post-op Braces
- Bone Growth Stimulators
- DVT Devices
- Massage Therapy Devices

- Traction Devices
- TENS & NMES
- Physical Medicine Modalities
- Mobility & Training
- Therapy Supplies
- Treatment Tables



Catalysts to Increase Share Value

- **Frequent Acquisitions**
 - With a large pipeline of companies with quality niche products, the management and advisory team have capacity to make multiple acquisitions in a year.
- **Significant EPS growth potential with each acquisition**
 - Targets acquired for private co. multiple; plan for post acquisition revenue and profit growth
 - Revenue and profit growth designed to far outstrip share issuances
- **Significant quarter-over-quarter revenue growth potential**
 - Organic growth plan (post-acquisition) from international expansion; Inorganic growth plan with accretive acquisitions of private companies
 - Both growth drivers drive top line numbers and provide positive headlines
- **Experienced Wall Street management team with strong investor relations plan**
 - Management and advisors have a long track record in institutional and retail investment environments in both the US and Canada
 - Goal of US stock exchange listing at appropriate market cap with underwriting support
 - Management and advisors have experience with media and press in both US and Canada