

TSXV: SGMD

*CORPORATE PRESENTATION
FEBRUARY, 2023*

*SALONA GLOBAL
MEDICAL DEVICE CORPORATION*



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In Manitoba, the Securities Act (Manitoba), in Newfoundland and Labrador the Securities Act (Newfoundland and Labrador), in Prince Edward Island the Securities Act (PEI), in Yukon, the Securities Act (Yukon), in Nunavut, the Securities Act (Nunavut) and in the Northwest Territories, the Securities Act (Northwest Territories) provide a statutory right of action for damages or rescission to purchasers resident in Manitoba, Newfoundland, PEI, Yukon, Nunavut and Northwest Territories, respectively, in circumstances where this document or an amendment hereto contains a misrepresentation, which rights are similar, but not identical, to the rights available to Ontario purchasers.

The statutory right of action described above is in addition to and without derogation from any other right or remedy at law.

THE RECOVERY SCIENCE MARKET

THE \$30B+ AND GROWING RECOVERY SCIENCE & MEDICAL DEVICE INDUSTRY HAS CONSISTENTLY OUTPERFORMED THE MARKET AVERAGE (1)

OUR CUSTOMERS:

1. PHYSICAL THERAPY CLINICS
2. ATHLETIC TRAINING ROOMS
3. ORTHOPEDIC SURGEONS/SPORTS MEDICINE CLINICS
4. HOSPITALS/AMBULATORY SURGERY CENTERS

TOTAL MARKET - \$30B+

- 1.6 MILLION REGISTERED PHYSICAL THERAPISTS (PT) WORLDWIDE
- 35 MILLION UNIQUE PATIENTS PER WEEK OR ABOUT 15% OF THE US ADULT POPULATION (1)
- GROWING MARKET AS THE GLOBAL AGING POPULATION WANTS TO REMAIN ACTIVE INTO OLD AGE.
- PHYSICAL THERAPISTS & ATHLETIC TRAINERS ENTERING THE MARKET IS EXPECTED TO GROW BY 20-30% OVER THE NEXT 5 YEARS (1)



(1) DATA COURTESY OF BEACON SECURITIES, MARCH 17 2022 COVERAGE INITIATION REPORT; (2) DATA COURTESY OF BLS.GOV: [HTTPS://WWW.BLS.GOV/OOH/HEALTHCARE/ATHLETIC-TRAINERS.HTM](https://www.bls.gov/ooH/healthcare/athletic-trainers.htm)

MANAGEMENT TEAM



LES CROSS

EXECUTIVE CHAIRMAN



LUKE FAULSTICK

CEO

The team leaders operated DJO Global (on the NYSE), the leader in recovery science

Blackstone bought out DJO at 3.3x revenues or US\$1.6B

Les Cross - former CEO of DJO
Luke Faulstick - former COO of DJO



DENNIS NELSON

CFO



SCOTT ROGOW

VP, SALES



KEN ZISHOLZ

SALES CHANNEL LEADER



RICK GREENWALD

R & D LEADER

SALONA GLOBAL MEDICAL DEVICE CORP

BUSINESS MODEL SUMMARY

- Phase I (June 2021-April 2022):
 - TSX Listing - \$8M in cash raised on the TSX-Venture; SEC Filed (S-1)
 - M&A focused to acquire all components required for vertical integration
 - Three contract services business:
 - Simbex: IP-based product development (\$6.3M in annual contract service revenues)
 - SDP: Manufacturing (\$9.5M in annual contract service revenues)
 - DaMar Plastics: injection molding (\$5.0M in annual contract service revenues)
 - Mio-Guard sales & distribution(\$3.6M in annual revenues)
- Phase II: (May 2022-December 2022):
 - Vertical integration of product development, manufacturing and distribution
 - Acquisition of IP portfolio
 - Executed Agreement to purchase the physical medicine business of Biodex Medical Systems ("Biodex")
- Phase III: (January 2023 forward):
 - Pivot to higher margin medical device revenues
 - Additional targeted acquisitions from deep pipeline of medical device entities
 - Accelerate IP product development to take to market
 - Focused on enterprise cash flow

MIO-GUARD BRAND DEVICES AND SUPPLIES

Mio-Guard is a well-known brand in athletic training rooms across the United States with customers including the USFL, major college conferences, High Schools to NCAA Division I institutions, local/state level athletic teams, and intramural sports.

Laser Therapy | Athletic Training Room Supplies | Deep Oscillating Therapy | Braces & Slings | Electrodes



BIODEX MEDICAL DEVICE PRODUCTS

The Biodex physical medicine business is a niche brand of physical therapy clinic devices with an IP-based product portfolio including devices for:

Isokinetic system | Balance | Gait Training | Fall prevention | Ergonomic systems



WHITE LABEL PRODUCTS - CONTRACT SERVICES



SGMD has contract services revenue ranging from research & development services to FDA approved manufacturing. Focused on leveraging its expertise in recovery science products, SGMD generates cash flow to cover overhead as it works to transition to producing and developing its own IP-based devices

Modalities | Hot and Cold Therapy | Pain Management | Continuous Passive Motion



BUSINESS MODEL: CROSS SELLING AND VERTICAL INTEGRATION

Capturing “**Top-to-Bottom**” margins through its subsidiaries

EXPANDING SALES AND DISTRIBUTION NETWORK

Acquisitions of Sales & Distribution companies will increase customer base for an expanding product offering and broader footprint

FDA APPROVED MANUFACTURING



**SDP: 80,000 Sq ft
65-70% capacity utilization**

Can be expanded to double the size on the land footprint

IP-BASED PRODUCT DEVELOPMENT



The Simbex acquisition drives innovation - creating products with the highest available margins

CROSS SELLING AND INTEGRATION RESULTS: ORGANIC REVENUE GROWTH SINCE LISTING

During the first 4 quarters (since listing), SGMD has generated \$8M in organic revenues or 33% annual organic revenue growth

	Manufacturing: SDP	IP Deveoplment: Simbex	Sales & Distribution: Mio-Guard	Manufacturing: DaMar	Total Annual Revenue Acquired	Current Annual Run Rate	Annual Growth
Annual Revenues (TTM Reported for Each Acquisition)	\$9.5M	\$6.3M	\$3.6M	\$5.0M	\$24.4M	\$32.4M	33%

Total Annual Acquired Revenue as used is calculated as a target's annual annual revenues as at the time of closing, and the Current Annual Run Rate is based on its total revenues for the three months ended November 30, 2022 multiplied by four.



SGMD TODAY - FINANCIAL HIGHLIGHTS FROM Q3 (ENDING NOVEMBER 30, 2022)



- \$8 million in Q3 revenues annualizes on run rate basis to \$32 million in annual revenues with 85% from services and 15% from branded medical devices and supplies *
- 33% gross margins
- \$1.0 million in adjusted EBITDA fiscal YTD (see Q3 announcement for GAAP reconciliation)
- \$15.5 million order book **
- ABL Facility increase of \$5.5M to a total of \$9.9M covering Inventory and Accounts Receivable
- Management projects enterprise positive adjusted EBITDA for quarter ending March 31, 2023 ***

* SGMD reported Q3 revenues (x4)

**Order book back log includes existing Q3 announced backlog

*** Adjusted for stock-based compensation and one-time charges as a result of expected acquisition costs

SALONA GLOBAL MEDICAL DEVICE

GROWTH ENGINES

SALES AND DISTRIBUTION GROWTH

Two-Pronged Approach to Increasing Market Share

Acquisitions of Sales & Distribution Companies

SGMD targets stock-based acquisition structure, with a 12-month equity earn-out based on revenues

Post-acquisition, SGMD introduces its existing, higher margin product lines resulting in revenue growth

Example: Mio-Guard

Acquired in March 2022, the subsidiary has generated revenue growth of 29% in the first 9 months of ownership

SGMD has announced the potential stock-based acquisition of an additional regional sales & distribution company

Adding Multi-Product Independent Sales Contractors

SGMD recruited Scott Rogow, former sales leader of DJO, as VP of Sales and Marketing

Have built the sales force to 40 commissioned independent sales representatives covering 25 states

Plans in place to cover the entire US market as SGMD grows as well as opening a focus on international sales channels

AN EARLY INTEGRATION SUCCESS:

ACQUIRED IP DEVELOPED AND GENERATING REVENUES

In May 2022, SGMD acquired an IP portfolio focused on Ultrasound/NMES and a full line of Electrodes, including Drug Delivery.

Statistics and projections on the first IP portfolio investment:

5 Year Projections

Acquisition Price	\$185,000
Total Investment to date	\$550,000

Total projected Investment	\$735,000
Total Projected Revenue (5 years)	\$10,500,000
Total Projected Gross Margin Returned over 5 years	\$5,500,000

M&A GROWTH: DEALS ANNOUNCED

Strategic acquisitions drive cross selling, both through an increased customer base and additional products to sell to existing customers

	Status	Business	Annual Revenues	Gross Margin	Upfront Cash	Total Consideration
Biodex Physical Medicine Business	Executed P.A - awaiting close	Medical Devices	\$15.5M	35%	\$5M	up to \$8M
Biodex Supply Agreement	Awaiting supply agreement	Contract Services	\$4.5M	15%	\$0	\$0
Sales & Distribution Business	Non-binding LOI	Sales/Distribution	\$2.6M	35%	\$0	up to \$750k in stock
Total			\$22.6M	28%	\$5M	
		SGMD Run Rate Projection	\$32.4M	33%		





REVIEW OF ANNOUNCED ACQUISITIONS AWAITING CLOSE:

Purchase Agreement - Biodex: expected annual revenue: US\$20M; US\$15.5M in medical device revenue at 30% gross margin, US\$4.5M contract services at 15% gross margin; SGMD acquires tangible net assets projected at a value of US\$3.0M. Total consideration: US\$5M on closing; up to US\$3M earn-out payments: US\$1M payment upon achieving each US\$5M increment in revenue 12 months from closing; not to exceed US\$3M.

Non-Binding Agreement on Terms - Sales & Distribution business: prior year unaudited revenues of US\$2.6M with 35% gross margins. Total consideration: 1,000,000 SGMD shares at closing, equity earnout 12 months after close of 1 share for each US\$1 in EBITDA.

THE PIVOT

FROM CONTRACT SERVICES TO A MEDICAL DEVICE COMPANY

CURRENT SGMD + BIODEX

With the planned Biodex and sales & distribution business acquisitions, the pivot to higher margin medical device revenue begins

SGMD	Medical Devices	Contract Services	Total
Estimated Revenue Mix Fiscal YTD Nov 2022	17%	83%	100%
Estimated Revenue Mix Projected Calendar Year 2023	35%	65%	100%

CALENDAR YEAR 2023 REVENUE AND PROFIT PROJECTIONS

Projected Revenues	\$50,000,000 to \$52,000,000
Projected Gross Margin	\$17,000,000 to \$18,000,000
Projected Gross Margin as a percentage of Revenue	34% to 35%
Projected Adj. EBITDA*	\$2,500,000 to \$3,000,000

*Projected Adjusted EBITDA is defined as EBITDA less stock based compensation

Projections based on: (1) closing Biodex acquisition March 31, 2023; (2) Organic revenue growth of 6% per year from cross selling and market share improvement; (3) New product sales from IP development of \$500,000 with an estimated 52% gross margin; (4) growth in margin resulting from an increase in the mix of medical device revenue as compared to contract services revenue; (5) operating expenses scaled to growing revenues



TSXV:SGMD
Market Capitalization:
\$30M

As of 2/1/23

Annual Revenues	
At Listing (June 2021)	\$9.5M
Current Run-Rate	\$32M

CAP TABLE SUMMARY - NOVEMBER 2022

Common shares (tradable float)	53,707,779
Class A Shares	1,355,425
Earn out shares issued	19,019,000
<u>Earn out shares expected to be issued</u>	<u>21,760,563</u>
Total Shares	95,842,767

Partially diluted, not including warrants & options

EXCHANGE	COMPANY	REVENUE MULTIPLE	REPORTED REVENUE (last quarter x4)	MARKET CAP***
NYSE	ResMed, Inc.	8.8	\$3.76B	\$33B
NASDAQ	Utah Medical	6.7	\$52.8M	\$332M
NASDAQ	Cerus Corp	3.7	\$157M	\$625M
NASDAQ	Zynex Inc	3.76	\$150M	\$354M
NASDAQ	Tandem Diabetes Care	3.65	\$790M	\$3.48B
NASDAQ	iRhythm Technologies	8.7	\$380M	\$3.4B



SALONA GLOBAL MEDICAL DEVICE CORP

**6160 INNOVATION WAY
CARLSBAD, CA**

OFFICE



info@salonaglobal.com



1 (800) 760-6826



www.salonaglobal.com

