

### Research Update

May 20, 2020

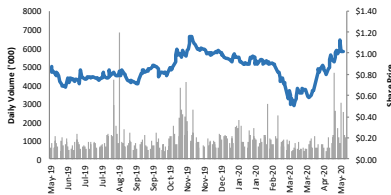
|               |          |               |
|---------------|----------|---------------|
| Rating:       | BUY      | (Unchanged)   |
| Target Price: | \$2.60 ↑ | (from \$2.40) |
| Last Price:   | \$1.05   |               |
| Ticker:       | PTQ-V    |               |

#### Market Data

|  |               |
|--|---------------|
| Target return (incl. dist.):           | 147.6%        |
| Dividend/yield:                        | \$0.00 / 0.0% |
| Shares outstanding (M):                | 83.7          |
| Market capitalization (\$M):           | 88            |
| Enterprise value (\$M):                | 108           |
| 52-week range (\$):                    | 0.47 - 1.19   |
| Fiscal year end:                       | Sep. 30, 2019 |
| Average weekly volume:                 | 464,083       |
| Currency (unless otherwise indicated): | CAD           |

| Forecast summary         | F19A   | F20E | F21E  | F22E  |
|--------------------------|--------|------|-------|-------|
| <b>Revenue (\$M)</b>     | 81.0   | 97.1 | 107.3 | 118.1 |
| Previous                 | n/c    | n/c  | n/c   | 117.9 |
| <b>Adj. EBITDA (\$M)</b> | 14.8   | 18.9 | 20.4  | 22.4  |
| Previous                 | 19.1   | n/c  | n/c   | n/c   |
| <b>EPS fd (\$)</b>       | (0.08) | 0.01 | 0.09  | 0.15  |
| Previous                 | 0.00   | 0.10 | n/c   | n/c   |

| Key trading multiples | F19A | F20E | F21E | F22E |
|-----------------------|------|------|------|------|
| EV/Revenue            | 1.0x | 1.0x | 1.0x | 0.9x |
| EV/adj. EBITDA        | 7.3x | 5.7x | 5.3x | 4.8x |



|                          | Q1    | Q2    | Q3    | Q4   | YE    |
|--------------------------|-------|-------|-------|------|-------|
| <b>Revenue (\$M)</b>     |       |       |       |      |       |
| F2019                    | 20.5  | 20.8  | 20.2  | 19.5 | 81.0  |
| F2020                    | 22.8  | 24.1  | 25.1  | 25.2 | 97.1  |
| F2021                    | 25.5  | 26.5  | 27.6  | 27.7 | 107.3 |
| F2022                    | 28.1  | 29.2  | 30.3  | 30.5 | 118.1 |
| <b>Adj. EBITDA (\$M)</b> |       |       |       |      |       |
| F2019                    | 3.7   | 3.8   | 3.8   | 3.5  | 14.8  |
| F2020                    | 4.4   | 4.9   | 4.8   | 4.8  | 18.9  |
| F2021                    | 4.9   | 5.0   | 5.2   | 5.3  | 20.4  |
| F2022                    | 5.3   | 5.5   | 5.8   | 5.8  | 22.4  |
| <b>EPS fd (\$)</b>       |       |       |       |      |       |
| F2019                    | 0.0   | (0.0) | (0.1) | 0.1  | (0.1) |
| F2020                    | (0.0) | 0.0   | 0.0   | 0.0  | 0.0   |
| F2021                    | 0.0   | 0.0   | 0.0   | 0.0  | 0.1   |
| F2022                    | 0.0   | 0.0   | 0.0   | 0.0  | 0.1   |

shaded values above are iAS forecasts

#### Company Profile

Protech Home Medical is a market-leading healthcare services company that aims to improve the home management of chronic illness by providing a diverse offering of home durable medical equipment (DME) and services to patients in the US.

Chelsea Stellick | [chelsea.stellick@iagto.ca](mailto:chelsea.stellick@iagto.ca) | 1.403.705.4982

## PTQ Announces Q2/F20 Results – Tailwinds Amid COVID-19 as Emphasis on Need for In-Home Healthcare Increases

### Event

Yesterday after market close, Protech Home Medical Corp. (PTQ or the Company) announced its in line quarterly results.

### Highlights

- Q2/F20 results in line with estimates.** Revenue for Q2/F20 was up 16% to \$24.1M from \$20.8M in F2019 (iA: \$24M), compared to the Company's guidance in April of \$24.0-24.3M. Adj. EBITDA for the quarter was \$4.9M (20.4% margin) versus our estimate of \$5.2M, representing a 30% increase YoY (company guidance \$4.7-5.0M). The increase in revenue was primarily due to the two successful acquisitions in Q1/F20.
- YoY increase in patients serviced and equipment set-ups or deliveries.** The number of patients serviced increased 17% YoY and the number of equipment deliveries and respiratory resupply set-ups also increased YoY by 24% and 20%, respectively. On a quarterly basis, patients serviced increased 3% while equipment set-ups or deliveries increased 2% and respiratory resupply set-ups increased 4%.
- COVID-19 update.** PTQ has demonstrated operational growth amid the COVID-19 pandemic. The Company's supply chain has remained strong as it has responded opportunistically to build its inventory following a US\$1.5M cash injection as part of the Coronavirus Aid, Relief, and Economic Security (CARES) Act Provider Relief Fund, particularly for ventilators and home oxygen equipment.
- Well-positioned to execute on acquisition strategy.** With \$6.2M of cash on hand as of March 31, 2020, and >\$7.5M in payments from the CARES Act, PTQ remains well-positioned to execute on its near- and long-term objectives. We anticipate that PTQ is actively focused on its acquisition strategy as deal terms remain favourable.
- Model updates.** We have made no updates to our model.

### Valuation & Bottom Line

Yesterday, after market close, PTQ announced its Q2/F20 results which came as no surprise following the Company's guidance in April. Revenue of \$24.1M (iA: \$24.0M) increased 16% YoY as the Company realized synergies from the acquisitions of Cooley Medical Equipment and Acadia Medical Supply in Q1/F20. As the demand for in-home healthcare increases, PTQ has responded diligently by increasing its inventory purchases to backstop any supply chain issues and meet the increasing demand. The Company has also leveraged its telehealth platform realizing cost savings as patients seek at-home medical attention. PTQ trades at a significant discount to its peers (~5.0x vs. ~13.0x F2020E EV/Adj. EBITDA), which we believe is unwarranted given its strong track record of successfully improving profitability; as such, we apply a 12.0x multiple (previously 11.0x) on our F2020 Adj. EBITDA forecast resulting in an increase to our target price to \$2.60. We maintain our Buy Recommendation.

## Exhibit 1: Financial Snapshot

|  | Q1-19<br>Dec-18 | Q2-19<br>Mar-19 | Q3-19<br>Jun-19 | Q4-19<br>Sep-19 | F2019<br>Sep-19 | Q1-20<br>Dec-19 | Q2-20<br>Mar-20 | Q3-20<br>Jun-20 | Q4-20<br>Sep-20 | F2020<br>Sep-20 | F2021<br>Sep-21 | F2022<br>Sep-22 | F2023<br>Sep-23 | F2024<br>Sep-24 |
|--|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| <b>Balance Sheet</b><br>in C\$ thousands                           |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |
| <b>Current Assets</b>  |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |
| Cash and cash equivalents  | 6,249           | 19,129          | 4,184           | 12,855          | 12,855          | 8,363           | 6,210           | 11,872          | 15,800          | 15,800          | 26,586          | 46,808          | 66,535          | 86,437          |
| Accounts receivable  | 14,963          | 17,201          | 15,942          | 12,390          | 12,390          | 11,778          | 15,047          | 13,220          | 13,143          | 13,143          | 14,457          | 15,903          | 17,493          | 19,242          |
| Other  | 7,935           | 8,350           | 7,070           | 5,538           | 5,538           | 7,166           | 8,897           | 8,594           | 7,536           | 7,536           | 8,426           | 9,194           | 10,154          | 11,147          |
| <b>Total Current Assets</b>  | <b>29,147</b>   | <b>44,680</b>   | <b>27,196</b>   | <b>30,783</b>   | <b>30,783</b>   | <b>27,307</b>   | <b>30,154</b>   | <b>33,686</b>   | <b>36,478</b>   | <b>36,478</b>   | <b>49,469</b>   | <b>71,904</b>   | <b>94,182</b>   | <b>116,826</b>  |
| <b>Asset held for distribution</b>                                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |
|  | -               | -               | -               | -               | -               | -               | -               | -               | -               | -               | -               | -               | -               | -               |
| <b>Non Current Assets</b>  |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |
| Property and equipment, net  | 20,701          | 19,523          | 18,976          | 19,590          | 19,590          | 25,280          | 26,128          | 22,726          | 19,836          | 19,836          | 12,124          | 8,270           | 6,447           | 5,704           |
| Goodwill   | 2,803           | 2,770           | 2,548           | 1,881           | 1,881           | 5,377           | 5,744           | 5,744           | 5,744           | 5,744           | 5,744           | 5,744           | 5,744           | 5,744           |
| Intangible assets, net   | 3,296           | 3,076           | 2,863           | 2,911           | 2,911           | 2,619           | 2,685           | 2,518           | 2,351           | 2,351           | 1,683           | 1,015           | 347             | -               |
| <b>Total Non Current Assets</b>                                    | <b>26,800</b>   | <b>25,369</b>   | <b>24,387</b>   | <b>24,382</b>   | <b>24,382</b>   | <b>33,276</b>   | <b>34,557</b>   | <b>30,988</b>   | <b>27,931</b>   | <b>27,931</b>   | <b>19,551</b>   | <b>15,029</b>   | <b>12,538</b>   | <b>11,448</b>   |
| <b>Total Assets</b>  | <b>55,947</b>   | <b>70,049</b>   | <b>51,583</b>   | <b>55,165</b>   | <b>55,165</b>   | <b>60,583</b>   | <b>64,711</b>   | <b>64,674</b>   | <b>64,410</b>   | <b>64,410</b>   | <b>69,020</b>   | <b>86,933</b>   | <b>106,720</b>  | <b>128,275</b>  |
| <b>Current Liabilities</b>   |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |
| Trade payables and accrued liabilities                             | 10,292          | 11,100          | 10,181          | 10,441          | 10,441          | 12,881          | 14,498          | 14,536          | 15,134          | 15,134          | 16,305          | 17,579          | 18,979          | 20,519          |
| Financial lease payable  | 7,796           | 8,843           | 8,404           | 8,528           | 8,528           | 10,659          | 8,873           | 12,332          | 9,937           | 9,937           | 2,570           | 3,932           | 5,967           | 6,314           |
| Other liabilities  | 659             | 8,460           | 552             | -               | -               | -               | -               | -               | -               | -               | -               | -               | -               | -               |
| <b>Total Current Liabilities</b>                                   | <b>18,747</b>   | <b>28,403</b>   | <b>19,137</b>   | <b>18,969</b>   | <b>18,969</b>   | <b>23,540</b>   | <b>23,371</b>   | <b>26,867</b>   | <b>25,071</b>   | <b>25,071</b>   | <b>18,876</b>   | <b>21,511</b>   | <b>24,947</b>   | <b>26,833</b>   |
| <b>Liabilities held for distribution</b>                           |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |
|  | -               | -               | -               | -               | -               | -               | -               | -               | -               | -               | -               | -               | -               | -               |
| <b>Non Current Liabilities</b>                                     |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |
| Long-term finance lease obligations                                | 11,527          | 17,151          | 6,775           | 3,081           | 3,081           | 5,211           | 7,727           | 4,091           | 4,965           | 4,965           | 8,000           | 10,086          | 9,511           | 8,793           |
| Debtentures  | -               | -               | 10,039          | 13,966          | 13,966          | 14,696          | 12,147          | 12,147          | 12,147          | 12,147          | 12,147          | 12,147          | 12,147          | 12,147          |
| Deferred tax liability   | -               | -               | -               | -               | -               | -               | -               | -               | -               | -               | -               | -               | -               | -               |
| Other  | -               | -               | -               | -               | -               | 241             | 243             | 243             | 243             | 243             | 243             | 243             | 243             | 243             |
| <b>Total Non Current Liabilities</b>                               | <b>11,527</b>   | <b>17,151</b>   | <b>16,814</b>   | <b>17,047</b>   | <b>17,047</b>   | <b>20,148</b>   | <b>20,117</b>   | <b>16,481</b>   | <b>17,355</b>   | <b>17,355</b>   | <b>20,390</b>   | <b>22,476</b>   | <b>21,901</b>   | <b>21,183</b>   |
| <b>Total Liabilities</b>   | <b>30,274</b>   | <b>45,554</b>   | <b>35,951</b>   | <b>36,016</b>   | <b>36,016</b>   | <b>43,688</b>   | <b>43,488</b>   | <b>43,348</b>   | <b>42,426</b>   | <b>42,426</b>   | <b>39,266</b>   | <b>43,987</b>   | <b>46,847</b>   | <b>48,016</b>   |
| <b>Shareholders' Equity</b>  |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |
| Total Shareholders' Equity   | 25,673          | 24,495          | 15,632          | 19,149          | 19,149          | 16,895          | 21,223          | 21,325          | 21,984          | 21,984          | 29,754          | 42,947          | 59,873          | 80,259          |
| <b>Total Liabilities &amp; Shareholders' Equity</b>                | <b>55,947</b>   | <b>70,049</b>   | <b>51,583</b>   | <b>55,165</b>   | <b>55,165</b>   | <b>60,583</b>   | <b>64,711</b>   | <b>64,674</b>   | <b>64,410</b>   | <b>64,410</b>   | <b>69,020</b>   | <b>86,933</b>   | <b>106,720</b>  | <b>128,275</b>  |
| <b>Income Statement</b><br>in C\$ thousands                        |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |
| <b>Revenue</b>   |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |
| Sale of medical equipment and supplies                             | 9,300           | 9,000           | 8,700           | 8,300           | 35,300          | 9,862           | 10,105          | 11,255          | 11,429          | 42,652          | 47,410          | 52,151          | 57,366          | 63,102          |
| Rental of medical equipment / patient monitoring                   | 11,200          | 11,900          | 11,500          | 11,200          | 45,800          | 12,907          | 13,996          | 13,807          | 13,761          | 54,471          | 59,919          | 65,910          | 72,501          | 79,752          |
| <b>Total Revenue</b>   | <b>20,500</b>   | <b>20,900</b>   | <b>20,200</b>   | <b>19,500</b>   | <b>81,000</b>   | <b>22,769</b>   | <b>24,101</b>   | <b>25,063</b>   | <b>25,190</b>   | <b>97,123</b>   | <b>107,328</b>  | <b>118,061</b>  | <b>129,867</b>  | <b>142,854</b>  |
| Cost of Revenue  | 6,200           | 6,100           | 6,100           | 5,100           | 23,500          | 6,029           | 6,502           | 7,268           | 7,305           | 27,104          | 31,125          | 34,238          | 37,662          | 41,428          |
| <b>Gross Profit</b>  | <b>14,300</b>   | <b>14,700</b>   | <b>14,100</b>   | <b>14,400</b>   | <b>57,500</b>   | <b>16,740</b>   | <b>17,599</b>   | <b>17,794</b>   | <b>17,885</b>   | <b>70,019</b>   | <b>76,203</b>   | <b>83,823</b>   | <b>92,206</b>   | <b>101,426</b>  |
| <b>Operating Costs</b>   | <b>14,400</b>   | <b>14,300</b>   | <b>23,300</b>   | <b>8,200</b>    | <b>60,200</b>   | <b>17,159</b>   | <b>17,428</b>   | <b>17,195</b>   | <b>16,751</b>   | <b>68,533</b>   | <b>66,706</b>   | <b>68,643</b>   | <b>72,987</b>   | <b>78,600</b>   |
| <b>Net income from continuing operations</b>                       | <b>(100)</b>    | <b>400</b>      | <b>(9,200)</b>  | <b>6,200</b>    | <b>(2,700)</b>  | <b>(419)</b>    | <b>171</b>      | <b>599</b>      | <b>1,134</b>    | <b>1,485</b>    | <b>9,498</b>    | <b>15,181</b>   | <b>19,219</b>   | <b>22,827</b>   |
| <b>Financing expenses</b>  | <b>400</b>      | <b>760</b>      | <b>2,050</b>    | <b>410</b>      | <b>3,620</b>    | <b>604</b>      | <b>620</b>      | <b>589</b>      | <b>555</b>      | <b>2,368</b>    | <b>1,937</b>    | <b>2,082</b>    | <b>2,306</b>    | <b>2,381</b>    |
| <b>Net income from continuing operations before taxes</b>          | <b>(500)</b>    | <b>(360)</b>    | <b>(11,250)</b> | <b>5,790</b>    | <b>(6,320)</b>  | <b>(1,758)</b>  | <b>2,100</b>    | <b>10</b>       | <b>579</b>      | <b>931</b>      | <b>7,561</b>    | <b>13,099</b>   | <b>16,913</b>   | <b>20,446</b>   |
| Recovery for income taxes  | (60)            | 160             | 30              | 140             | 270             | -               | 44              | 0               | 12              | 56              | 158             | 274             | 354             | 428             |
| <b>Net income from continuing operations after taxes</b>           | <b>(440)</b>    | <b>(520)</b>    | <b>(11,280)</b> | <b>5,650</b>    | <b>(6,590)</b>  | <b>(1,758)</b>  | <b>2,056</b>    | <b>10</b>       | <b>566</b>      | <b>875</b>      | <b>7,403</b>    | <b>12,824</b>   | <b>16,559</b>   | <b>20,017</b>   |
| <b>Discontinued operations</b>                                     | <b>520</b>      | <b>60</b>       | <b>30</b>       | <b>1,150</b>    | <b>1,760</b>    | <b>-</b>        | <b>(416)</b>    | <b>-</b>        | <b>(416)</b>    | <b>-</b>        | <b>(416)</b>    | <b>-</b>        | <b>-</b>        | <b>-</b>        |
| <b>Net income</b>  | <b>80</b>       | <b>(460)</b>    | <b>(11,250)</b> | <b>6,800</b>    | <b>(4,830)</b>  | <b>(1,758)</b>  | <b>1,640</b>    | <b>10</b>       | <b>566</b>      | <b>459</b>      | <b>7,403</b>    | <b>12,824</b>   | <b>16,559</b>   | <b>20,017</b>   |
| <b>Net income per share</b>  |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |
| Basic – continuing operations                                      | 0.00            | (0.01)          | (0.15)          | 0.07            | (0.08)          | (0.02)          | 0.02            | 0.00            | 0.01            | 0.01            | 0.09            | 0.15            | 0.20            | 0.24            |
| Diluted – continuing operations                                    | 0.00            | (0.01)          | (0.14)          | 0.07            | (0)             | (0.02)          | 0.02            | 0.00            | 0.01            | 0.01            | 0.08            | 0.14            | 0.19            | 0.23            |
| <b>Weighted average number of common shares outstanding</b>        |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |
| Basic  | 80,853          | 82,176          | 83,529          | 82,860          | 82,860          | 83,589          | 83,657          | 83,657          | 83,657          | 83,589          | 83,657          | 83,657          | 83,657          | 83,657          |
| Diluted  | 85,790          | 87,625          | 89,093          | 82,860          | 82,860          | 83,589          | 88,496          | 88,496          | 88,496          | 88,496          | 88,496          | 88,496          | 88,496          | 88,496          |
| <b>Cash Flow Statement</b><br>in C\$ thousands                     |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |
| <b>Operating Activities</b>  |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |
| <b>Net income from continuing operations</b>                       | <b>(386)</b>    | <b>(591)</b>    | <b>(12,564)</b> | <b>4,400</b>    | <b>(9,141)</b>  | <b>(1,758)</b>  | <b>2,056</b>    | <b>10</b>       | <b>566</b>      | <b>875</b>      | <b>7,403</b>    | <b>12,824</b>   | <b>16,559</b>   | <b>20,017</b>   |
| <b>Adjustments to reconcile net loss</b>                           |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |
| Items not affecting cash   | 5,200           | 5,849           | 6,227           | 4,007           | 21,283          | 6,737           | 6,872           | 5,380           | 4,984           | 23,974          | 17,176          | 13,483          | 11,718          | 10,543          |
| Change in Working Capital  | (2,985)         | (3,560)         | 136             | 1,349           | (5,060)         | (1,269)         | (4,418)         | 950             | 402             | (4,336)         | (7,315)         | (7,171)         | (7,413)         | (7,429)         |
| <b>Cash Flow from Operating Activities</b>                         | <b>2,471</b>    | <b>1,698</b>    | <b>(6,201)</b>  | <b>10,945</b>   | <b>8,913</b>    | <b>4,445</b>    | <b>1,546</b>    | <b>6,340</b>    | <b>5,953</b>    | <b>18,284</b>   | <b>17,264</b>   | <b>19,136</b>   | <b>20,864</b>   | <b>23,131</b>   |
| <b>Investing Activities</b>  |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |
| <b>Cash Flow from Investing Activities</b>                         | <b>(591)</b>    | <b>(488)</b>    | <b>(323)</b>    | <b>3,741</b>    | <b>2,339</b>    | <b>(4,111)</b>  | <b>43</b>       | <b>(501)</b>    | <b>(504)</b>    | <b>(5,073)</b>  | <b>(2,147)</b>  | <b>(2,361)</b>  | <b>(2,597)</b>  | <b>(2,857)</b>  |
| <b>Financing Activities</b>  |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |
| <b>Cash Flow from Financing Activities</b>                         | <b>(361)</b>    | <b>11,542</b>   | <b>(8,032)</b>  | <b>(8,209)</b>  | <b>(5,060)</b>  | <b>(4,979)</b>  | <b>(4,066)</b>  | <b>(177)</b>    | <b>(1,521)</b>  | <b>(10,743)</b> | <b>(4,332)</b>  | <b>3,448</b>    | <b>1,460</b>    | <b>(371)</b>    |
| <b>Net change in cash and cash equivalents</b>                     | <b>1,519</b>    | <b>12,752</b>   | <b>(14,556)</b> | <b>6,477</b>    | <b>6,192</b>    | <b>(4,645)</b>  | <b>(2,477)</b>  | <b>5,662</b>    | <b>3,928</b>    | <b>2,468</b>    | <b>10,786</b>   | <b>20,222</b>   | <b>19,727</b>   | <b>19,903</b>   |
| Effect of exchange rate changes on cash held in foreign currencies | 399             | 189             | (414)           | -               | 174             | 153             | 324             | -               | -               | 477             | -               | -               | -               | -               |
| Cash, beginning of year  | 4,331           | 6,249           | 19,129          | 4,159           | 4,331           | 12,855          | 8,363           | 6,210           | 11,872          | 12,855          | 15,800          | 26,586          | 46,808          | 66,535          |
| <b>Cash and cash equivalents, end of year</b>                      | <b>6,249</b>    | <b>19,129</b>   | <b>4,159</b>    | <b>12,855</b>   | <b>12,855</b>   | <b>8,363</b>    | <b>6,210</b>    | <b>11,872</b>   | <b>15,800</b>   | <b>15,800</b>   | <b>26,586</b>   | <b>46,808</b>   | <b>66,535</b>   | <b>86,437</b>   |
| <b>EBITDA</b>  |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |                 |
| Adj. EBITDA  | 9,342           | 4,371           | 4,833           | 4,670           | 4,694           | 18,568          | 20,024          | 22,064          | 24,307          | 26,774          | 14,801          | 4,413           | 4,925           | 4,762           |
| Adj. EBITDA Margin (%)   | 18%             | 19%             | 20%             | 19%             | 19%             | 19%             | 19%             | 19%             | 19%             | 19%             | 19%             | 19%             | 19%             | 19%             |

Source: Protech Home Medical, IA Securities

## Exhibit 2: Comps Table

| Company                    | Ticker | Close | Mkt Cap (\$M) | Debt+Pref (\$M) | Ent. Value (\$M) | EBITDA (\$M) |            |            | Debt/ EBITDA 20 | EV/EBITDA   |              |             | Revenue    |            |              | EV/Revenue  |             |             |
|----------------------------|--------|-------|---------------|-----------------|------------------|--------------|------------|------------|-----------------|-------------|--------------|-------------|------------|------------|--------------|-------------|-------------|-------------|
|                            |        |       |               |                 |                  | 2019A        | 2020E      | 2021E      |                 | 2019A       | 2020E        | 2021E       | 2019A      | 2020E      | 2021E        | 2019A       | 2020E       | 2021E       |
| BIOLASE Inc                | BIOL-Q | 0.42  | 10            | 18              | 28               | (10.3)       | (13.8)     | (5.7)      | -1.3x           | n/a         | n/a          | n/a         | 41         | 28         | 41           | 0.7x        | 1.0x        | 0.7x        |
| Centric Health Corp        | CHH-T  | 0.23  | 100           | 59              | 159              | 9.3          | 14.0       | 19.9       | 4.2x            | 6.4x        | 11.4x        | 8.0x        | 126        | 180        | 211          | 1.3x        | 0.9x        | 0.8x        |
| CRH Medical Corp           | CRH-T  | 2.66  | 180           | 51              | 231              | 39.0         | 20.9       | 37.3       | 2.4x            | 1.3x        | 11.0x        | 6.2x        | 124        | 82         | 121          | 1.9x        | 2.8x        | 1.9x        |
| Dynatronics Corp           | DYNT-Q | 0.69  | 10            | 17              | 27               | n/a          | n/a        | n/a        | 10.6x           | n/a         | n/a          | n/a         | 62         | 57         | 57           | 0.4x        | 0.5x        | 0.5x        |
| IntriCon Corp              | IIN-Q  | 13.02 | 100           | (29)            | 71               | n/a          | 6.7        | 12.2       | -4.3x           | n/a         | 10.6x        | 5.8x        | 112        | 111        | 124          | 0.6x        | 0.6x        | 0.6x        |
| Savaria Corp               | SIS-T  | 13.24 | 660           | 37              | 697              | 55.9         | 51.9       | 63.5       | 0.7x            | 0.7x        | 13.4x        | 11.0x       | 375        | 362        | 399          | 1.9x        | 1.9x        | 1.7x        |
| Viemed Healthcare Inc      | VMD-T  | 10.77 | 420           | (112)           | 308              | 19.7         | 34.9       | 31.2       | -3.2x           | n/a         | 8.8x         | 9.9x        | 91         | 117        | 116          | 3.4x        | 2.6x        | 2.7x        |
| <b>Totals / Average</b>    |        |       | <b>1,500</b>  | <b>-</b>        | <b>1,500</b>     | <b>110</b>   | <b>110</b> | <b>160</b> | <b>1.3x</b>     | <b>0.0x</b> | <b>13.6x</b> | <b>9.4x</b> | <b>930</b> | <b>940</b> | <b>1,070</b> | <b>1.6x</b> | <b>1.6x</b> | <b>1.4x</b> |
| Protech Home Medical (IAS) | PTQ-V  | 1.05  | 90            | 18              | 108              | 15           | 19         | 20         | 0.9x            | 7.3x        | 5.7x         | 5.3x        | 81         | 97         | 107          | 1.3x        | 1.1x        | 1.0x        |

Source: Protech Home Medical, Refinitiv, iA Securities

## Exhibit 3: Valuation and Target Price

| EV/adj. EBITDA Valuation            |               |
|-------------------------------------|---------------|
| 2020e Adj. EBITDA (\$M)             | 18,886        |
| Multiple                            | 12.0x         |
| Enterprise Value (\$M)              | 226,633       |
| Net cash (debt) end of Q4/F20 (\$M) | -11,249       |
| Market Cap (\$M)                    | 215,384       |
| S/O (end of Q4/F20)                 | 82,860        |
| <b>Target Price</b>                 | <b>\$2.60</b> |
| <b>Target Price (Rounded)</b>       | <b>\$2.60</b> |

Source: iA Securities

**Investment Recommendation Rating System**

|                         |   |
|-------------------------|---|
| <b>Strong Buy:</b>      | Expected to provide a substantial return over the next 12 months, with a lower level of risk than comparable investments.           |
| <b>Buy:</b>             | Expected to provide a reasonably positive return over the next 12 months.   |
| <b>Speculative Buy:</b> | Expected to provide a positive return over the next 12 months, but with a high level of risk, or based on a future uncertain event. |
| <b>Hold:</b>            | Expected to remain in a trading range near the current share price for the next 12 months.  |
| <b>Sell:</b>            | Expected to deliver a negative return over the next 12 months.  |
| <b>Under Review:</b>    | Currently available information is inadequate to provide an investment rating.  |
| <b>Tender:</b>          | Investors should tender their shares to the current offer.  |

**Company Related Disclosures**

| Issuer Company             | Ticker | Exch. | Disclosures |
|----------------------------|--------|-------|-------------|
| Protech Home Medical Corp. | PTQ    | V     | -           |

See legend of Disclosures on next page.

**General Disclosures**

Please note that Industrial Alliance Securities Inc. merged with MGI Securities Inc. on April 1, 2014 and continued their operations as Industrial Alliance Securities Inc. As a result, the enclosed disclosures may relate to either Industrial Alliance Securities Inc. or to MGI Securities Inc. for the period prior to April 1, 2014. All appropriate disclosure will be included until no longer needed.

The information and opinions contained in this report were prepared by Industrial Alliance Securities Inc. Industrial Alliance Securities Inc. is controlled by Industrial Alliance Insurance & Financial Services Inc. Industrial Alliance Insurance & Financial Services Inc is a TSX Exchange listed company (IAG-T) and as such, Industrial Alliance Securities Inc. is an affiliate of Industrial. The opinions, estimates and projections contained in this report are those of Industrial Alliance Securities Inc. as of the date of this report and are subject to change without notice. Industrial Alliance Securities Inc. endeavours to ensure that the contents have been compiled or derived from sources that we believe to be reliable and contain information and opinions that are accurate and complete. However, Industrial Alliance Securities Inc. makes no representations or warranty, express or implied, in respect thereof, takes no responsibility for any errors and omissions contained herein and accepts no liability whatsoever for any loss arising from any use of, or reliance on, this report or its contents. Information may be available to Industrial Alliance Securities Inc. that is not reflected in this report. This report is not to be construed as an offer or solicitation to buy or sell any security. The reader should not rely solely on this report in evaluating whether or not to buy or sell securities of the subject company.

**Definitions**

"Research Analyst" means any partner, director, officer, employee or agent of Industrial Alliance Securities Inc. who is held out to the public as a research analyst or whose responsibilities to Industrial Alliance Securities Inc. include the preparation of any written report for distribution to clients or prospective clients of Industrial Alliance Securities Inc. which includes a recommendation with respect to a security.

"Research Report" means any written or electronic communication that Industrial Alliance Securities Inc. has distributed or will distribute to its clients or the general public, which contains an analyst's recommendation concerning the purchase, sale or holding of a security (but shall exclude all government debt and government guaranteed debt).

**Conflicts of Interest**

The research analyst and or associates who prepared this report are compensated based upon (among other factors) the overall profitability of Industrial Alliance Securities Inc., which may include the profitability of investment banking and related services. In the normal course of its business, Industrial Alliance Securities Inc. may provide financial advisory services for the issuers mentioned in this report. Industrial Alliance Securities Inc. may buy from or sell to customers the securities of issuers mentioned in this report on a principal basis.

**Analyst's Certification**

Each Industrial Alliance Securities Inc. research analyst whose name appears on the front page of this research report hereby certifies that (i) the recommendations and opinions expressed in the research report accurately reflect the research analyst's personal views about the issuer and securities that are the subject of this report and all other companies and securities mentioned in this report that are covered by such research analyst and (ii) no part of the research analyst's compensation was, is, or will be directly or indirectly, related to the specific recommendations or views expressed by such research analyst in this report.

**Analyst's Ethics**

As a condition of employment, analysts are required to adhere to the Code of Ethics and Standards of Professional Conduct of the CFA Institute (formerly Association for Investment Management and Research).

**Analyst Trading**

Industrial Alliance Securities Inc. permits analysts to own and trade in the securities and or the derivatives of the issuer under their research coverage, subject to the following restrictions. No trades can be executed in anticipation of coverage for a period of 30 days prior to the issuance of the report and 5 days after the dissemination of the report to our clients. For a change in recommendation, no trading is allowed for a period of 24 hours after the dissemination of such information to our clients. A transaction against an analyst's recommendation can only be executed for a reason unrelated to the outlook of the stock for the issuer and with the prior approval of the Director of Research and the Chief Compliance Officer.

**Research Dissemination Policy**

Industrial Alliance Securities Inc. makes its research available in electronic and printed formats and makes every effort to disseminate research simultaneously to all eligible clients. Research is available to our institutional clients via Bloomberg and First Call as well as through our sales representatives via email, fax or regular mail. Electronic versions are distributed in PDF format. Additionally, the research is only intended to be distributed in jurisdictions where Industrial Alliance Securities Inc. is licensed.

**For Canadian Residents:** This report has been approved by Industrial Alliance Securities Inc. which accepts responsibility for this report and its dissemination in Canada. Canadian clients wishing to effect transactions in any such issuer discussed should do so through a qualified salesperson of Industrial Alliance Securities Inc. in their particular jurisdiction.

**For US Residents:** Industrial Alliance Securities Inc. is not a U.S. broker-dealer and therefore is not governed by U.S. laws, rules or regulations applicable to U.S. broker-dealers. Consequently, the persons responsible for the content of this publication are not licensed in the U.S. as research analysts in accordance with applicable rules promulgated by the U.S. self-regulatory organizations. Any U.S. institutional investor wishing to effect trades in any security referred to herein should contact Industrial Alliance Securities Inc. (USA) Inc., a U.S. broker-dealer affiliate of Industrial Alliance Securities Inc.

**Disclosure Legend**

1. Within the last 12 months, Industrial Alliance Securities Inc. has received compensation for investment banking services or has provided investment banking services with respect to the securities of the issuer.
2. Industrial Alliance Securities Inc. expects to receive or intends to seek compensation for investment banking services from the issuer covered in this report within the next three months.
3. In the past 12 months, Industrial Alliance Securities Inc. has managed or co-managed a public offering of securities for the issuer.
4. Industrial Alliance Securities Inc. makes a market in the securities of the issuer.
5. Industrial Alliance Securities Inc. beneficially owned 1% or more of the common equity (including derivatives exercisable or convertible within 60 days) of the issuer as of the month end preceding this report.
6. The Industrial Alliance Securities Inc. research analyst(s), who cover the issuer discussed, members of the research analyst's household, research associate(s) or other individual(s) involved directly or indirectly in producing this report:
  - a. have a long position in its common equity securities.
  - b. have a short position in its common equity securities.
7. The analyst has visited the issuer's operations. No payment or reimbursement was received from the issuer for the associated travel costs.
8. In the past 12 months, the issuer is (or has been) a client of Industrial Alliance Securities Inc. and received non-banking and non-securities related services for which Industrial Alliance Securities Inc. received or expects to receive compensation.
9. In the past 12 months, Industrial Alliance Securities Inc., its officers, directors, or analysts involved in the preparation of this report has provided services to the issuer for remuneration other than normal course investment advisory or trade execution services.
10. An officer or director of Industrial Alliance Securities Inc., outside of the Equity Research Department, or a member of his/her household is an officer or director of the issuer or acts in an advisory capacity to the issuer.
11. The analyst has relied in the preparation of the recommendation on material provided by a third party which will be disclosed on request.

**Copyright**

All rights reserved. All material presented in this document may not be reproduced in whole or in part, or further published or distributed or referred to in any manner whatsoever, nor may the information, opinions or conclusions contained in it be referred to without in each case the prior express written consent of Industrial Alliance Securities Inc.

Industrial Alliance Securities Inc. is a member of the Investment Industry Regulatory Organization of Canada and the Canadian Investor Protection Fund.