

Equicapita Report to Unitholders: Q1 2023



Equicapita Q1 2023 Report to Unitholders

We are pleased to present the report to unitholders for the quarter ended March 31, 2023. The following data reflects key performance indicators ("KPIs"), broken down by functional area, and are meant to provide a shorter-term, simple to reference snap-shot of critical metrics. Please reference the annual Year in Review for our detailed analysis of long-term portfolio operational and macro-economic trends.

\$114M

Total
Distributions

3

Portfolio Operating
Partnerships

~1,200

of Employees

>200

Locations

\$68M

Q1 Sales

Fund Level KPIs	Inception to Date	Q1 2023	Q1 2022	Change
Assets Under Management (\$M)	320	320	354	(10%)
NAV (\$/unit)	1.17	1.17	1.28	(9%)
Management Expense Ratio ¹ (%)	1.5	1.5	1.8	17%
Number of Companies	13	13	13	-
Acquisitions	14	-	-	-
Divestitures	1	-	-	-

Financial KPIs	Inception to Date	Q1 2023	Q1 2022	Change
TTM Revenue (\$M)	-	272	248	10%
TTM EBITDA ² (\$M)	-	35	32	9%
Gross Profit Margin (%)	-	35	35	0%
Working Capital (\$M)	40	40	41	(2%)
Operating Expense Ratio (%)	-	22	22	0%
Operating Cash Flow (\$M)	10	10	7	43%
Capital Expenditures (\$M)	-	0.9	0.7	29%
Distributions (\$M)	114	2	0.4	400%
Debt Repayments (\$M)	54	4	3	33%
Total Cash Returns to Debt and Equity Holders (\$M)	168	6	3	100%

Operational KPIs	Inception to Date	Q1 2023	Q4 2022
Employees	1,165	1,165	1,107
Total Kaizen Projects Completed (Comparative TTM)	2,041	185	861
Estimated Kaizen Cost Savings/Avoidance (\$M) (Comparative TTM)	9	0.9	2



Corpus Partners is the holding entity for our companies in the healthcare portfolio operating group. Corpus is focused on rolling up businesses in the dental laboratory space with BMO Capital Partners as its co-investment partner. Healthcare spending continues to be positively impacted by ongoing demographic shifts and an increasing focus on preventive medicine.



In addition, dental spending has demonstrated above GDP trend growth (4.5%) annually for the last decade and government funding is forecast to increase materially³. The dental services market in Canada is fragmented with a small number of institutional investors. While exit multiples may exceed 10X+ for pools of healthcare services related earnings exceeding \$15M, EBITDA can often be acquired for less than 7X at <\$5M in size providing a clear return driver.

Financial KPIs	Q1 2023	Q1 2022	Change
TTM Revenue (\$M)	58	53	9%
TTM EBITDA ² (\$M)	10	8	25%
Gross Profit Margin (%)	38	37	3%
Working Capital (\$M)	6	6	0%
Operating Expense Ratio (%)	18	21	14%
Operating Cash Flow (\$M)	2	1	100%
Capital Expenditures (\$M)	0.2	0.4	(50%)

Operational KPIs	Inception to Date	Q1 2023	Q4 2022
Employees	393	393	387
Total Kaizen Projects Completed (Comparative TTM)	609	75	313
Estimated Kaizen Cost Savings/Avoidance (\$M) (Comparative TTM)	3	0.3	1



Investments in master franchisors

Averine Partners is the holding entity for our companies in the master franchisor portfolio operating group. Averine is currently focused on rolling up master franchisors in the restaurant, automotive repair and health and beauty sectors. Established royalties tied to quality brands tend to be inflation hedging given their top line nature. Master franchisors also have low capital intensity with the ability to generate synergies and higher rates of organic growth via a multi-brand portfolio.



The investable universe of master franchisors in Canada is large and fragmented with moderate amounts of organized capital. While exit multiples may exceed 10X+ for pools of royalty/master franchisor related earnings exceeding \$15M-\$20M, EBITDA can often be acquired for less than 7X at <\$5M size providing a clear return driver.

Financial KPIs	Q1 2023	Q1 2022	Change
TTM Revenue (\$M)	47	42	12%
TTM EBITDA ² (\$M)	9	8	13%
Gross Profit Margin (%)	54	55	(2%)
Working Capital (\$M)	5	4	25%
Operating Expense Ratio (%)	32	36	11%
Operating Cash Flow (\$M)	3	1	200%
Capital Expenditures (\$M)	0.1	-	100%

Operational KPIs	Inception to Date	Q1 2023	Q4 2022
Employees	188	188	181
Total Kaizen Projects Completed (Comparative TTM)	323	53	131
Estimated Kaizen Cost Savings/Avoidance (\$M) (Comparative TTM)	2	0.3	0.2

Preceptos Partners is the holding entity for our companies in the light industrial portfolio operating group. Preceptos is focused on acquiring industrial businesses in environmental services, manufacturing and distribution among others. The thesis is that a portfolio of low cost, light industrial small and medium sized enterprises can be a proxy for diversified Canadian GDP.



SME earnings stream volatility can be reduced by industry selection, diversification and scale creating a clear value proposition. While exit multiples may exceed 10X+ for pools of light industrial related earnings exceeding \$15M-\$20M, EBITDA can often be acquired for less than 6X at <\$5M size providing a clear return driver.

Financial KPIs	Q1 2023	Q1 2022	Change
TTM Revenue (\$M)	167	153	9%
TTM EBITDA ² (\$M)	16	16	0%
Gross Profit Margin (%)	28	29	(3%)
Working Capital (\$M)	29	31	(6%)
Operating Expense Ratio (%)	20	22	9%
Operating Cash Flow (\$M)	5	5	0%
Capital Expenditures (\$M)	0.6	0.3	100%

Operational KPIs	Inception to Date	Q1 2023	Q4 2022
Employees	584	584	539
Total Kaizen Projects Completed (Comparative TTM)	1,109	57	417
Estimated Kaizen Cost Savings/Avoidance (\$M) (Comparative TTM)	4	0.3	1



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Forward-looking information is based on a number of assumptions which have been used to develop such information but which may prove to be incorrect. In addition to other assumptions which may be identified in this document, assumptions have been made regarding, among other things: availability of and opportunity to engage in future deal flow; benefits of the acquisitions of the portfolio companies; the general stability of the economic and political environment in which Equicapita operates; treatment under governmental regulatory regimes, securities laws and tax laws; the ability of Equicapita to integrate the portfolio companies, increase efficiencies and successfully automate key performance indicators (KPIs); the ability of Equicapita to obtain qualified staff, equipment and services in a timely and cost efficient manner; that the global economy, general economic conditions and financial markets will not, in the long-term, be adversely impacted by COVID-19; valuation of Equicapita's investments; and currency, exchange and interest rates. Forward-looking information is based on the current expectations, estimates and projections of Equicapita and involve a number of known and unknown risks and uncertainties which may cause actual results or events to differ materially from those presently anticipated. These include, but are not limited to, general economic, political, market and business factors and conditions; interest rate fluctuations; statutory and regulatory developments; unexpected judicial or regulatory proceedings; catastrophic events; return on investment and distributions are not guaranteed and distributions may be reduced or suspended; the planned amendment to Equicapita's credit facilities is not finalized and may not occur; government funding and or subsidies being different than expected; longer term commitment being required for Equicapita's investments and the illiquidity associated with such investments; the Trust's status as not being a "mutual fund" under securities laws and the level of foreign ownership; the ability of Equicapita to achieve or continue to achieve its investment objectives; the ability of Equicapita to obtain financing and meet interest or principal payments; risks associated with COVID-19 including the risk that the business, reputation, financial condition, trade flow, results of operations or cash flows of Equicapita will be adversely affected; availability of workforce generally and as COVID-19 persists; operational risks associated with Equicapita's business including competition, managing growth, losses, litigation, debt-related risks and cyber-security; operational risks associated with the portfolio companies' businesses including: competition, hazards, compliance with environmental laws, losses, litigation (including product liability), meeting customer demands to continuously improve operating equipment and enhance product and solutions portfolios, cyber-security, functioning computer and data processing systems; attracting and maintaining contracts with customers (including government agencies), intellectual property risks, unionization, reliance on supply chains and increases to energy and commodity prices; fluctuations in foreign currency exchange rates; attracting and retaining skilled employees; the impact of severe weather conditions on portfolio company operations and government policies enacted to address climate change, operation of franchises in accordance with portfolio company standards; availability and success of future acquisitions, the timing of such investments and the potential for undisclosed liabilities; and disposition risks including representations, indemnification and contingent liabilities. Readers are cautioned that the list above is not exhaustive.

This document contains future-oriented financial information and financial outlook information (collectively, "FOFI") about Equicapita's and its portfolio companies' prospective results of operations and components thereof, all of which are subject to the same assumptions, risk factors, limitations, and qualifications as set forth in the above paragraphs. The FOFI contained in this document is provided for the purpose of providing further information about Equicapita's and its portfolio companies' anticipated future business operations. Readers are cautioned that the FOFI contained in this document should not be used for purposes other than for which it is disclosed herein and reliance on such information may not be appropriate for other purposes.

Although Equicapita believes that the expectations reflected in the forward-looking information are reasonable, it cannot guarantee future results, levels of activity, performance or achievement. Because of the risks, uncertainties and assumptions contained herein, prospective investors should not place undue reliance on forward-looking information. Equicapita's actual results, performance or achievement could differ materially from those expressed in, or implied by, this forward-looking information and, accordingly, no assurance can be given that any of the events anticipated by the forward-looking information will transpire or occur, or if any of them do so, what benefits Equicapita will derive therefrom.

Equicapita has included the above summary related to forward-looking information and FOFI in order to provide readers with a more complete perspective on Equicapita's current and future operations and such information may not be appropriate for other purposes. The forward-looking information and FOFI in this document is given as at June 21, 2023 and Equicapita disclaims any intent or obligation to update publicly any forward-looking information or FOFI, whether as a result of new information, future events or results or otherwise, other than as required by applicable securities laws. The forward-looking statements contained in this document are expressly qualified by the foregoing cautionary statements.

Notes:

1. Management Expense Ratio – Calculated by dividing fund G&A, net of non-recurring and one-time expenses, including management fees, by the Assets Under Management.
2. EBITDA – Income from continuing operations before (i) finance expense, (ii) income taxes, (iii) depreciation and amortization, (iv) other non-cash expenses, and v) nonrecurring expenses and one-time extraordinary gains and losses for all portfolio companies. References to EBITDA exclude funding provided by government subsidies in the amounts of \$0.1M and \$3.9M for the TTM periods ended March 31, 2023 and 2022.
3. Dental spending data according to Canada Life and Health Insurance Association.
4. AUM figures for portfolio operating groups are working estimates based on Management analysis.