

## **Andlauer Healthcare Group Announces Agreements to Acquire 100% of Skelton Canada and 49% of Skelton USA**

**Toronto, February 23, 2021** – Andlauer Healthcare Group Inc. (TSX: AND) ("AHG") today announced that it has entered into definitive agreements to acquire 100% of Skelton Canada Inc. ("Skelton Canada") and 49% of Skelton USA Inc. ("Skelton USA", and together with Skelton Canada, the "Skelton Companies") for total aggregate consideration of approximately C\$114.7 million, subject to customary working capital adjustments (together, the "Acquisitions"). The agreement also includes an option for AHG to acquire the remaining 51% of Skelton USA. AHG expects the Acquisitions to be immediately accretive to cash flow and earnings per share. The Skelton Companies are specialized in the transportation of refrigerated healthcare products.

Since it was founded in 1962, Skelton Canada has grown to be a leading transportation partner to the Canadian pharmaceutical and biologics industry, with nationwide reach and a fleet of approximately 100 vehicles and 120 trailers offering validated temperature control, state-of-the-art security systems and real-time shipment monitoring. Skelton Canada also provides cross-border services into 32 U.S. states from its terminals in Toronto and Montreal. Skelton Canada generated approximately C\$11 million of EBITDA in calendar 2020 with margins comparable to AHG.

In response to significant customer demand, Skelton USA was launched in 2017. As a result of pharmaceutical customers "pulling" Skelton USA into the domestic U.S. market, the company has been growing rapidly through successfully leveraging the Skelton Companies' reputation and brand for cold chain expertise. Skelton USA's fleet of approximately 70 tractors and 90 trailers currently serves customers in California, Illinois, Indiana, Georgia, North Carolina and Pennsylvania. Skelton USA generated approximately C\$2.5 million of EBITDA in calendar 2020 with significant year-over-year growth but at a lower margin relative to AHG or Skelton Canada.

"We are delighted to welcome the Skelton team to Andlauer Healthcare Group," stated Michael Andlauer, Chief Executive Officer of AHG. "Skelton Canada is one of Canada's leading specialized transportation providers in 2°C to 8°C shipments, and this acquisition will significantly expand our capacity in this area. Our acquisition of a minority interest in Skelton USA allows us to strategically enter the U.S. market by partnering with an existing, well-established operator. I am excited to have the opportunity to continue the Skelton Canada brand and legacy under the AHG umbrella. Skelton shares the same values, the same deep commitment to the customer, and the same commitment to one another as we do at Andlauer Healthcare."

"The Skelton name has always stood for care and commitment to its customers, care and commitment to its employees, and care and commitment to the millions of people that, through its customers, rely on Skelton to ensure the safe and secure delivery of blood products, vaccines, and biologics each and every day. This transaction further enhances our customers' ability to leverage the resources and services that

both AHG and Skelton Companies possess, across the entire North American pharmaceutical transportation supply chain,” said Ron Skelton, North American President, Skelton Companies.

The Skelton Companies will join AHG’s comprehensive platform of dedicated healthcare supply chain solutions and continue to operate independently led by President, North America, Ron Skelton and Vice President, Mike Skelton.

AHG will finance the Acquisitions through a combination of cash on hand and by drawing C\$75 million on its credit facilities and issuing C\$25 million of AHG subordinate voting shares to the shareholders of the Skelton Companies. In connection with the Acquisitions, AHG has entered into an agreement with its lenders to increase the size of its credit facilities. The amended facilities will now consist of a revolving facility in the aggregate principal amount of up to C\$100 million and a term facility in the aggregate principal amount of up to C\$50 million.

Closing of the Acquisitions is subject to customary closing conditions, including the receipt of TSX approval in connection with the issuance of the AHG subordinate voting shares. The Acquisitions are expected to close on or around March 1, 2021.

Senior management of Andlauer Healthcare Group will host a conference call for analysts and investors on Thursday, February 25, 2021 at 8:30 a.m. (ET) to discuss the Company’s 2020 fourth quarter and year-end results and the Acquisitions. The dial-in numbers for participants are (416) 764-8650 or (888) 664-6383. The call will be webcast live at: [www.andlauerhealthcare.com/presentations-events](http://www.andlauerhealthcare.com/presentations-events).

To access a replay of the conference call dial (416) 764-8677 or (888) 390-0541, passcode: 332304 #. The replay will be available until March 4, 2021. The webcast will be archived on the Company’s website following conclusion of the call.

#### **Advisors**

Goodmans LLP is acting as legal counsel to AHG and Owens Wright LLP is acting as legal counsel to the Skelton Companies.

#### **About the Skelton Companies**

Skelton Truck Lines Ltd., a subsidiary of Skelton Canada, was founded in 1962 by Larry Skelton. The Skelton Companies have grown to a fleet size of 100 trucks and 120 trailers with a state-of-the-art terminal and maintenance facility in Canada. With Skelton’s highly specialized validated and qualified equipment, it has developed a niche in the transportation of deep-frozen plasma products and vaccines, as well as temperature sensitive 2° to 8° Celsius medicines. For more information on the Skelton Companies, please visit: [www.skeltontruck.com](http://www.skeltontruck.com).

#### **About AHG**

AHG is a leading and growing supply chain management company offering a robust platform of customized third-party logistics ("3PL") and specialized transportation solutions for the healthcare sector.

AHG's 3PL services include customized logistics, distribution and packaging solutions for healthcare manufacturers across Canada. AHG's specialized transportation services, including air freight forwarding, ground transportation, dedicated delivery and last mile services, provide a one-stop shop for clients' healthcare transportation needs. Through its complementary service offerings, available across a coast-to-coast distribution network, AHG strives to accommodate the full range of its clients' specialized supply chain needs on an integrated and efficient basis. For more information on AHG, please visit: [www.andlauerhealthcare.com](http://www.andlauerhealthcare.com).

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***Forward-looking Information***

*This news release may contain forward-looking statements (within the meaning of applicable securities laws) including, without limitation, statements regarding the timing and completion of the proposed Acquisitions, the receipt of TSX approval for the issuance of subordinate voting shares in connection with the acquisition of Skelton Canada and the anticipated benefits of the Acquisitions, including the extent to which they are expected to be immediately accretive to cash flow and earnings per share. The forward-looking statements in this news release are based on certain assumptions including, without limitation, general business, economic, competitive and legal matters, political and social uncertainties (including the impacts of the COVID-19 pandemic) and the Skelton Companies continuing to perform as they have recently. They are not guarantees of future performance and involve risks and uncertainties that are difficult to control or predict. A number of factors could cause actual results to differ materially from the results discussed in the forward-looking statements, including, but not limited to, the risk that the acquired businesses will not perform as expected and AHG will not be able to successfully integrate the Acquisitions. There can be no assurance that forward-looking statements will prove to be accurate as actual outcomes and results may differ materially from those expressed in these forward-looking statements. Readers, therefore, should not place undue reliance on any such forward-looking statements. Further, these forward-looking statements are made as of the date of this news release and, except as expressly required by applicable law, AHG assumes no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise.*

***Non-IFRS Financial Measures***

*This news release contains certain non-IFRS measures, including "EBITDA". These measures are not recognized measures under IFRS, do not have a standardized meaning prescribed by IFRS and are therefore unlikely to be comparable to similar measures presented by other companies. These non-IFRS measures are used to provide investors with supplemental measures of a company's operating performance and thus highlight trends in its core business that may not otherwise be apparent when relying solely on IFRS financial measures.*