

August 11, 2022

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# Q1 Fiscal Year 2023 Earnings Presentation

[AleafiaHealth.com](https://www.AleafiaHealth.com)

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# Disclaimer

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## FORWARD LOOKING INFORMATION

Certain statements herein relating to the Company constitute “forward looking information”, within the meaning of applicable securities laws, including without limitation, statements regarding future estimates, business plans and/or objectives, sales programs, forecasts and projections, assumptions, expectations, and/or beliefs of future performance, are “forward-looking information”. Such forward-looking statements involve unknown risks and uncertainties that could cause actual and future events to differ materially from those anticipated in such statements. Forward looking statements include, but are not limited to, statements with respect to our market share, net revenue, branded cannabis net revenue, gross profit, gross profit margin, Adjusted SG&A, Adjusted EBITDA, and other financial outlook projections for fiscal year 2023, our commercial operations, including production and / or sales of cannabis, quantities of future cannabis production, anticipated revenue in connection with such sales, and other Information that is based on forecasts of future results, estimates of production not yet determinable, and other key management assumptions. The following material factors or assumptions were used to develop the forward looking information: market size and growth of the Canadian adult-use and medical cannabis markets, retail store penetration, script trends, cultivation and processing capacity, costs of production, gross and net revenue per gram. Actual results may differ materially from those expressed or implied by such forward looking statements and involve risk and uncertainties relating to: future cultivation yield and quality, actual operating performance of facilities, product launches, facility licenses and amendments, average selling prices, cost of goods sold, operating expenses, Adjusted EBITDA, regulatory changes in the Canadian and international markets, and other uninsured risks. The forward looking information was approved by Management as of August 10, 2022. The Company assumes no responsibility to update or revise forward-looking information to reflect new events or circumstances unless required by law. The forward looking information is provided for information purposes only and readers are cautioned that it may not be appropriate for other purposes. This presentation is provided for general information purposes only and does not constitute an offer to sell or solicitation of an offer to buy any security in any jurisdiction.

## CAUTIONARY STATEMENT REGARDING NON-IFRS MEASURES

Branded Cannabis Net Revenue, Adjusted SG&A, and Adjusted EBITDA are not recognized financial measure under IFRS, does not have a standardized meaning and therefore may not be comparable to similar measures presented by other issuers. For additional information including the definition and purpose of the non-IFRS measure, see “Cautionary Statement re Non-IFRS measures” in the Company’s Management’s Discussion and Analysis for the period ended June 30, 2022 found on SEDAR at [www.sedar.com](http://www.sedar.com).”

# Presenters

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## Executive Leadership



**Tricia Symmes**  
Chief Executive Officer

20+ years as a senior executive in the pharmaceutical, biotech, consumer packaged goods, and cannabis industries. Extensive experience in Commercialization, Operations, Business Development, leading multinational global subsidiaries, start-up and biotech companies.



**Matt Sale**  
Chief Financial Officer

16+ years of increasingly more senior finance executive experience. Deep capital markets, mergers & acquisitions, strategic financial advisory experience across broad industries including consumer packaging, retail, manufacturing, distribution and cannabis



# 4 Core Strategic Objectives

Continues to Demonstrate Growth and Leadership Across all Four Strategic Pillars on its Path to Profitability

 <b>Top 10 Adult-Use Market Position</b>	 <b>Leadership in Medical</b>	 <b>Growing International</b>	 <b>Adjusted EBITDA Profitability</b>
<ul style="list-style-type: none"> <li>• ~\$27 million run-rate net revenue <sup>(1)</sup></li> <li>• 3rd highest growth rate amongst Top 20 Canadian LPs in retail sales pull-through over the last 5 quarters <sup>(2)</sup></li> <li>• #12 ranking for market share in our core markets for Q2 CY2022 <sup>(3)</sup></li> <li>• Divvy Brand Leadership in the dried cannabis value segment market share increased to [3.6]% in Q2 CY2022 <sup>(3)</sup></li> </ul>	<ul style="list-style-type: none"> <li>• ~\$11 million run-rate net revenue <sup>(1)</sup></li> <li>• Deepening penetration in key high value markets, including veterans, Québec, and third party clinics</li> <li>• Actively onboarding new third-party channels Q2 CY2022 (+2%)</li> <li>• 7.5% market share in overall Canadian medical market <sup>(3)</sup></li> </ul>	<ul style="list-style-type: none"> <li>• \$2 million run-rate net revenue <sup>(1)</sup></li> <li>• New international partner signed for European market representing \$5 million in potential sales (min. \$2 million per year)</li> <li>• 3 countries with products shipped to market (Germany, UK, Australia)</li> <li>• Significant upside potential beyond current forecast with export ramp-up throughout CY2022 and additional gateways</li> </ul>	<ul style="list-style-type: none"> <li>• Targeting breakeven Adjusted EBITDA profitability by end of FY2023 <sup>(4)</sup></li> <li>• Extracted \$10 million in annualized cost reductions over the last 9 months</li> <li>• Completed \$5.6 million equity financing and implemented \$7.0 million receivables facility</li> <li>• Refinanced \$37.0 million converts:             <ul style="list-style-type: none"> <li>• \$12.3 million 2024 Convert</li> <li>• \$12.3 million 2026 Convert</li> <li>• \$14.7 million 2028 Convert</li> </ul> </li> </ul>

Targeting a top 10 standing in markets<sup>(4)</sup> and Adjusted EBITDA profitability in the second half of FY 2023

1. Based on quarter ended June 30, 2022 net revenue annualized.  
 2. Based on HiFyre retail sales pull through data in BC, AB, SK, and ON for the period Q1 CY2021 to Q2 CY2022 and excludes beverage and cultivation.  
 3. Based on HiFyre retail sales pull through data in BC, AB, SK, and ON for the period Q2 CY2022 and excludes beverage and cultivation.  
 4. Health Canada - data on cannabis for medical purposes Q4 CY2021.  
 5. See note on forward looking information



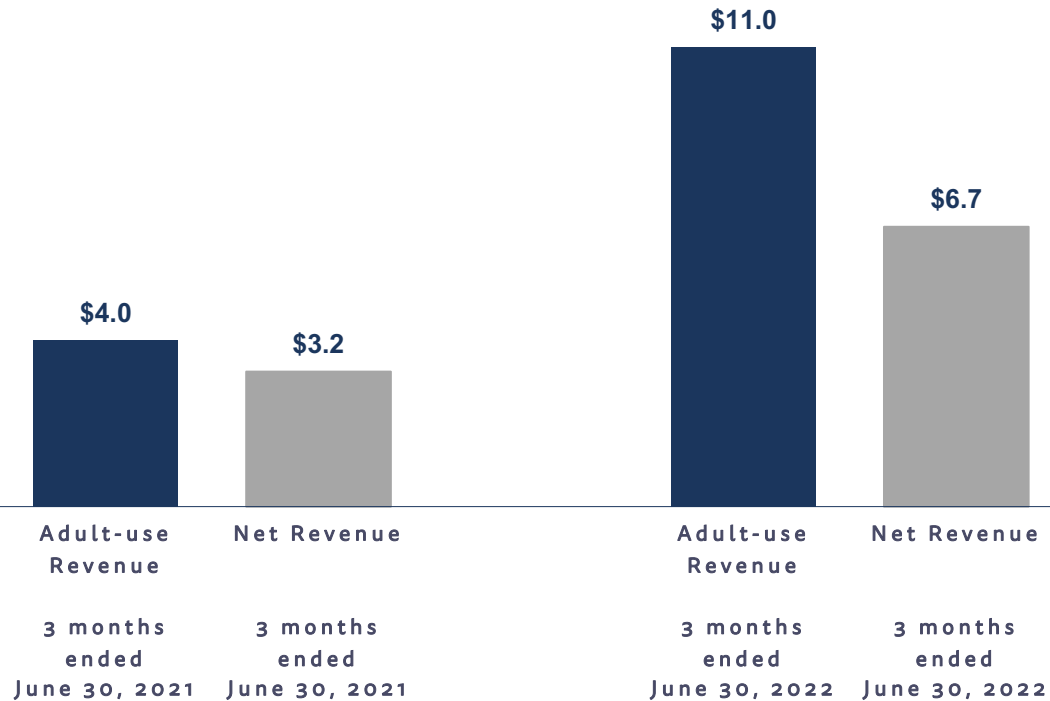
# Business Overview & Performance



# Q1 FY2023 Highlights: Adult-Use Sales Channel

Robust Growth in Adult-Use Net Revenue Year over Year Driven by Flagship Everyday Brand....Divy

## Adult-Use Revenue



## Divvy Entrenchment in Adult-Use Market

176% growth in revenue over the prior year

107% growth rate in net revenue over the prior year

Top 3 in total retail sales growth (47%) over the last six quarters in our core markets <sup>(1)</sup>

Top 10 most searched brand on ocs.ca

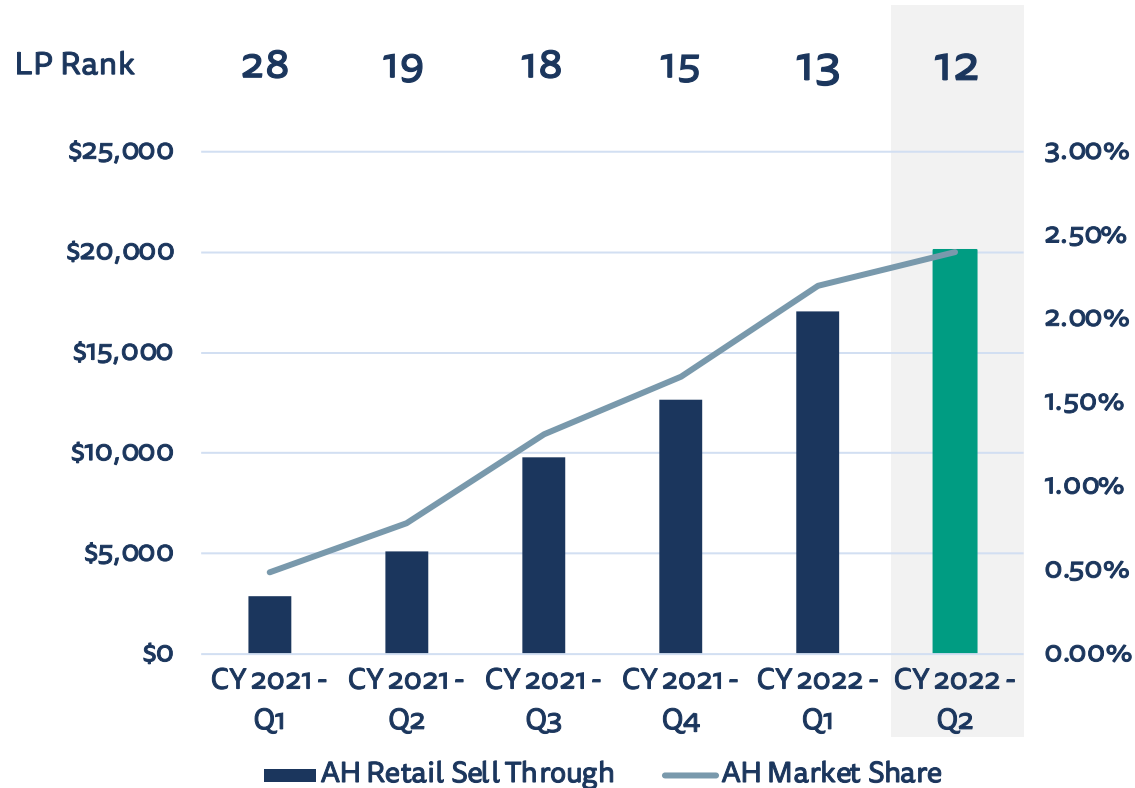
Strong demand for on-trend Divvy brand driving strong net revenue growth

1. Based on HiFyre retail sales pull through data in BC, AB, SK, and ON for the period Q1 CY2021 to Q2 CY2022 and excludes beverage and cultivation.



# Aggressively Capturing Adult Use Share

Retail Sell Through Exceeds \$20 Million per Quarter with Overall Market Share Approaching 2.5% in BC, AB, SK, and ON



### Pre-Rolls

- ✓ 3.2% Market Share in listed regions
- ✓ 42% QoQ growth in retail sell through
- ✓ +69% CQGR since Q1 CY2021

### Flower

- ✓ 2.5% Market Share in listed regions
- ✓ 28% QoQ Growth in Retail Sell Through
- ✓ +90% CQGR since Q1 CY2021

### Vapes

- ✓ 1.53% market share in listed regions
- ✓ +16% CQGR since Q1 CY2021

**+18% quarter over quarter growth in retail sell through and approaching top 10 ranking across all participating markets**

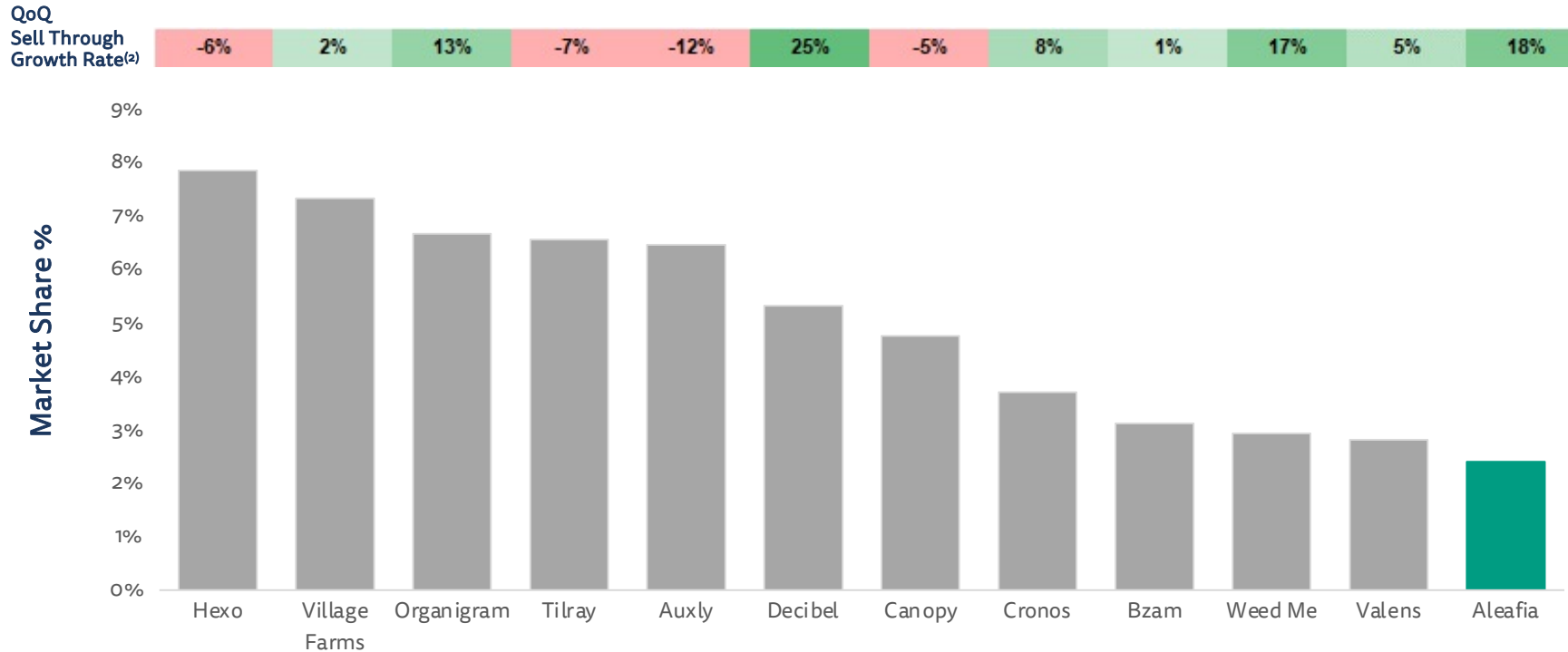
Note: Market share information based on HiFyre retail sales pull through data in BC, AB, SK, and ON for the period Q1 CY2021 to Q2 CY2022 and excludes beverage and cultivation.



# Approaching a Top 10 Market Share Position Whilst Many Peers Continue to Cede Market Share

Amidst a Highly Competitive Environment Aleafia Continues to Scale its Adult-Use Business

## Market Share Position in Core Markets <sup>(1)</sup>



- ✓ Launched Sunday Market House of Brands only in Q1 CY2021 and is quickly catching up on peers
- ✓ Only 7 players ahead of Aleafia are both larger and growing based on retail sales pull through data

As Aleafia continues to take market share it is approaching a top 10 position in its core markets

1. Based on HiFyre retail sales pull through data in BC, AB, SK, and ON for the period Q2 CY2022 and excludes beverage and cultivation.  
 2. Based on HiFyre retail sales pull through data in BC, AB, SK, and ON for the period Q1 CY2021 to Q2 CY2022 and excludes beverage and cultivation.

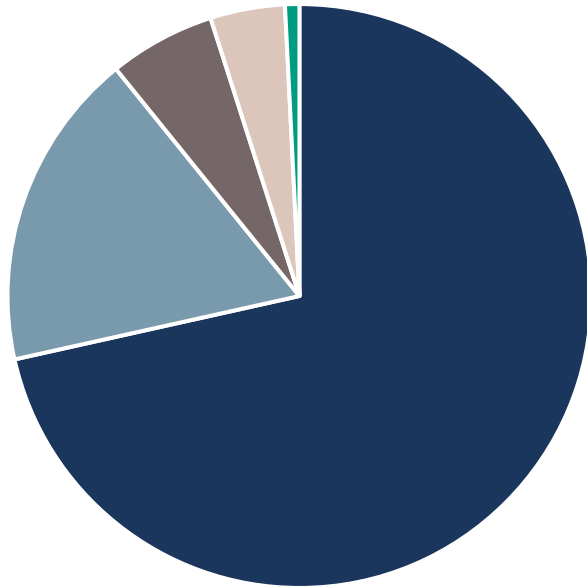


# Target Addressable Market: Value Segment

Demonstrating Leadership Positions in the \$750 Million Non-Premium Segment

## TAM of Value Segment <sup>(1)</sup>

■ Flower + Pre-roll ■ Vapes ■ Concentrates ■ Oils ■ Topicals



Estimated total addressable market of value segment is \$750 Million per year

## Progress Towards Top 10 Market Leadership Targets In Ontario <sup>(2)</sup>

Divvy brand rapidly growing and demonstrating market leadership positions in key product segments in Ontario

Category	Market Share	Market Share Rank	Progress
Flower	3.4%	#7	
Pre-Rolls	6.9%	#5	
Vapes	1.4%	#20	

Achieved top 10 position in flower and pre-rolled categories in Ontario; progressing towards top 10 in vapes

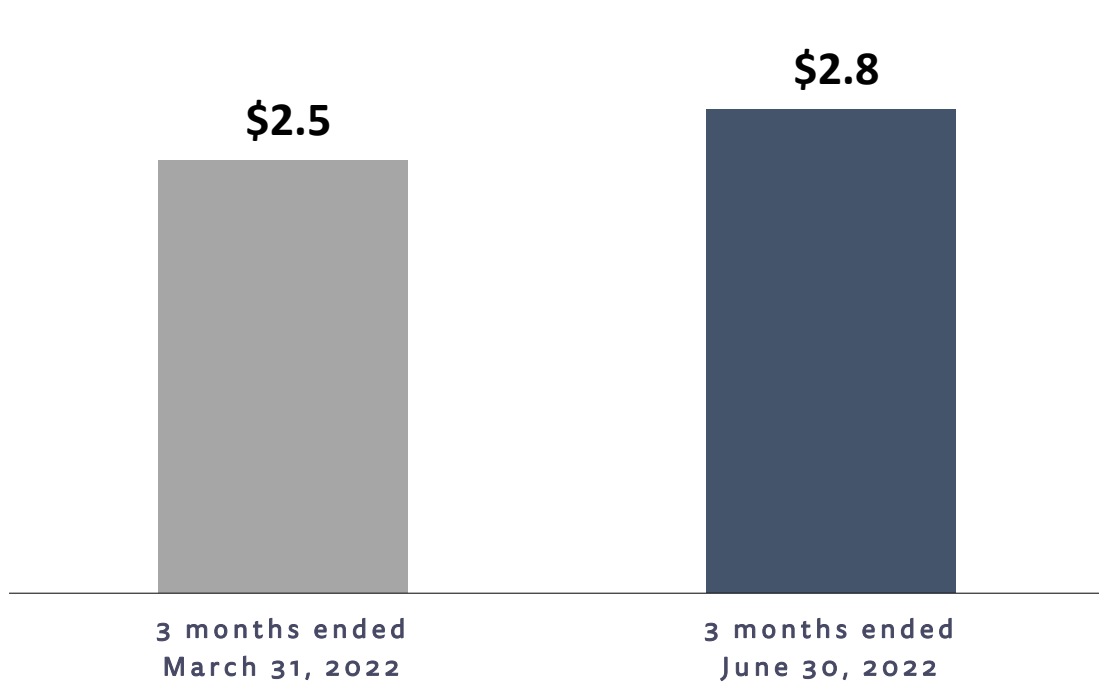
1. Based on management estimate of total net revenue potential; calculated based on Based on HiFyre retail sales pull through data in BC, AB, SK, and ON for the period Q2 CY2022 and excludes beverage and cultivation.  
 2. Based on OCS sales data of wholesale channel and non-premium segment.



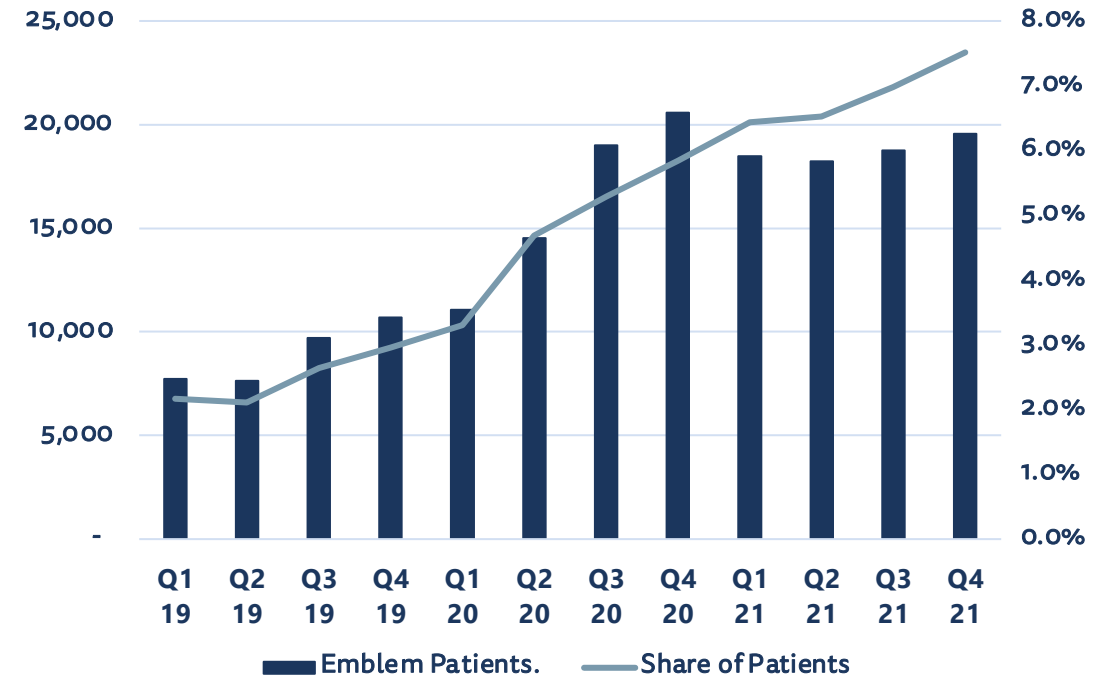
# Q1 FY2023 Highlights: Medical Sales Channel

Growth in Underrepresented Markets and Patient Groups have Offset Industry Trends and Increased Market Share

## Medical Net Revenue



## Growth in Medical Patients & Market Share (2019 - 2021)



In a declining medical market, capturing market share by driving growth in new high value patient groups, AOV and entering new regions



## Q1 FY 2023 Highlights: International Sales Channel

\$0.5



3 months ended  
June 30, 2021

\$0.5



3 months ended  
June 30, 2022

### Secured New European Partner

- **Enhances margins**
  - Bulk flower sale agreement (no excise duties or finished goods packaging)
  - Price schedule tied to potency levels
- **Improves revenue and cash flow visibility**
  - Two-year agreement with total contract value ~\$5.0 million
  - Guaranteed annual minimum sales \$2.0 million
- **Optimizes supply chain**
  - Reduces complexity in supply chain
  - Improves time to market from harvest
- **Reduces cash conversion cycle**
  - Deposits provided prior to shipment
- **Leveraging international success** of both product and brand to further develop international channel

International revenue growth enhances margins, diversifies sales mix and unlocks new untapped and growing markets



# Maximizing Yield of Usable Flower Across Facilities to Support Continued Growth

Diverse Cultivation Supply Spans Three Sites and Supports Sales Opportunities Domestically and Internationally



## Consistent Approach on Focus Across Three Cultivation Sites

1. Yield of Grade A / C flower
2. THC potency
3. Terp profile

## Expanding indoor grow at Paris facility

- Converting rooms into indoor grow
- <12 month ROI on capital improvements
- Supports committed volume international sales agreements

## Grimsby Turnaround Underway

- Continued ramp-up following issues identified in Q4 FY2022
- Invested in improved irrigation system
- Modified KPIs to focus on throughput per plant / square foot
- New genetics being tested for performance and resiliency

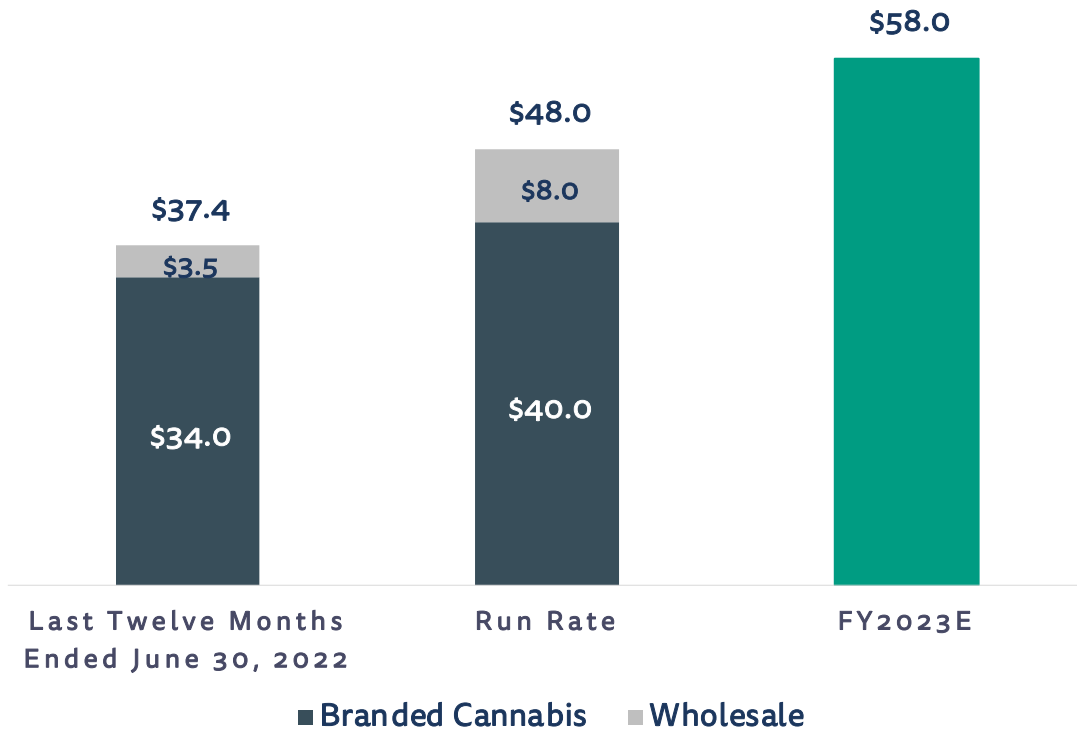
Transformed from a high-volume flower producer selling on a wholesale basis towards a branded cannabis producer supplying owned brands

# Financial Overview

# Multi-Pronged Growth Strategy Across Three High Value Pillars

Initiatives Underway to Drive Net Revenue Growth Across All Sales Channels for Branded Cannabis Product Portfolio

## Net Revenue Composition



### Adult-Use

- Procure high quality usable flower
- Launch Divvy Buyer's Club
- Cross-sell Sunday Market House of Brands

*Attain top 10 market share (#12 currently)*



### Medical

- Streamline patient journey
- Re-engage with inactive patients
- Focus on high value veteran patients
- Deepen penetration in Quebec
- Unifor full-court press
- Offer promotional products (House of Brands; high potency flower)

*Grow recurring, high margin medical business*



### International

- Build new strategic international relationships in Europe
- Deepen relationships in Australia to drive pull through

*Build robust pipeline of sale commitment*

# Q1 FY2023 Highlights

Branded Cannabis Net Revenue Across Adult-use, Medical, and International Segments Drives Aleafia Health's Path to Profitability

(\$ millions)	Three months ended		
	June 30, 2021	June 30, 2022	
Branded Net Revenue	7.6	10.0	↑
Wholesale Revenue	3.1	2.1	↓
Total Net Revenue	10.7	12.0	↑
Total Gross Profit (before fair value adjustments)	4.5	2.6	↓
GP Margin %	43%	22%	↓
Adjusted SG&A	9.7	4.7	↓
% to Total Net Revenue	91%	39%	↓
Adjusted EBITDA	(3.4)	(0.9)	↑

## Key Highlights in the Quarter

### Net Revenue +13% Driven by Strong 31% Growth in Branded Cannabis Net Revenue

- 6 consecutive quarters of growth in branded cannabis net revenue (83% of total)
- **Adult-Use:** Dried flower retail sell through +34% growth quarter over quarter <sup>(2)</sup>
- **Medical:**
  - Quebec scripts up +71% QoQ, offsetting industry declines
  - Veteran sales +4% QoQ
  - Share of Canada wide patient registrations approaching 7.5% in Q4 CY2021
- **International:**
  - Contracted sales expected to drive sustainable higher margin business

### Gross Profit Margin Before Fair Value Adjustments

- Detailed portfolio optimization in Q5FY2022 now seeing the improvements in margin
- Margin lower as a result of adult-use representing higher proportion of sales mix

### Adjusted EBITDA improved by \$2.5 million over the prior year

- Adjusted SG&A reduced by 52% relative to the prior year
- SG&A improving as severances from headcount realignment roll-off
- Vendor consolidation initiative driving cost reductions through economies of scale

(1) Adjusted EBITDA excludes wholesale margins in Q3 and Q5, and Grimsby inefficiencies in Q5

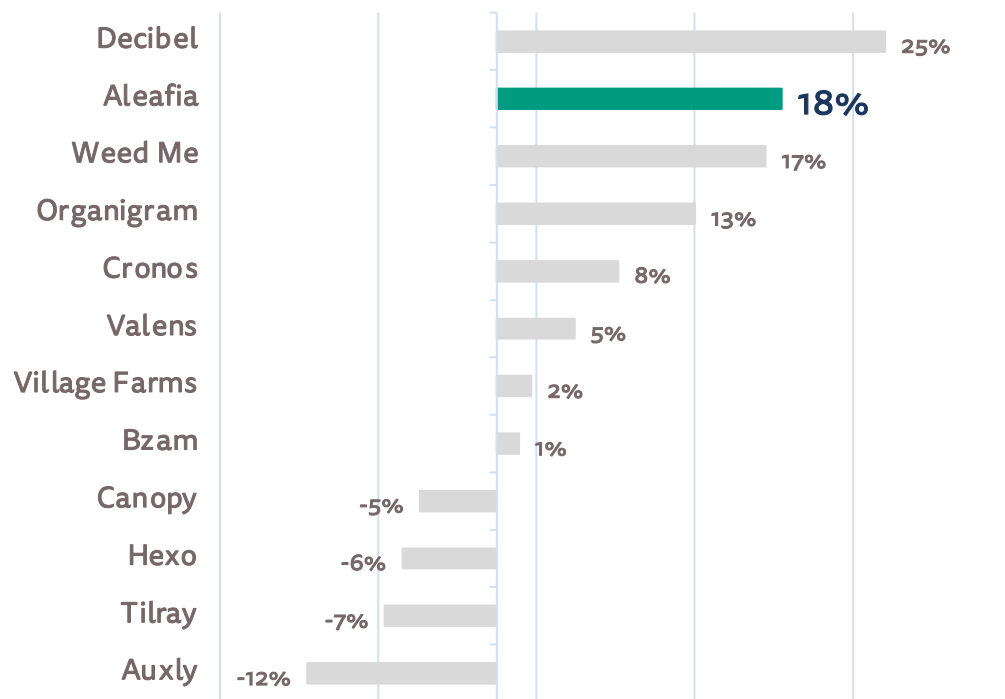
(2) Based on HiFyre retail sales pull through data in BC, AB, SK, and ON for the period Q1 CY2022 to Q2 CY2022 and excludes beverage and cultivation.

# Strong Adult-Use Growth Rate Provides Catalyst for Potential Valuation Re-Rate

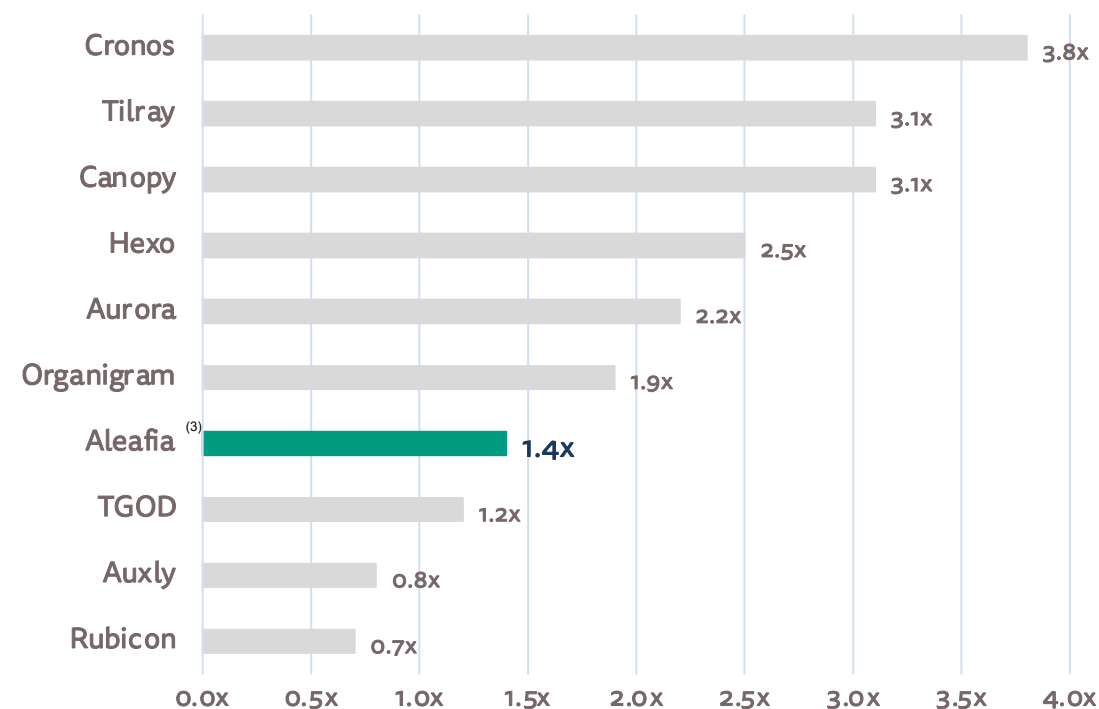
Top Quartile Growth Rates Provides Opportunity to Reduce Valuation Discount to Peers and Drive Shareholder Returns

## Sequential Quarterly Growth Rate in Retail Sell Through

(Q2 CY2022 vs Q1 CY2022) <sup>(1)</sup>



## EV / 2023E Net Revenue <sup>(2)</sup>



Aleafia trades at a discount to most peers despite top quartile growth rates

1. Based on HiFyre Retail sell through data (BC, AB, SK, ON) from January 1, 2022 to June 30, 2022.

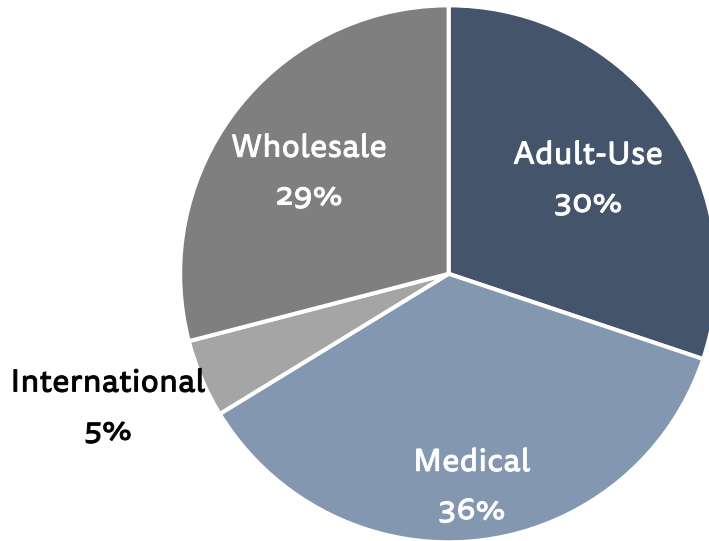
2. Based on equity research report June 2022.

3. Aleafia multiple based on consensus median estimate of 2023E net revenue.

# Transformation of the Business

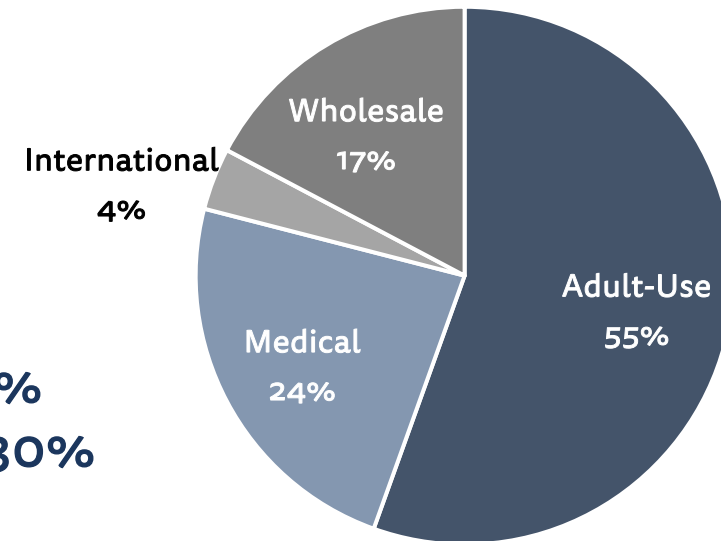
Robust Growth in Revenue Partially Offset by Higher Excise Tax Burden

Net Revenue Breakdown  
(Q2 FY2022 June 30, 2021)



**\$8.6M Branded Cannabis Revenue**  
**\$7.6M Branded Cannabis Net Revenue**

Net Revenue Breakdown  
(Q1 FY2023 June 30, 2022)



**\$14.4M Branded Cannabis Revenue**  
**\$10M Branded Cannabis Net Revenue**

Revenue +67%  
Net Revenue +30%

Strong revenue growth in Branded Channels partially offset by higher excise duties



# Current Capitalization

Balance Sheet Transformation in Progress; Near-term Liquidity from Receivables Facility and No Near-term Refinancings Required

	March 31, 2022	June 30, 2022
Revolving Receivables Facility	\$0.5	\$1.8
Term Loan due December 2023	\$12.1	\$12.1
Convertible Debentures	\$36.4	\$0.0
<b>Current Debt</b>	<b>\$49.0</b>	<b>\$13.9</b>
Credit Facility due December 2023	\$5.0	\$5.0
8.5% Convertible Debenture due June 30, 2024 (ex. \$0.25)	-	\$11.0
8.5% Convertible Debenture due June 30, 2026 (ex. \$0.30)	-	\$7.7
8.5% Convertible Debenture due June 30, 2028 (ex. \$0.35)	-	\$6.6
<b>Long-term Debt</b>	<b>\$5.0</b>	<b>\$30.3</b>
<b>Total Debt</b>	<b>\$54.0</b>	<b>\$44.2</b>
<b>Cash</b>	<b>\$1.6</b>	<b>\$5.6</b>
<b>Net Debt</b>	<b>\$52.4</b>	<b>\$38.6</b>
<b>Market Value (1)</b>	<b>\$39.7</b>	<b>\$25.8</b>
<b>Enterprise Value</b>	<b>\$92.1</b>	<b>\$64.4</b>

(1) Market value for June 30, 2022 based on fully diluted common shares outstanding 343.9 million at a share price of \$0.075

## Liquidity to Drive Growth

- \$5.6 Million Cash on hand (as at 30-Jun-22)
- \$7 Million Receivables Facility (\$5.2million undrawn)

## No Near-term Refinancings

- None in 2022; December 2023 is nearest term refinancing (credit facilities)

## Credit Facilities

- \$19 Million Credit Facility due December 2024 (\$12 Million Term Loan and \$7 Million Receivables Facility)
- \$5 Million Credit Facility due December 2024

## Convertible Debentures

- No mandatory cash interest payments until June 30, 2024
- Well out of the money provides runway for equity value enhancement

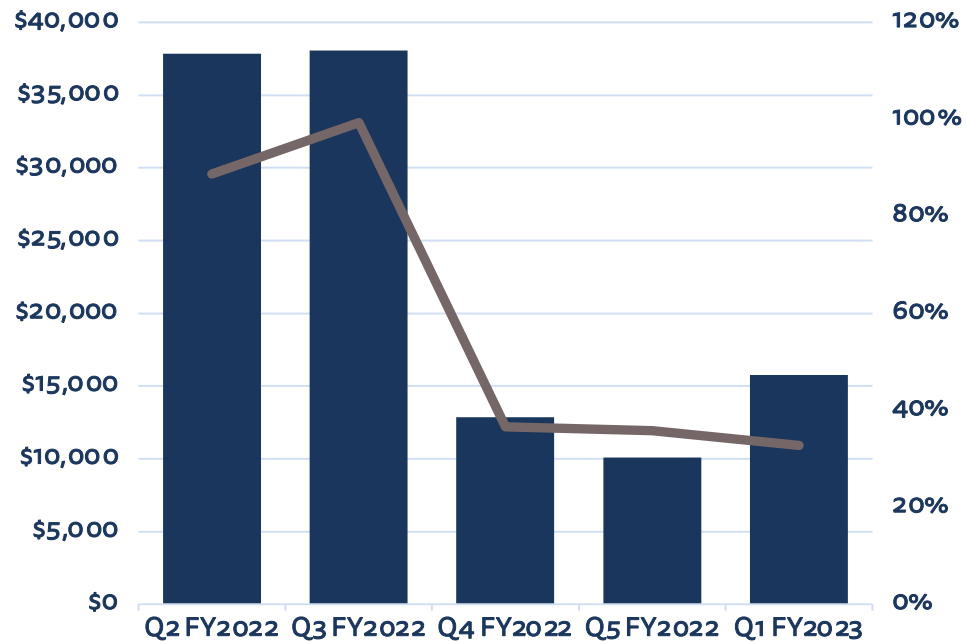
Net debt reduced from \$52 million to \$39 million in the quarter ended June 30, 2022



# Net Working Capital Optimization

Net Working Capital being Optimized to Improve Liquidity and Optimize Returns on Capital

## Net Working Capital Optimization <sup>(1)</sup>



### Receivables Management

- Receivables facility to fund A/R growth in sales to four provinces

### Inventory Management

- Rightsized inventory
- Inventory turnover increased: 0.8x Q2 FY2022 to 1.8x Q1 FY2023
- Diverse flower supply dynamically directed to sales channel with highest net realizable margin
- Strategically adding finished goods to minimize product stockouts

### Accounts Payable

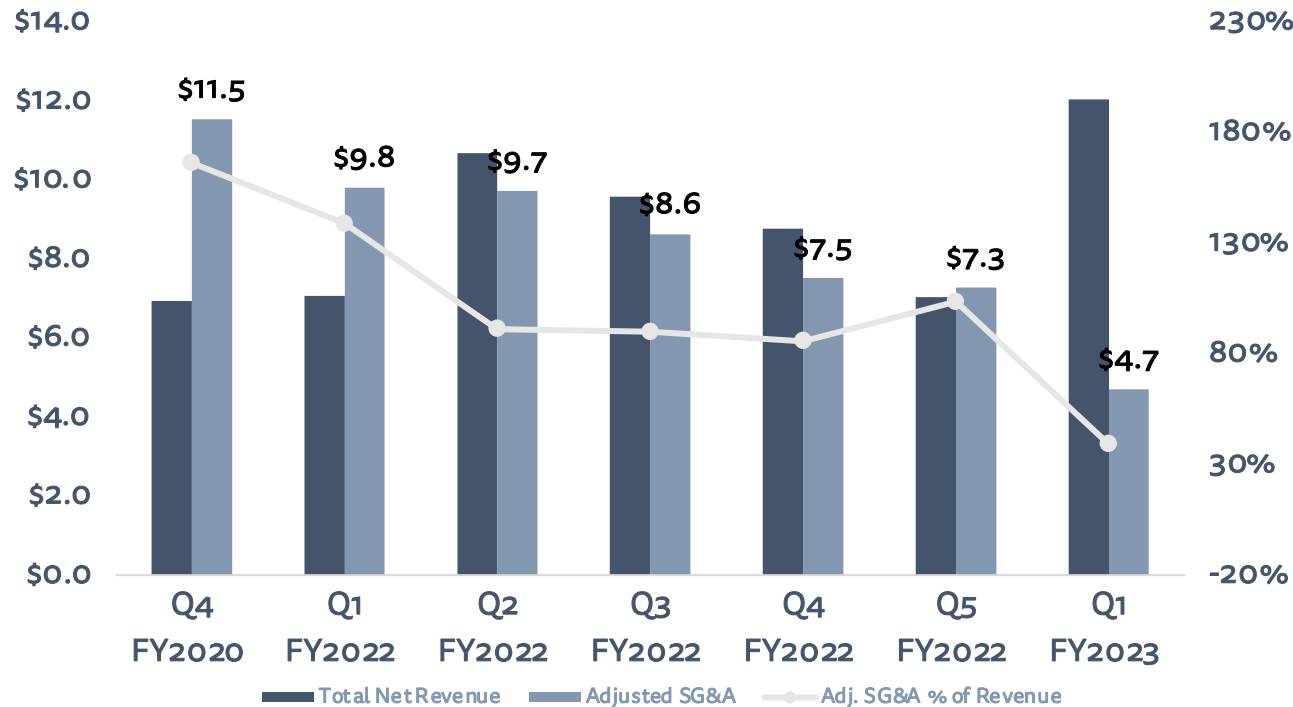
- Aggressive cost containment has seen a reduction in accounts payable

Net working capital as % of net revenue decreased from 89% Q2 FY2022 to 33% Q1 FY2023

# Significant Cost Rationalizations Continuing into FY2023

Current Adjusted SG&A Profile Flexible and Scalable to Facilitate Continued Revenue Growth

## Aggressive Cost Realizations Continuing to Reduce Adjusted SG&A



### Key Cost Containment Initiatives Underway

#### Economics of Scale

Vendor consolidation initiative launched in Q1 FY2023 – identified over \$2 million in savings thus far

#### Corporate Shared Services

Insourcing legal, finance and IT functions

### Key Cost Reductions Completed

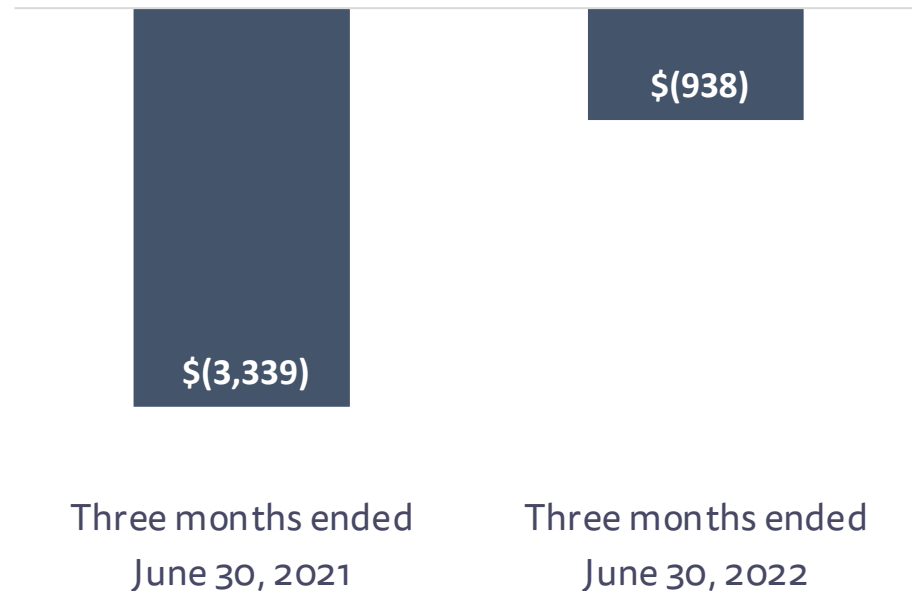
- Integration of medical business
- Grimsby realignment of cultivation organization
- Strategic headcount realignment
- Non-recurring brand and product launch costs

Dramatic improvement in SG&A profile over the last 7 quarters

# Targeting Achieving Breakeven Adjusted EBITDA Profitability in the Second Half of FY2023

Current Adjusted SG&A Profile Flexible and Scalable to Facilitate Continued Revenue Growth

## Adjusted EBITDA Trending to Profitability



## Select Projects Underway to Drive Profitability

- Evolving product formats to optimize margin profile
- Strategic relationships to unlock further flower supply
- Cross-selling banners / SKUs into higher margin \$ products
- Vendor consolidation
- Negotiating trusted vendor price improvements (\$2 million annualized savings identified thus far)
- SG&A cost containment
- Enhanced B2B logistics and warehousing services
- B2B private labelling services

## Notable Initiatives Completed

- SG&A cost rationalization (\$10 million annualized savings)
- SKU optimization to align portfolio on highest selling product formats with strongest margins
- Strategic adult use price increases

High strategic focus on accelerating inflection point of Adjusted EBITDA profitability

# End Remarks

Executive Leadership



# Q&A



# Portfolio of Branded and International Products

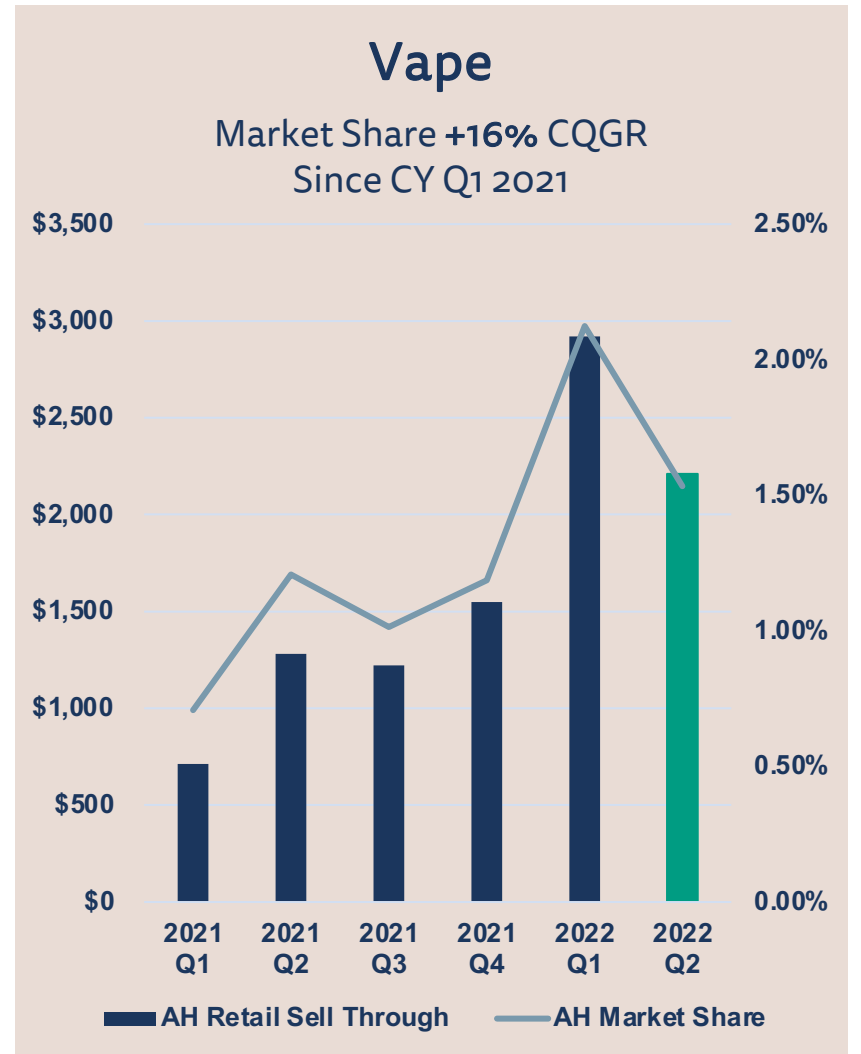
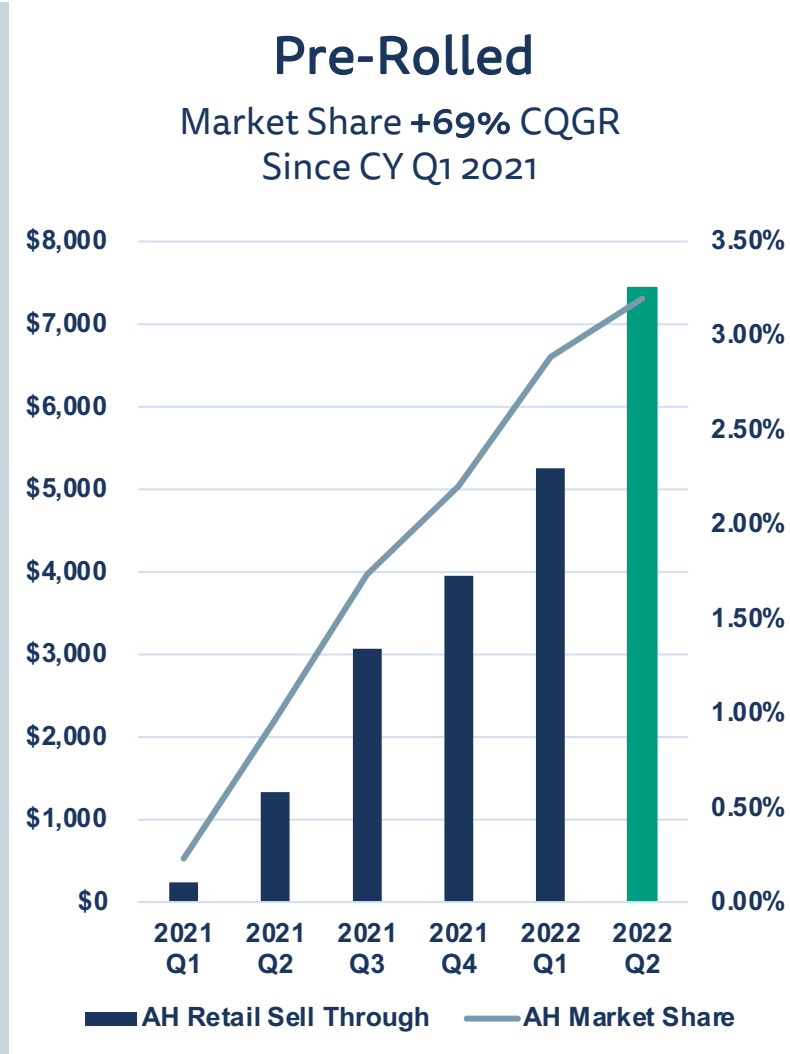
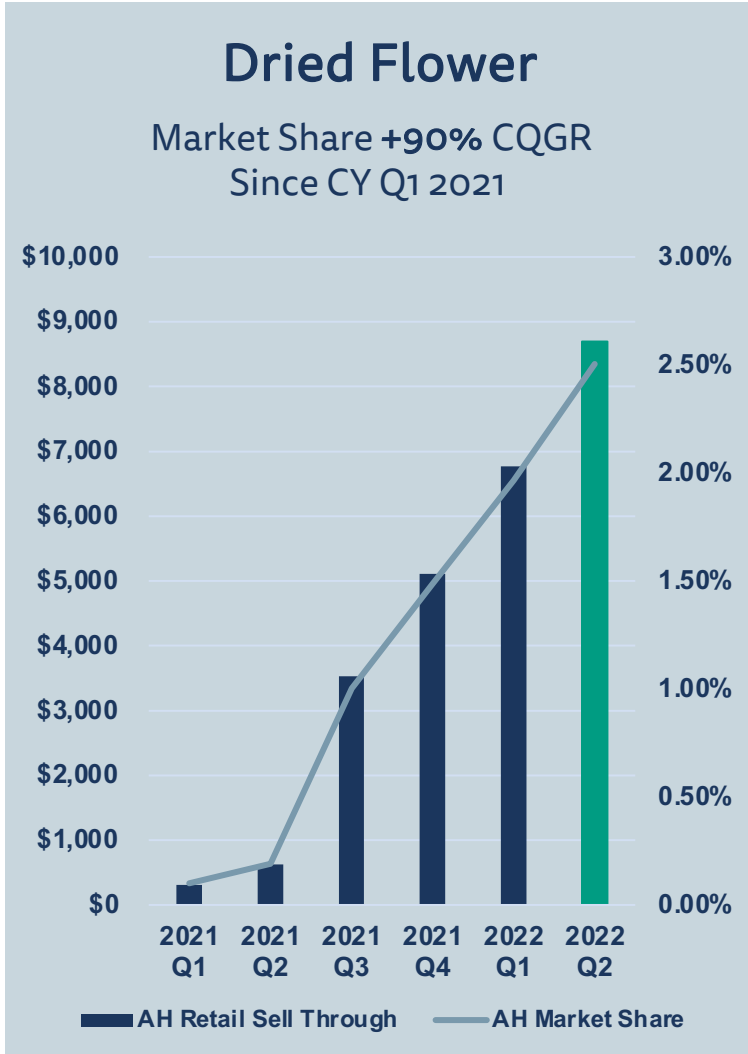
Branded Cannabis Portfolio Supports all Sales Channels

	Adult-Use				Medical	International
<h2>DIVVY.</h2> <ul style="list-style-type: none"> <li>• High frequency consumers, large format</li> <li>• Pre-rolls, dried flower, vapes, oils, and cropped flower</li> </ul> 	<h3>NITH &amp; GRAND</h3> <ul style="list-style-type: none"> <li>• Discerning cannabis aficionados</li> <li>• Small batch craft-designated flower</li> </ul> 	<h3>BOGART'S KITCHEN</h3> <ul style="list-style-type: none"> <li>• Unique occasion-based edibles with a twist</li> </ul> 	<h3>NOON &amp; NIGHT</h3> <ul style="list-style-type: none"> <li>• Omega / Melatonin CBD soft gels, bath bombs, roller-balls</li> </ul> 	<h3>KIN SLIPS</h3> <ul style="list-style-type: none"> <li>• Broad appeal for discreet use case</li> <li>• SKUs featuring different THC/CBD contents</li> </ul> 	<h3>Emblem</h3> <ul style="list-style-type: none"> <li>• Oils, dried flower, capsules, sprays, 510 vape cartridges, sublingual strips</li> </ul> 	<ul style="list-style-type: none"> <li>• Dried Flower</li> <li>• Oils</li> </ul> 



# Retail Pull Through in Core Volume Categories

Continued Growth Across the Two Largest Adult-use Categories Flower, Pre-Rolled and Vapes Over the Last 6 Quarters



1. Based on HiFyre retail sales pull through data in BC, AB, SK, and ON for the period Q1 CY2021 to Q2 CY2022 and excludes beverage and cultivation.



# Non-IFRS Measures

## EBITDA and Adjusted EBITDA:

(\$,M's)	Q1 FY2022	Q2 FY2022	Q3 FY2022	Q4 FY2022	Q5 FY2022	Q1 FY2023
<b>Net loss</b>	<b>-11.2</b>	<b>-0.0</b>	<b>-82.9</b>	<b>-71.5</b>	<b>-4.2</b>	<b>-4.5</b>
Add back:						
Depreciation and amortization	2.4	2.3	1.9	3.7	2.1	2.0
Interest expense, net	2.2	1.8	2.0	2.2	2.6	2.8
Income tax expense (recovery)	-	-	-2.9	-	0.0	0.0
<b>EBITDA</b>	<b>-6.6</b>	<b>4.0</b>	<b>-81.9</b>	<b>-65.6</b>	<b>0.6</b>	<b>0.2</b>
Inventory provision			2.4	17.3	0.0	0.0
FV changes in biological assets and changes in inventory sold	0.9	-3.6	-3.4	6.7	0.9	-3.1
Share-based payments	0.6	0.5	1.1	0.7	0.1	0.6
Bad debt expense	0.6	7.2	2.2	0.0	-8.1	0.0
Business transaction costs	1.5	1.1	0.9	1.0	0.7	0.3
Gain on sale of assets		-12.1	-	-	0.0	-0.0
Fair value through profit and loss adjustments			5.6	8.8	1.1	1.0
Impairment of intangible assets	-		53.1	-	0.0	0.0
Impairment of goodwill	-		11.3	-	0.0	0.0
Impairment of property, plant & equipment				28.8	0.0	0.0
Non-operating expense (income)	0.1	-0.4	0.0	0.1	0.3	0.1
<b>Adjusted EBITDA (before other non-recurring adj's)</b>	<b>-3.0</b>	<b>-3.3</b>	<b>-8.8</b>	<b>-2.4</b>	<b>-4.4</b>	<b>-0.9</b>

Adjusted EBITDA is calculated as net income (loss), excluding (i) amortization and depreciation, (ii) fair value changes in biological assets and changes in inventory sold, (iii) share-based payments, (iv) bad debt expense, (v) business transaction costs, (vi) non-operating expenses (income), (vii) taxes, (viii) interest expenses, (ix) one-time sale of assets, and (x) unrealized gain (loss) on marketable securities

## Non-IFRS Measures

### Branded Cannabis Net Revenue:

(\$,M's)	Q1 FY2022	Q2 FY2022	Q3 FY2022	Q4 FY2022	Q5 FY2022	Q1 FY2023
Wholesale Revenue	1.9	3.1	1.9	0.5	-1.0	2.1
Branded Cannabis Net Revenue	5.2	7.6	7.6	8.3	8.0	10.0
Total Net Revenue	7.1	10.7	9.6	8.8	7.0	12.0

### Adjusted SG&A

(\$,M's)	Q1 FY2022	Q2 FY2022	Q3 FY2022	Q4 FY2022	Q5 FY2022	Q1 FY2023
SG&A	6.9	9.2	7.0	6.2	4.9	5.0
Business Transaction Costs	1.5	1.1	0.9	1.0	0.7	0.3
<u>Adjustments:</u>						
Wage Subsidies, severance, other wage adj's	1.4	-0.5	-0.1	-0.3	1.1	-0.6
Medical Clinic Supply Services			0.9	0.6	0.6	
<b>Adjusted SG&amp;A</b>	<b>9.8</b>	<b>9.7</b>	<b>8.6</b>	<b>7.5</b>	<b>7.3</b>	<b>4.7</b>
Adjusted SG&A % to Total Net Revenue	139%	91%	90%	86%	103%	39%

Adjusted selling, general and administrative ("Adjusted SG&A") is defined as SG&A expenses adjusted to exclude non-recurring costs. These non-recurring items may relate to certain transaction costs, one-time subsidies, and severances. Medical clinic supply services amounts are included in SG&A.