*No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise. This prospectus constitutes a public offering of these securities only in those jurisdictions where they may be lawfully offered for sale and therein only by persons permitted to sell such securities. These securities have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the "**U.S. Securities Act**"), or the securities laws of any state of the United States (as such term is defined in Regulation S under the U.S. Securities Act) and may not be offered, sold or delivered, directly or indirectly, in the United States, except pursuant to an exemption from the registration requirements of the U.S. Securities Act and applicable state securities laws. This prospectus does not constitute an offer to sell or solicitation of an offer to buy any of these securities in the United States. See "Plan of Distribution".*

PROSPECTUS

Initial Public Offering December 4, 2019

Andlauer Healthcare Group Inc.

$150,000,000

10,000,000 Subordinate Voting Shares

This prospectus qualifies the distribution (the "**Offering**") of an aggregate of 10,000,000 subordinate voting shares ("**Subordinate Voting Shares**") of Andlauer Healthcare Group Inc. (the "**Company**", "**AHG**", "**us**", "**our**" or "**we**"), a newly-formed corporation, incorporated under the laws of the Province of Ontario, at a price of $15.00 per Subordinate Voting Share (the "**Offering Price**").

We have been formed to own and operate, through our direct and indirect subsidiaries, a leading and growing healthcare supply chain management company with a platform of customized third-party logistics and specialized transportation solutions for the healthcare sector. In connection with the closing of the Offering and the transactions described in this prospectus under the heading "The Acquisition" (the "**Closing**"), we will acquire a number of entities from Andlauer Management Group Inc. ("**AMG**"), a private corporation owned and controlled by Michael Andlauer, our Chief Executive Officer and a director of the Company. See "The Acquisition".

Following Closing, we believe we will be Canada's only national third-party service provider focused exclusively on delivering customized, end-to-end logistics and specialized transportation solutions to the healthcare sector. Leveraging our coast-to-coast temperature management capabilities, we offer services to healthcare manufacturers, wholesalers, distributors and third-party logistics providers, among others, through a comprehensive platform of high quality, technology-enabled supply chain solutions for a range of products, including pharmaceuticals, biologics, narcotics, precursors, active pharmaceutical ingredients, over-the-counter, natural health, animal health, consumer health, cosmetics, health and beauty aids and medical devices. Through our healthcare logistics and specialized transportation operating segments, we integrate our uniquely designed nation-wide network of facilities, vehicles, personnel and technology systems into our clients' businesses to offer holistic solutions that satisfy the needs of the highly regulated Canadian healthcare industry. See "Business of AHG".

On Closing, we will have two classes of issued and outstanding shares: Subordinate Voting Shares and multiple voting shares ("**Multiple Voting Shares**", and together with the Subordinate Voting Shares, the "**Shares**"). All of the issued and outstanding Multiple Voting Shares will be held and controlled by AMG on Closing. See "Principal Shareholders". The terms and conditions of the Subordinate Voting Shares and the Multiple Voting Shares are substantially identical with the exception of the voting and conversion rights attached to the Multiple Voting Shares. Each Subordinate Voting Share is entitled to one vote and each Multiple Voting Share is entitled to four votes on all matters upon which the holders of Shares are entitled to vote. The Multiple Voting Shares are convertible into Subordinate Voting Shares on a one-for-one basis at any time at the option of the holders thereof and automatically in certain other circumstances. The holders of Subordinate Voting Shares benefit from "coattail" provisions that give them certain rights in the event of a take-over bid for the Multiple Voting Shares.

Upon Closing and assuming no exercise of the Over-Allotment Option (as defined herein), we will have an aggregate of 11,000,000 Subordinate Voting Shares and 25,100,000 Multiple Voting Shares issued and outstanding (12,500,000 Subordinate

Comprehensive platform of supply chain solutions uniquely designed to satisfy the needs of the highly regulated healthcare industry

Andlauer
HEALTHCARE GROUP

AT-A-GLANCE

~10% Revenue CAGR since 2010[(1)]	20% + EBITDA margin	Nation-wide network operating from 33 facilities	15+ year relationship, on average with top 20 clients by revenue

(1) 2016 - 2018 revenue per AHG Entities' combined audited financial statements, fiscal year ended December 31.
2010 - 2011 revenue represents a combination of two entities: ATS Andlauer Transportation Services Limited Partnership ("ATS Andlauer") and Accuristix; 2012 - 2015 revenue represents a combination of three entities: ATS Andlauer, Accuristix and Credo Systems Canada Inc. ("Credo"). ATS Andlauer and Accuristix revenue per audited consolidated financial statements and Credo revenue per notice to reader statements; adjusted to account for related party transactions between Accuristix and ATS Andlauer per ATS Andlauer audited consolidated financial statements, Accuristix and ATS Andlauer purchases from Credo per internal management accounts; Accuristix consolidated financials for fiscal year ended March 2011 - March 2016 included in the years ending December 31, 2010 - 2015; Credo financials for fiscal year ended October 2012 - October 2015 included in the years ending December 31, 2012 - 2015.

WE OPERATE A PLATFORM OF RELATED BUSINESSES...

Andlauer HEALTHCARE GROUP

ACCURISTIX ADVANCING HEALTHCARE LOGISTICS | Crēdo | NOVA PACK AN ACCURISTIX COMPANY | ATS Healthcare | MEDDS

Logistics & Distribution	Packaging Solutions	Ground Transportation	Air Freight Forwarding	Dedicated and Last Mile Delivery
28% of 2018 Revenue[(2)]	7% of 2018 Revenue	54% of 2018 Revenue	6% of 2018 Revenue	5% of 2018 Revenue

(2) Percentage of 2018 revenue prior to intersegment revenue eliminations, fiscal year ended December 31.



...FOCUSED ON A RANGE OF HEALTHCARE END MARKETS

Pharmaceuticals | Nutraceuticals | Health & Beauty Accessories | Medical Devices | Consumer Healthcare | Animal Health

Investment Highlights

/ Leading Provider of Essential Healthcare Supply Chain Services

/ Coast-to-Coast, Closed-Loop Network Supported by Specialized Infrastructure

/ Technology Supporting a Comprehensive Service Platform

/ Partner of Choice for Leading Companies in the Healthcare Industry

/ Strong Financial Performance with Stable Cash Flows, Driven by Robust Growth and Attractive Margins

/ Experienced Management Team Aligned with Shareholders and Strong Employee Culture

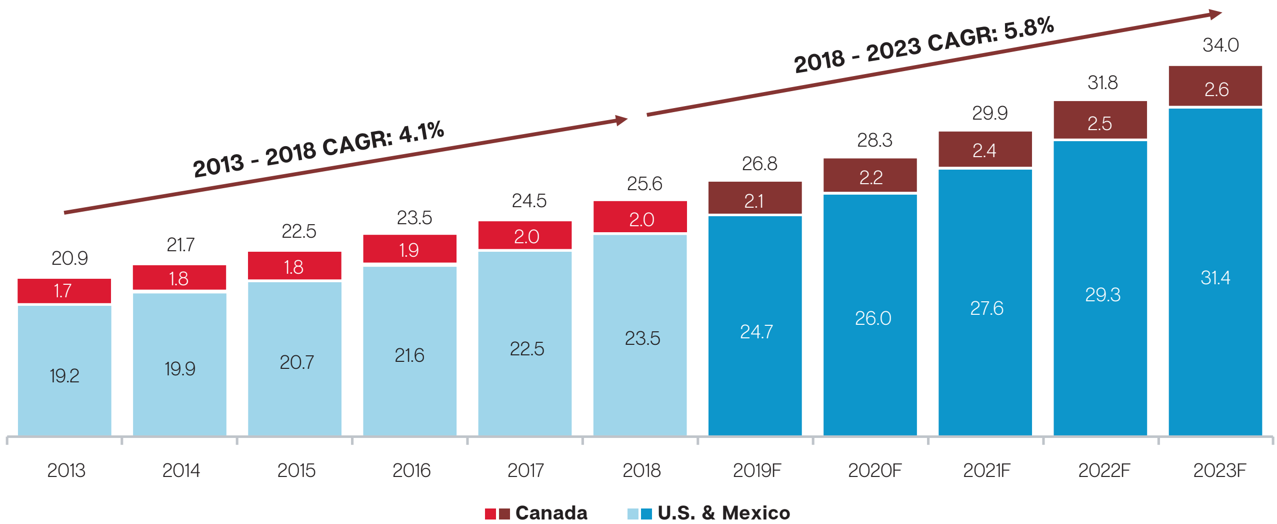
Strong Industry Fundamentals Set Context For Continued Growth

A NUMBER OF MACRO TRENDS ARE DRIVING GROWTH IN HEALTHCARE LOGISTICS AND SPECIALTY TRANSPORTATION SERVICES

- Aging Population and Increased Life Expectancy
- Increasing Number of Healthcare and Adjacent Products with Unique Logistics Needs
- Increasing Industry Regulation
- Increasing Demand for Distributed and Ancillary Healthcare Logistics Services

AHG IS POSITIONED TO CAPITALIZE ON STRONG INDUSTRY GROWTH IN HEALTHCARE LOGISTICS AND SPECIALTY TRANSPORTATION SERVICES

North American Outsourced Healthcare Logistics and Transportation Market (US$BN)[1]



(1) Source: Healthcare Logistics Market in North America 2019 – 2023 report by Technavio dated October 2019.

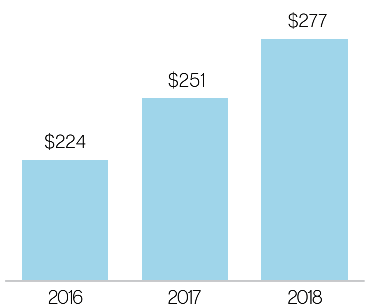
AHG's National Network and Core Capabilities[1]

(1) Includes 5 cross-docks owned by third-parties that we operate from.

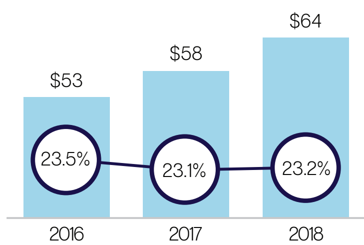
- TEMPERATURE MANAGEMENT
- QUALITY ASSURANCE
- SUPPLY CHAIN VISIBILITY
- SECURITY

Strong Financial Performance with Stable Cash Flows, Driven by Robust Growth and Attractive Margins

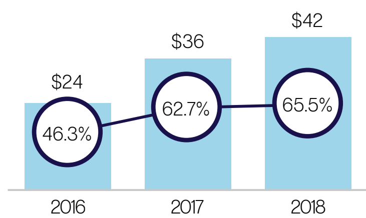
Track record of organic topline growth + **Strong and stable EBITDA margins** + **Efficient use of capital**



Revenue (C$mm)



EBITDA (C$mm)[1]
Margin (%)



EBITDA less Leases and CAPEX (C$mm)
Conversion (%)[2]

Source: AHG Entities' combined audited financial statements
(1) Defined as net income (loss) and comprehensive income (loss) for the period before: (i) income tax (recovery) expense; (ii) interest income; (iii) interest expense; and (iv) depreciation and amortization. Prior to incorporation of any incremental costs incurred as a public company.
(2) Defined as EBITDA less cash payments for leases and capital expenditures; Conversion defined as EBITDA less Leases and CAPEX divided by EBITDA.

Identified Strategies to Capitalize on Growth Opportunities

Voting Shares and 25,100,000 Multiple Voting Shares if the Over-Allotment Option is exercised in full). The Subordinate Voting Shares are "restricted securities" within the meaning of such term under applicable securities laws in Canada. See "Description Of Share Capital" and "Agreements with AMG – Investor Rights Agreement".

Upon Closing and assuming no exercise of the Over-Allotment Option, AMG will own and control all of the issued and outstanding Multiple Voting Shares and 75,000 Subordinate Voting Shares, representing approximately 69.7% of the issued and outstanding Shares (representing their non-diluted equity interests) and approximately 90.2% of the voting power attached to all of the Shares (approximately 67.0% and 89.0% respectively, if the Over-Allotment Option is exercised in full). As a result, AMG will have significant influence over us and our affairs. In addition, AMG will also be party to the Investor Rights Agreement (as defined herein) that, among other things, gives it the right to nominate directors to our Board (as defined herein). See "Principal Shareholders", "Agreements with AMG" and "Risk Factors". All of the Shares held upon Closing by AMG, the Trustees (as defined herein) and our directors and executive officers will be subject to contractual lock-up agreements with the Underwriters. See "Plan of Distribution – Lock-Up Arrangements".

There is no market through which the Subordinate Voting Shares may be sold and purchasers may not be able to resell the Subordinate Voting Shares purchased under this prospectus. This may affect the pricing of the Subordinate Voting Shares in the secondary market, the transparency and availability of trading prices, the liquidity of the Shares and the extent of issuer regulation. See "Plan of Distribution" and "Risk Factors".

The Toronto Stock Exchange ("**TSX**") has conditionally approved the listing of the Subordinate Voting Shares under the symbol "AND". Listing is subject to us fulfilling all of the listing requirements of the TSX on or before February 25, 2020.

Price: $15.00 per Subordinate Voting Share

	Price to the Public(1)	Underwriters' Fee	Net Proceeds to the Company(2)
Per Subordinate Voting Share	$15.00	$0.90	$14.10
Total Offering(3)......................................	$150,000,000	$9,000,000	$141,000,000

Notes:

(1) The Offering Price has been determined by negotiation among the Company, AMG and the Underwriters.

(2) Before deducting expenses of the Offering estimated at $4,850,000. See "Use of Proceeds" and "Combined Capitalization".

(3) The Company has granted the Underwriters an option (the "**Over-Allotment Option**"), exercisable, in whole or in part, at any time for a period of 30 days after the Closing Date (as defined herein), to purchase up to an additional 15% of the aggregate number of Subordinate Voting Shares issued under the Offering on the same terms as set forth above solely to cover over-allotments, if any, and for market stabilization purposes. If the Over-Allotment Option is exercised in full, the total "Price to the Public", "Underwriters' Fee" and "Net Proceeds to the Company will be $172,500,000, $10,350,000 and $162,150,000 respectively. This prospectus qualifies the grant of the Over-Allotment Option. A purchaser who acquires Subordinate Voting Shares forming part of the Underwriters' over-allocation position acquires such Subordinate Voting Shares under this prospectus, regardless of whether the Underwriters' over-allocation position is ultimately filled through the exercise of the Over-Allotment Option or secondary market purchases. See "Plan of Distribution". This prospectus also qualifies (i) the 75,000 Subordinate Voting Shares to be held by AMG upon its conversion of an equivalent number of Multiple Voting Shares on Closing, which Subordinate Voting Shares AMG intends to transfer (after 180 days following Closing) to select independent owner-operators engaged by the Company, and (ii) the issuance of 925,000 Subordinate Voting Shares to AMG on Closing, that AMG intends to transfer to the Employee Trust (as defined herein) for the benefit of current executive officers and employees of the Company and the AHG Entities (as defined herein) on Closing. For clarity, the distribution under this prospectus of the Shares referenced in the preceding sentence will be completed on Closing. See "The Acquisition".

RBC Dominion Securities Inc. ("**RBC**") and CIBC World Markets Inc. ("**CIBC**" and together with RBC, the "**Joint Bookrunners**"), BMO Nesbitt Burns Inc., National Bank Financial Inc., Scotia Capital Inc., TD Securities Inc., GMP Securities L.P., INFOR Financial Inc., and Wellington-Altus Private Wealth Inc. (together with the Joint Bookrunners, the "**Underwriters**"), as principals, conditionally offer the Subordinate Voting Shares qualified under this prospectus, subject to prior sale, if, as and when issued by the Company and accepted by the Underwriters in accordance with the conditions contained in the Underwriting Agreement (as defined herein) among us, AMG and the Underwriters referred to under "Plan of Distribution" and subject to the approval of certain legal matters on our behalf by Goodmans LLP and on behalf of the Underwriters by Stikeman Elliott LLP.

In connection with the Offering, the Underwriters have been granted the Over-Allotment Option and may, subject to applicable law, over-allocate or effect transactions which stabilize or maintain the market price of the Subordinate Voting Shares at levels other than those which otherwise might prevail on the open market. **The Underwriters may offer the Subordinate Voting Shares at a price lower than that stated above. See "Plan of Distribution".**

The following table sets out the number of Subordinate Voting Shares that may be issued by the Company to the Underwriters pursuant to the Over-Allotment Option:

Underwriters' Position	**Maximum Size or Number of Securities Available**	**Exercise Period**	**Exercise Price ($)**
Over-Allotment Option	1,500,000 Subordinate Voting Shares	For a period of 30 days after the Closing Date	$15.00 per Subordinate Voting Share

Each of RBC and CIBC is an affiliate of a Canadian chartered bank that has committed to provide us with certain credit facilities at Closing that will replace existing credit facilities we maintain with an affiliate of RBC. Additionally, RBC, CIBC and their respective affiliates have provided from time to time, and may provide in the future, commercial banking, investment and financial advisory services to us and our affiliates in the ordinary course of business for which they have received and may continue to receive customary fees and commissions. As a result of the foregoing relationships, as described in further detail herein, we may be considered a "connected issuer" of either, or both, of RBC and CIBC within the meaning of National Instrument 33-105 - *Underwriting Conflicts* for the purposes of applicable Canadian securities legislation. See "Description of Material Indebtedness" and "Plan of Distribution".

Subscriptions will be received subject to rejection or allocation in whole or in part and the Underwriters reserve the right to close the subscription books at any time without notice. Closing is expected to occur on or about December 11, 2019 or such other date as we and the Underwriters may agree, but in any event no later than January 13, 2020 (the "**Closing Date**"). The Subordinate Voting Shares offered under this prospectus are to be taken up by the Underwriters, if at all, on or before January 13, 2020. The Subordinate Voting Shares will be deposited with CDS Clearing and Depository Services Inc. ("**CDS**") in electronic form on the Closing Date through the non-certificated inventory system administered by CDS. A purchaser of Subordinate Voting Shares will receive only a customer confirmation from the registered dealer from or through which the Subordinate Voting Shares are purchased. See "Plan of Distribution – Non-Certificated Inventory System".

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ABOUT THIS PROSPECTUS

An investor should rely only on the information contained in this prospectus. None of the Company, AMG, as promoter (the "**Promoter**") or any of the Underwriters has authorized anyone to provide investors with additional or different information. The information contained on our website, www.andlauerhealthcare.com, is not intended to be included in or incorporated by reference into this prospectus and prospective investors should not rely on such information when deciding whether or not to invest in the Subordinate Voting Shares.

Any reference to "management believes" or "we believe" in this prospectus represents a *bona fide* belief of our senior management team based on their experience and knowledge of the industry and customer and competitive landscape, following reasonable inquiry.

Any graphs, tables or other information demonstrating our historical performance or that of any other entity contained in this prospectus are intended only to illustrate past performance and are not necessarily indicative of such entities' future performance. The information contained in this prospectus is accurate only as of the date of this prospectus or the date indicated, regardless of the time of delivery of this prospectus or of any sale of the Subordinate Voting Shares.

None of the Company or any of the Underwriters is offering to sell the Subordinate Voting Shares in any jurisdiction where the offer or sale of such securities is not permitted. Investors are required to inform themselves about, and to observe any restrictions relating to, the Offering and the possession or distribution of this prospectus.

In this prospectus, unless the context indicates or requires otherwise, it is assumed that the Offering and the transactions described in this prospectus under the heading "The Acquisition" have been completed and that the Over-Allotment Option is not exercised.

Unless otherwise indicated, the number of Shares outstanding upon Closing is based on 11,000,000 Subordinate Voting Shares and 25,100,000 Multiple Voting Shares on a non-diluted basis and 12,500,000 Subordinate Voting Shares and 25,100,000 Multiple Voting Shares on a non-diluted basis if the Over-Allotment Option is exercised in full.

Where numbers are reflected as "approximately", they have been rounded up or down, as applicable.

MEANING OF CERTAIN TERMS

As of the date of this prospectus, the AHG Entities are owned by AMG. All references to the "Company", "AHG", "we", "us" or "our" refer to Andlauer Healthcare Group Inc. together with the AHG Entities, on a combined basis, as constituted on the Closing Date, assuming that the transactions described in this prospectus under the heading "The Acquisition", including the purchase of the AHG Entities by AHG, have been completed. Accordingly, the business of the AHG Entities is being attributed to the Company for the purposes of this prospectus.

Furthermore, as used in this prospectus, unless the context indicates or requires otherwise, the following terms have the following meanings:

"**218**" has the meaning ascribed thereto under "The Acquisition – Principal Transaction Steps";

"**218 Convertible Note**" has the meaning ascribed thereto under "The Acquisition – Principal Transaction Steps";

"**272**" has the meaning ascribed thereto under "The Acquisition – Principal Transaction Steps";

"**3PL**" has the meaning ascribed thereto under "Business of AHG";

"**Acquisition**" has the meaning ascribed thereto under "The Acquisition – Overview";

"**Acquisition Note 1**" has the meaning ascribed thereto under "The Acquisition – Overview";

"**Acquisition Note 2**" has the meaning ascribed thereto under "The Acquisition – Overview";

“**Act**” has the meaning ascribed thereto under “Business of AHG – Regulation”;

“**Advance Notice Provisions**” has the meaning ascribed thereto under “Description of Share Capital – Advance Notice Provisions”;

“**AHG Entities**” means 2040637 Ontario Limited, 2186940 Ontario Inc., 2721275 Ontario Limited, Accuristix Inc., Accuristix, Accuristix Healthcare Logistics Inc., Associated Logistics Solutions Inc., ATS Andlauer Transportation Services GP Inc., ATS Andlauer Transportation Services Limited Partnership, Concord Supply Chain Solutions Inc., Credo Systems Canada Inc., Nova Pack Ltd., MEDDS Canada – A Medical Delivery Service Corporation and MEDDS Winnipeg – A Medical Delivery Services Corporation;

“**allowable capital loss**” has the meaning ascribed thereto under “Certain Canadian Federal Income Tax Considerations – Residents of Canada”;

“**ALS**” has the meaning ascribed thereto under “Business of AHG– Company History”;

“**ALS Convertible Note**” has the meaning ascribed thereto under “The Acquisition – Principal Transaction Steps”;

“**AMG**” means Andlauer Management Group Inc.;

“**AMG Receivable**” has the meaning ascribed thereto under “The Acquisition – Principal Transaction Steps”;

“**Annex 11**” has the meaning ascribed thereto under “Business of AHG **–** Services and Products”;

“**APIs**” has the meaning ascribed thereto under “Business of AHG – Our Company”;

“**APLI**” has the meaning ascribed thereto under “Management’s Discussion and Analysis of Financial Condition and Results of Operations – Related Party Transactions”;

“**Articles**” has the meaning ascribed thereto under “Description of Share Capital”;

“**ATLAS**” has the meaning ascribed thereto under “Business of AHG– Investment Highlights”;

“**ATS**” means ATS Andlauer Transportation Services Inc.;

“**ATS Andlauer**” has the meaning ascribed thereto under “Business of AHG– Our Company”;

“**ATS Andlauer GP**” has the meaning ascribed thereto under “The Acquisition – Principal Transaction Steps”;

“**Audit Committee**” means the audit committee of the Board;

“**BHI**” has the meaning ascribed thereto under “Management’s Discussion and Analysis of Financial Condition and Results of Operations – Related Party Transactions”;

“**Board**” means the board of directors of the Company;

“**Board Charter**” has the meaning ascribed thereto under “Corporate Governance – Charter of the Board”;

“**BSE**” has the meaning ascribed thereto under “Management’s Discussion and Analysis of Financial Condition and Results of Operations – Related Party Transactions”;

“**C-GHBS**” has the meaning ascribed thereto under “Management’s Discussion and Analysis of Financial Condition and Results of Operations – Related Party Transactions”;

“**CAGR**” means compound annual growth rate;

“**Calyx Group**” has the meaning ascribed thereto under “Directors and Executive Officers – Biographical Information Regarding the Directors and Executive Officers”;

“**CDS**” has the meaning ascribed thereto under “Plan of Distribution – Non-Certificated Inventory System”;

“**CDS Participants**” has the meaning ascribed thereto under “Plan of Distribution – Non-Certificated Inventory System”;

“**Chair**” means the Chair of the Board;

“**Change in Control**” has the meaning ascribed thereto under “Executive Compensation – Omnibus Incentive Plan”;

“**CIBC**” has the meaning ascribed thereto on the cover page;

“**Closing**” has the meaning ascribed thereto on the cover page;

“**Closing Date**” has the meaning ascribed thereto on the cover page;

“**CNG Committee**” means the compensation, nominating and governance committee of the Board;

“**Coattail Agreement**” has the meaning ascribed thereto under “Description of Share Capital – Take-Over Bid Protection”;

“**Code of Ethics**” has the meaning ascribed thereto under “Corporate Governance – Ethical Business Conduct”;

“**CODM**” has the meaning ascribed thereto under “Management’s Discussion and Analysis of Financial Condition and Results of Operations – Related Party Transactions”;

“**Convention**” has the meaning ascribed thereto under “Certain Canadian Federal Income Tax Considerations – Non-Resident Holders”;

“**CP**” has the meaning ascribed thereto under “Directors and Executive Officers – Biographical Information Regarding the Directors and Executive Officers”;

“**Crēdo®**” has the meaning ascribed thereto under “Business of AHG – Investment Highlights”;

“**Crēdo® Cubes**” has the meaning ascribed thereto under “Business of AHG – Investment Highlights”;

“**Credit Facilities**” has the meaning ascribed thereto under “Description of Material Indebtedness”;

“**CSC Convertible Note**” has the meaning ascribed thereto under “The Acquisition – Principal Transaction Steps”;

“**Day and Ross**” has the meaning ascribed thereto under “Directors and Executive Officers – Biographical Information Regarding the Directors and Executive Officers”;

“**DCR**” has the meaning ascribed thereto under “Management’s Discussion and Analysis of Financial Condition and Results of Operations – Related Party Transactions”;

“**Demand Distribution**” has the meaning ascribed thereto under “Agreements with AMG – Investor Rights Agreement”;

“**Demand Registration Right**” has the meaning ascribed thereto under “Agreements with AMG – Investor Rights Agreement”;

“**Director Fees**” has the meaning ascribed thereto under “Executive Compensation – Omnibus Incentive Plan”;

“**Diversity Policy**” has the meaning ascribed thereto under “Corporate Governance – Diversity”;

“**DSUs**” has the meaning ascribed thereto under “Executive Compensation – Principal Elements of Compensation”;

“**ECLs**” has the meaning ascribed thereto under “Selected Combined Financial Information – Financial Instruments”;

“**Employee Trust**” has the meaning ascribed thereto under “The Acquisition – Principal Transaction Steps”;

“**Employee Trust Loan**” has the meaning ascribed thereto under “The Acquisition – Principal Transaction Steps”;

“**Existing Credit Facilities**” has the meaning ascribed thereto under “Description of Material Indebtedness”;

“**Fiscal 2016**” has the meaning ascribed thereto under “Management’s Discussion and Analysis of Financial Condition and Results of Operations – Basis of Presentation”;

“**Fiscal 2017**” has the meaning ascribed thereto under “Management’s Discussion and Analysis of Financial Condition and Results of Operations – Basis of Presentation”;

“**Fiscal 2018**” has the meaning ascribed thereto under “Management’s Discussion and Analysis of Financial Condition and Results of Operations – Basis of Presentation”;

“**Fiscal 2019**” means the fiscal year of the Company ending December 31, 2019;

“**forward-looking information**” has the meaning ascribed thereto under “Cautionary Note Regarding Forward-Looking Information”;

“**GMP**” has the meaning ascribed thereto under “Business of AHG – Competitive Strengths”;

“**GTA**” has the meaning ascribed thereto under “Business of AHG – Company History”;

“**Guarantors**” has the meaning ascribed thereto under “Description of Material Indebtedness”;

“**GUI-0001**” has the meaning ascribed thereto under “Business of AHG – Regulation”;

“**GUI-0069**” has the meaning ascribed thereto under “Business of AHG – Company History”;

“**HABA**” has the meaning ascribed thereto under “Business of AHG – Our Company”;

“**Holder**” has the meaning ascribed thereto under “Certain Canadian Federal Income Tax Considerations”;

“**IASB**” has the meaning ascribed thereto under “Management’s Discussion and Analysis of Financial Condition and Results of Operations – Significant New Accounting Standards Adopted”;

“**IFRS**” has the meaning ascribed thereto under “Non-IFRS Measures”;

“**IFRS 1**” has the meaning ascribed thereto under “Management’s Discussion and Analysis of Financial Condition and Results of Operations – Significant New Accounting Standards Adopted”;

“**IFRS 9**” has the meaning ascribed thereto under “Management’s Discussion and Analysis of Financial Condition and Results of Operations – Significant New Accounting Standards Adopted”;

“**IFRS 15**” has the meaning ascribed thereto under “Management’s Discussion and Analysis of Financial Condition and Results of Operations – Significant New Accounting Standards Adopted”;

“**IFRS 16**” has the meaning ascribed thereto under “Management’s Discussion and Analysis of Financial Condition and Results of Operations – Significant New Accounting Standards Adopted”;

“**Incumbent Board**” has the meaning ascribed thereto under “Executive Compensation – Omnibus Incentive Plan” ;

“**In-the-Money Amount**” has the meaning ascribed thereto under “Executive Compensation – Omnibus Incentive Plan”;

“**Inspectorate**” has the meaning ascribed thereto under “Business of AHG – Regulation”;

“**Investor Rights Agreement**” has the meaning ascribed thereto under “Agreements with AMG – Investor Rights Agreement”;

“**Joint Bookrunners**” has the meaning ascribed thereto on the cover page;

“**Lenders**” has the meaning ascribed thereto under “Description of Material Indebtedness”;

“**Livingston**” has the meaning ascribed thereto under “Directors and Executive Officers – Biographical Information Regarding the Directors and Executive Officers”;

“**Lock-Up Agreements**” has the meaning ascribed thereto under “The Offering – Lock-Up Arrangements”;

“**Logiserv**” has the meaning ascribed thereto under “Management’s Discussion and Analysis of Financial Condition and Results of Operations – Related Party Transactions”;

“**LTL**” has the meaning ascribed thereto under “Business of AHG – Services and Products”;

“**Market Price**” has the meaning ascribed thereto under “Executive Compensation – Omnibus Incentive Plan”;

“**Maturity Date**” has the meaning ascribed thereto under “Description of Material Indebtedness”;

“**MCI**” has the meaning ascribed thereto under “Management’s Discussion and Analysis of Financial Condition and Results of Operations – Related Party Transactions”;

“**MCS**” has the meaning ascribed thereto under “Management’s Discussion and Analysis of Financial Condition and Results of Operations – Related Party Transactions”;

“**MEDDS**” has the meaning ascribed thereto under “Business of AHG– Company History”;

“**MLS**” has the meaning ascribed thereto under “Business of AHG– Company History”;

“**Multiple Voting Shares**” has the meaning ascribed thereto on the cover page;

“**named executive officers**” or “**NEOs**” has the meaning ascribed thereto under “Executive Compensation - Introduction”;

“**NI 52-110**” means National Instrument 52-110 – *Audit Committees*, as amended from time to time;

“**NI 58-101**” means National Instrument 58-101 – *Disclosure of Corporate Governance Practices*, as amended from time to time;

“**Non-Resident Holder**” has the meaning ascribed thereto under “Certain Canadian Federal Income Tax Considerations – Non-Resident Holders” ;

“**Notice Date**” has the meaning ascribed thereto under “Description of Share Capital – Advance Notice Provisions”;

“**Nova Pack**” has the meaning ascribed thereto under “Business of AHG– Company History”;

“**NP 58-201**” means National Policy 58-201 – *Corporate Governance Guidelines*, as amended from time to time;

"**OBCA**" means the *Business Corporations Act* (Ontario), as amended from time to time;

"**OCS**" means Office of Controlled Substances;

"**Offered Securities**" has the meaning ascribed thereto under "Agreements with AMG – Investor Rights Agreement";

"**Offering**" has the meaning ascribed thereto on the cover page;

"**Offering Price**" has the meaning ascribed thereto on the cover page;

"**Omnibus Incentive Plan**" has the meaning ascribed thereto under "Executive Compensation – Omnibus Incentive Plan";

"**OSC**" means Ontario Securities Commission;

"**Park Lawn**" has the meaning ascribed thereto under "Directors and Executive Officers – Biographical Information Regarding the Directors and Executive Officers";

"**Part 11**" has the meaning ascribed thereto under "Business of AHG – Services and Products";

"**Piggy-Back Distribution**" has the meaning ascribed thereto under "Agreements with AMG – Investor Rights Agreement";

"**Piggy-Back Registration Right**" has the meaning ascribed thereto under "Agreements with AMG – Investor Rights Agreement";

"**Promoter**" has the meaning ascribed thereto under "About this Prospectus";

"**Purchase Agreement**" has the meaning ascribed thereto under "The Acquisition";

"**PSUs**" has the meaning ascribed thereto under "Executive Compensation – Principal Elements of Compensation";

"**PSU Service Year**" has the meaning ascribed thereto under "Executive Compensation – Omnibus Incentive Plan";

"**RBC**" has the meaning ascribed thereto on the cover page;

"**RDSPs**" has the meaning ascribed thereto under "Eligibility for Investment";

"**Reorganization**" has the meaning ascribed thereto under "The Acquisition – Principal Transaction Steps";

"**Registrable Securities**" has the meaning ascribed thereto under "Agreements with AMG – Investor Rights Agreement";

"**Reserved Shares**" has the meaning ascribed thereto under "Executive Compensation – Omnibus Incentive Plan";

"**Resident Holder**" has the meaning ascribed thereto under "Certain Canadian Federal Income Tax Considerations – Residents of Canada";

"**RESPs**" has the meaning ascribed thereto under "Eligibility for Investment";

"**Revera**" has the meaning ascribed thereto under "Directors and Executive Officers – Biographical Information Regarding the Directors and Executive Officers";

"**Revolving Facility**" has the meaning ascribed thereto under "Description of Material Indebtedness";

"**RMS**" has the meaning ascribed thereto under "Business of AHG – Services and Products";

“**RRIFs**” has the meaning ascribed thereto under “Eligibility for Investment";

“**RRSPs**” has the meaning ascribed thereto under “Eligibility for Investment";

“**RSS**” has the meaning ascribed thereto under “Management’s Discussion and Analysis of Financial Condition and Results of Operations – Related Party Transactions”;

“**RSUs**” has the meaning ascribed thereto under “Executive Compensation – Principal Elements of Compensation”;

“**RSU Service Year**” has the meaning ascribed thereto under “Executive Compensation – Omnibus Incentive Plan”;

“**SB Partners**” has the meaning ascribed thereto under “Directors and Executive Officers – Biographical Information Regarding the Directors and Executive Officers”;

“**SEDAR**” has the meaning ascribed thereto under “Marketing Materials”;

“**SG&A**” has the meaning ascribed thereto under “Management’s Discussion and Analysis of Financial Condition and Results of Operations – How We Assess the Performance of Our Business”;

“**Shareholders**” has the meaning ascribed thereto under “Description of Share Capital – Subordinate Voting Shares and Multiple Voting Shares”;

“**Shares**” has the meaning ascribed thereto on the cover page;

“**Staples Canada**” has the meaning ascribed thereto under “Directors and Executive Officers – Biographical Information Regarding the Directors and Executive Officers”;

“**Subordinate Voting Shares**” has the meaning ascribed thereto on the cover page;

“**TAPA**” has the meaning ascribed thereto under “Business of AHG – Services and Products”;

“**Tax Act**” has the meaning ascribed thereto under “Eligibility for Investment";

“**Tax Proposals**” has the meaning ascribed thereto under “Certain Canadian Federal Income Tax Considerations”;

“**taxable capital gain**” has the meaning ascribed thereto under “Certain Canadian Federal Income Tax Considerations – Residents of Canada”;

“**TDS**” has the meaning ascribed thereto under “Management’s Discussion and Analysis of Financial Condition and Results of Operations – Related Party Transactions”;

“**Term Facility**” has the meaning ascribed thereto under “Description of Material Indebtedness”;

“**TFSAs**” has the meaning ascribed thereto under “Eligibility for Investment";

“**Trustees**” has the meaning ascribed thereto under “The Acquisition – Principal Transaction Steps”;

“**UMIR**” has the meaning ascribed thereto under “Plan of Distribution – Price Stabilization, Short Positions and Passive Market Making";

“**Underwriters**” has the meaning ascribed thereto on the cover page;

“**Underwriters’ Fee**” has the meaning ascribed thereto on the cover page;

“**Underwriting Agreement**” has the meaning ascribed thereto under “Plan of Distribution – General”;

"**UPS**" has the meaning ascribed thereto under "Directors and Executive Officers – Biographical Information Regarding the Directors and Executive Officers"; and

"**U.S. Securities Act**" has the meaning ascribed thereto on the cover page.

We present our financial statements in Canadian dollars and disclose certain financial information in this prospectus in Canadian dollars. In this prospectus, references to "$" are to Canadian dollars. Amounts are in Canadian dollars unless otherwise indicated. Certain totals, subtotals and percentages through this prospectus may not reconcile due to rounding.

NON-IFRS MEASURES

This prospectus makes reference to certain non-IFRS measures. These measures are not recognized measures under International Financial Reporting Standards ("**IFRS**") as issued by the International Accounting Standards Board and do not have a standardized meaning prescribed by IFRS and are therefore unlikely to be comparable to similar measures presented by other companies. Rather, these measures are provided as additional information to complement those IFRS measures by providing further understanding of our results of operations from management's perspective. Accordingly, these measures should not be considered in isolation nor as a substitute for analysis of our financial information reported under IFRS. We use non-IFRS measures, including "EBITDA", "EBITDA Margin", "EBITDA less Leases and CAPEX", "EBITDA less Leases and CAPEX Conversion" and "EBITDA less Leases and CAPEX Margin". These non-IFRS measures are used to provide investors with supplemental measures of our operating performance and thus highlight trends in our core business that may not otherwise be apparent when relying solely on IFRS measures. We also believe that securities analysts, investors and other interested parties frequently use non-IFRS measures in the evaluation of issuers. Our management also uses non-IFRS measures in order to facilitate operating performance comparisons from period to period, to prepare annual operating budgets and forecasts and to determine components of management compensation.

"**EBITDA**" means net income (loss) and comprehensive income (loss) for the period before: (i) income tax (recovery) expense; (ii) interest income; (iii) interest expense; and (iv) depreciation and amortization.

"**EBITDA less Leases and CAPEX**" means EBITDA less cash payments for leases and capital expenditures.

"**EBITDA less Leases and CAPEX Conversion**" means EBITDA less Leases and CAPEX divided by EBITDA.

"**EBITDA less Leases and CAPEX Margin**" means EBITDA less Leases and CAPEX divided by revenue.

"**EBITDA Margin**" means EBITDA divided by revenue.

See "Selected Combined Financial Information - Reconciliation of Non-IFRS Measures" and "Management's Discussion and Analysis of Financial Condition and Results of Operations – Reconciliation of Non-IFRS Measures" for a reconciliation of the foregoing non-IFRS measures to their most directly comparable measures calculated in accordance with IFRS.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING INFORMATION

This prospectus contains "forward-looking information" and "forward-looking statements" (collectively, "**forward-looking information**") within the meaning of applicable securities laws. Forward-looking information may relate to our future financial outlook and anticipated events or results and may include information regarding our financial position, business strategy, growth strategies, addressable markets, budgets, operations, financial results, taxes, dividend policy, plans and objectives. Particularly, information regarding our expectations of future results, performance, achievements, facility expansions, leases, prospects, financial targets or outlook, intentions or opportunities or the markets in which we operate is forward-looking information. In some cases, forward-looking information can be identified by the use of forward-looking terminology such as "plans", "targets", "expects" or "does not expect", "is expected", "an opportunity exists", "budget", "scheduled", "estimates", "outlook", "forecasts", "projection", "prospects", "strategy", "intends", "anticipates", "does not anticipate", "believes", or variations of such words and phrases or statements that certain actions, events or results "may", "could", "would", "might", "will", "will be taken", "occur" or "be achieved". In addition, any statements that refer to expectations, intentions, projections or other characterizations of future events or circumstances contain forward-looking information. Statements containing forward-looking information are not historical facts but instead represent management's expectations, estimates and projections regarding future events or circumstances.

Discussions containing forward-looking information may be found, among other places, under "Prospectus Summary", "Business of AHG", "Description of Material Indebtedness", "Combined Capitalization", "Management's Discussion and Analysis of Financial Condition and Results of Operations", "The Acquisition", "Post-Closing Structure", "Use of Proceeds", "Description of Share Capital", "Dividend Policy", "Principal Shareholders", "Directors and Executive Officers", "Executive Compensation", "Director Compensation" and "Risk Factors".

This forward-looking information includes, among other things, statements relating to: the Offering Price, the completion, size, expenses and timing of Closing; the completion of the transactions contemplated under "The Acquisition", the execution of agreements entered into by AMG in connection with the Offering; expectations regarding industry and regulatory trends, overall market growth rates and our target growth rates and growth strategies; expectations regarding our future capital expenditures; our public company costs following Closing; our business plans and strategies; our competitive position in our industry; expectations regarding executive compensation and the long-term ownership equity position of our Chief Executive Officer and AMG; and the market price for the Subordinate Voting Shares.

This forward-looking information and other forward-looking information are based on our opinions, estimates and assumptions in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors that we currently believe are appropriate and reasonable in the circumstances. In particular, our statements regarding our target growth rates assume that the overall market continues to grow as expected and we continue to maintain or grow our market share. Despite a careful process to prepare and review the forward-looking information, there can be no assurance that the underlying opinions, estimates and assumptions will prove to be correct.

Forward-looking information is necessarily based on a number of opinions, estimates and assumptions that, while considered by the Company to be appropriate and reasonable as of the date of this prospectus, are subject to known and unknown risks, uncertainties, assumptions and other factors that may cause the actual results, level of activity, performance or achievements to be materially different from those expressed or implied by such forward-looking information, including but not limited to:

- the Company's ability to execute its growth strategies;
- the Company's financial outlook and growth targets;
- the impact of changing conditions in the healthcare logistics and transportation services market;
- increasing competition in the healthcare logistics and transportation services market in which the Company operates;
- volatility in financial markets;
- changes in the attitudes, financial condition and demand of our target market;
- developments and changes in applicable laws and regulations;
- the Company's ability to source and complete acquisitions;
- the Company's ability to retain existing clients and develop new cliental;
- the Company's ability to retain members of our management team and key personnel;
- increases in driver compensation and the ability to attract and retain employees;
- the Company's ability to expand into additional markets; and
- such other factors discussed in greater detail under "Risk Factors" in this prospectus.

If any of these risks or uncertainties materialize, or if the opinions, estimates or assumptions underlying the forward-looking information prove incorrect, actual results or future events might vary materially from those anticipated in the forward-looking information. The opinions, estimates or assumptions referred to above and described in greater detail in "Risk Factors" should be considered carefully by prospective investors.

Although we have attempted to identify important risk factors that could cause actual results to differ materially from those contained in forward-looking information, there may be other risk factors not presently known to us or that we presently believe are not material that could also cause actual results or future events to differ materially from those expressed in such forward-looking information. There can be no assurance that such information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information. Accordingly, prospective investors should not place undue reliance on forward-looking information, which speaks only as of the date made. The forward-looking information contained in this prospectus represents our expectations as of the date of this prospectus (or as of the date they are otherwise stated to be made), and are subject to change after such date. However, we disclaim any intention or obligation or undertaking to update or revise any forward-looking information whether as a result of new information, future events or otherwise, except as required under applicable securities laws.

All of the forward-looking information contained in this prospectus is expressly qualified by the foregoing cautionary statements. Investors should read this entire prospectus and consult their own professional advisors to ascertain and assess the income tax, legal, risk factors and other aspects of their investment in the Subordinate Voting Shares.

MARKET AND INDUSTRY DATA

Market and industry data presented throughout this prospectus was obtained from third-party sources and industry reports and publications, websites and other publicly available information, including the Canadian Institute for Health Information, IBISWorld, IQVIA Solutions Canada Inc., RankingtheBrands.com, Statistics Canada and Technavio, as well as industry and other data prepared by us or on our behalf on the basis of our knowledge of the markets in which we operate, including information provided by suppliers, partners, clients and other industry participants.

We believe that the market and economic data presented throughout this prospectus is accurate and, with respect to data prepared by us or on our behalf, that our estimates and assumptions are currently appropriate and reasonable, but there can be no assurance as to the accuracy or completeness thereof. The accuracy and completeness of the market and economic data presented throughout this prospectus are not guaranteed and none of us or any of the Underwriters makes any representation as to the accuracy of such data. Actual outcomes may vary materially from those forecast in such reports or publications, and the prospect for material variation can be expected to increase as the length of the forecast period increases. Although we believe it to be reliable, none of us or any of the Underwriters has independently verified any of the data from third-party sources referred to in this prospectus, analyzed or verified the underlying studies or surveys relied upon or referred to by such sources, or ascertained the underlying market, economic and other assumptions relied upon by such sources. Market and economic data is subject to variations and cannot be verified due to limits on the availability and reliability of data inputs, the voluntary nature of the data gathering process and other limitations and uncertainties inherent in any statistical survey.

TRADEMARKS AND TRADE NAMES

This prospectus includes certain trademarks, such as "Accuristix" and "ATS Healthcare", which are protected under applicable intellectual property laws and are our property. Solely for convenience, our trademarks, copyrights and trade names referred to in this prospectus may appear without the ®,™ or © symbol, but such references are not intended to indicate, in any way, that we will not assert, to the fullest extent under applicable law, our rights to these trademarks, copyrights and trade names.

MARKETING MATERIALS

A "template version" of the following "marketing materials" (each such term as defined in National Instrument 41-101 – *General Prospectus Requirements*) for the Offering filed with the securities commission or similar regulatory authority in each of the provinces and territories of Canada are specifically incorporated by reference into this prospectus:

- the term sheet filed on the system for electronic document analysis and retrieval ("SEDAR") on November 18, 2019; and
- the investor presentation filed on SEDAR on November 19, 2019.

The term sheet and investor presentation referred to above are available under our profile on SEDAR at www.sedar.com.

In addition, any template version of any other marketing materials filed with the securities commission or similar regulatory authority in each of the provinces and territories of Canada in connection with the Offering, after the date hereof, but prior to the termination of the distribution of our Subordinate Voting Shares under this prospectus (including any amendments to, or an amended version of, any template version of any marketing materials), is deemed to be incorporated by reference herein. Any template version of any marketing materials utilized in connection with the Offering are not part of this prospectus to the extent that the contents of the template version of the marketing materials have been modified or superseded by a statement contained in this prospectus.

ELIGIBILITY FOR INVESTMENT

In the opinion of Goodmans LLP, counsel to the Company, and Stikeman Elliott LLP, counsel to the Underwriters, on the date of issue, provided that the Subordinate Voting Shares are listed on a "designated stock exchange" (which currently includes the TSX), the Subordinate Voting Shares will on that date be qualified investments under the *Income Tax Act* (Canada) and the regulations thereunder (collectively, the "**Tax Act**") for trusts governed by registered retirement savings plans ("**RRSPs**"), registered retirement income funds ("**RRIFs**"), registered disability savings plans ("**RDSPs**"), deferred profit sharing plans, registered education savings plans ("**RESPs**") and tax-free savings accounts ("**TFSAs**") each as defined in the Tax Act.

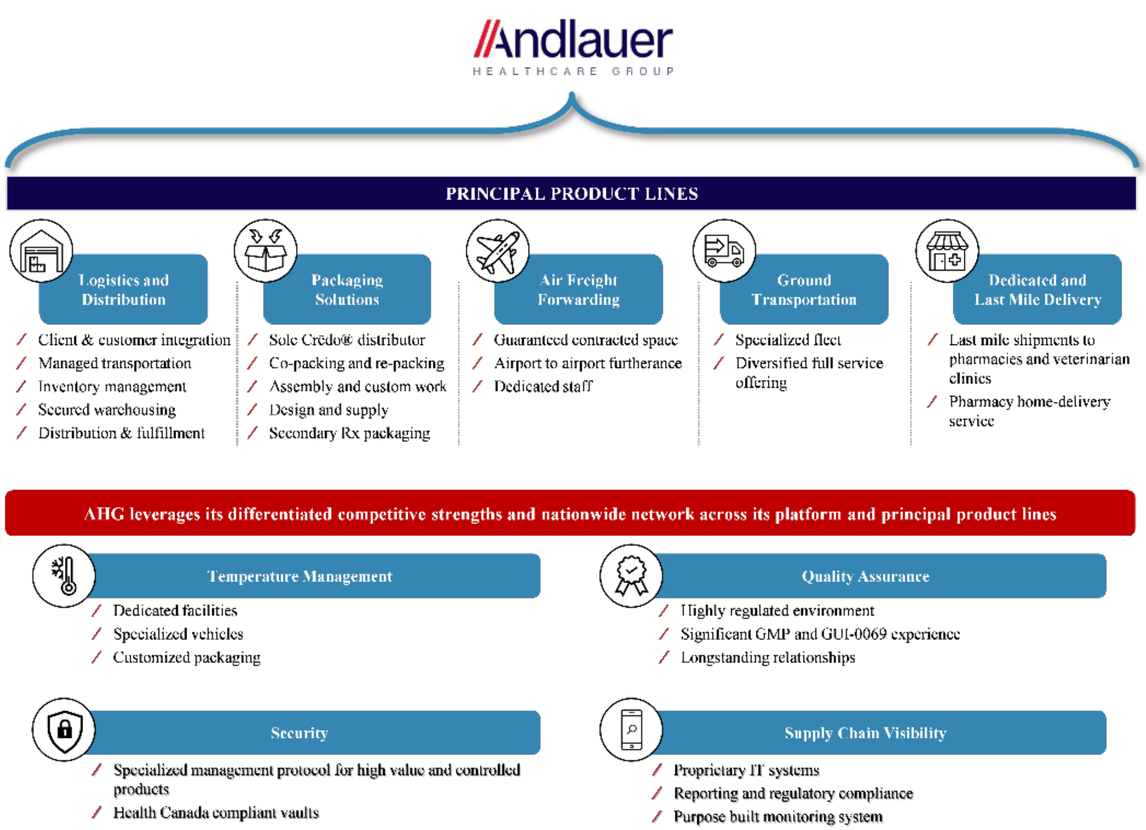
Notwithstanding that the Subordinate Voting Shares may be qualified investments for a trust governed by a TFSA, RRSP, RRIF, RDSP or RESP, a holder of a TFSA or RDSP, an annuitant of an RRSP or RRIF, or a subscriber of an RESP, as applicable, will be subject to a penalty tax under the Tax Act with respect to Subordinate Voting Shares if the Subordinate Voting Shares are "prohibited investments" for the TFSA, RRSP, RRIF, RDSP or RESP. A Subordinate Voting Share will not be a prohibited investment for trusts governed by a TFSA, RRSP, RRIF, RDSP or RESP provided that the annuitant under the RRSP or RRIF, the holder of the TFSA or RDSP or the subscriber of the RESP, as the case may be, deals at arm's length with the Company for purposes of the Tax Act, and does not have a "significant interest" (as defined in the Tax Act) in the Company for purposes of the Tax Act. In addition, a Subordinate Voting Share will not be a prohibited investment if the Subordinate Voting Shares are "excluded property" (as defined in the Tax Act for purposes of the prohibited investment rules) for the TFSA, RRSP, RRIF, RDSP and RESP. Holders of the Subordinate Voting Shares who intend to hold their Subordinate Voting Shares in trusts governed by RRSPs, RRIFs, RDSPs, RESPs or TFSAs should consult their own tax advisors with respect to whether the Subordinate Voting Shares would be "prohibited investments" in their particular circumstances.

PROSPECTUS SUMMARY

This summary highlights principal features of the Offering and should be read together with the more detailed information and financial data and statements contained elsewhere in this prospectus. This summary does not contain all of the information you should consider before investing in the Subordinate Voting Shares. You should read this entire prospectus carefully, especially the "Risk Factors" section of this prospectus and the financial statements and related notes appearing elsewhere in this prospectus, before making an investment decision. Capitalized terms used but not defined in this summary are defined elsewhere in this prospectus.

Our Business

We are a leading and growing supply chain management company with a platform of customized third-party logistics ("**3PL**") and specialized transportation solutions for the healthcare sector. We offer services to healthcare manufacturers, wholesalers, distributors and 3PL providers, among others, through a comprehensive platform of high quality, technology-enabled supply chain solutions for a range of products, including pharmaceuticals, biologics, narcotics, precursors, active pharmaceutical ingredients ("**APIs**"), over-the-counter, natural health, animal health, consumer health, cosmetics, health and beauty aids ("**HABA**") and medical devices. We integrate our uniquely designed nation-wide network of facilities, vehicles, personnel and technology systems into our clients' businesses to offer holistic solutions that span all of our clients' shipping needs and satisfy the requirements of the highly regulated Canadian healthcare industry. We differentiate our service offerings and deliver value to our clients through our competitive strengths in temperature management, quality assurance and regulatory compliance, technology-enabled visibility throughout the supply chain and security. We offer robust solutions specifically tailored to the healthcare market and generate revenue across five principal product lines: logistics and distribution, packaging solutions, air freight forwarding, ground transportation, and dedicated and last mile delivery. We believe our service offerings complement one another and allow us to accommodate the full range of our clients' specialized supply chain needs on an integrated and efficient basis. We are committed to developing and expanding long-term strategic relationships with our clients to provide improved operational efficiencies and access to value-added services.



Management believes we are Canada's only national third-party service provider focused exclusively on delivering customized, end-to-end logistics and specialized transportation solutions to the healthcare sector. Our 3PL services are provided under our Accuristix brand, through which we provide customized logistics, distribution and packaging solutions to various healthcare manufacturers. Our specialized transportation solutions are offered under our ATS Healthcare brand, where we provide a one-stop shop for our clients' healthcare transportation needs through our specialized air freight forwarding, ground transportation, dedicated delivery and last mile services. We believe we are a national leader in the Canadian healthcare logistics and specialized transportation markets we serve.

In 2018, the top 30 pharmaceutical manufacturers by Canadian revenue had sales in Canada of approximately $23 billion[1], of which we believe Accuristix managed the finished goods distribution of over $7 billion on a sole or partial basis. In our healthcare logistics segment, we serve as an extension of our manufacturing clients, leveraging our infrastructure and expertise to manage their supply chain activities, enabling these clients to focus on other strategic priorities such as sales, marketing, research and development. We focus on serving our logistics clients as comprehensively as possible and incorporate multiple services from all of our related product lines into our customized logistics solutions, with a significant number of our logistics clients contracting for two or more of our services across our five product lines.

Through ATS Healthcare, we provide, directly or indirectly, specialized transportation in Canada for 22 of the top 25 global pharmaceutical manufactures, as ranked by RankingtheBrands.com. In our specialized transportation segment, we leverage our national infrastructure to offer coast-to-coast delivery, including specialized facilities, multiple modes of transportation and flexible capacity to accommodate the full range of our clients' transportation needs on an integrated and efficient basis. By combining multiple service offerings, we can effectively provide managed and monitored movement of our clients' temperature sensitive and valuable products through a closed-loop nation-wide system.

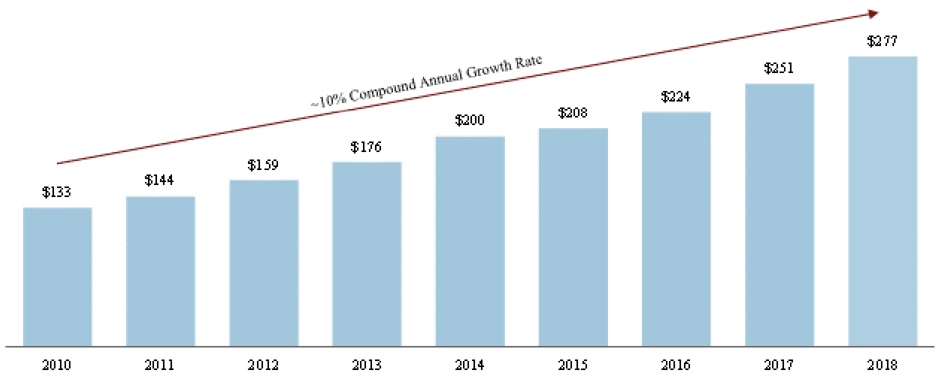
We differentiate our services and deliver value to our clients through four competitive strengths: temperature management, quality assurance and regulatory compliance, visibility throughout the supply chain and security. These capabilities are deployed across our nation-wide network of 28 secure, temperature-controlled facilities and the five third-party owned cross-docks that we operate from, by our team of highly-trained employees who are passionate about client service. Our security, information and monitoring systems, as well as our temperature management expertise, allow us to meet and exceed Health Canada guidelines and regulations, ensuring the integrity and quality of our clients' temperature sensitive healthcare goods and data.

We believe our specialized service offerings, coast-to-coast distribution network, competitive strengths and focus on client service have contributed to our position as a leading provider of supply chain management services to the healthcare industry in Canada. These unique capabilities not only differentiate our services from those of our competitors, but have also contributed to strong client retention. We have an average relationship length among our top 20 clients by revenue, of over 15 years.

[1] According to data obtained under license from IQVIA Solutions Canada Inc.

Our dedication to providing specialized supply chain solutions to the healthcare sector has resulted in strong financial performance and consistent growth. Select financial highlights of our business include the following:

Long-Term Revenue Growth of AHG Entities ($MM)(1)(2)



Notes:

(1) 2016 – 2018 revenue per AHG Entities' combined audited financial statements, fiscal year ended December 31.

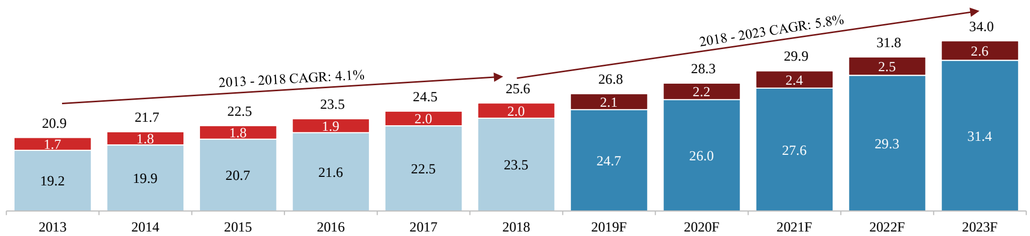
(2) 2010 – 2011 revenue represents a combination of two entities: ATS Andlauer Transportation Services Limited Partnership ("ATS Andlauer") and Accuristix; 2012-2015 revenue represents a combination of three entities: ATS Andlauer, Accuristix and Credo Systems Canada Inc. ("Credo"). ATS Andlauer and Accuristix revenue per audited consolidated financial statements and Credo revenue per notice to reader statements; adjusted to account for related party transactions between Accuristix and ATS Andlauer per ATS Andlauer audited consolidated financial statements, Accuristix and ATS Andlauer purchases from Credo per internal management accounts; Accuristix consolidated financials for fiscal year ended March 2011 - March 2016 included in the years ending December 31, 2010 - 2015; Credo financials for fiscal year ended October 2012 - October 2015 included in the years ending December 31, 2012 - 2015.

Industry Overview

The healthcare logistics and transportation services industry provides supply chain management services, including third party logistics and transportation solutions for the healthcare sector. According to Technavio, the estimated size of the outsourced market for healthcare logistics and transportation services in North America is approximately US$26 billion and has grown at a CAGR of 4.1% from 2013 to 2018 (outpacing Canadian GDP growth of 1.6% over that time period, per Statistics Canada). Technavio estimates that this market will grow at a CAGR of 5.8% to approximately US$34 billion by 2023.

North American Outsourced Healthcare Logistics and Transportation Market (US$B)

	Historical CAGR 2013 - 2018	Forecasted CAGR 2018 - 2023
Canada	3.6%	5.2%
U.S. & Mexico	4.2%	5.9%
North America	4.1%	5.8%



Source: Healthcare Logistics Market in North America 2019 – 2023 report by Technavio dated October 2019.

There are several demographic, regulatory and end-market trends that are expected to contribute to strong growth in the healthcare logistics and transportation services market for the foreseeable future:

- *Aging Population and Increased Life Expectancy*: Due to increased life expectancy and the aging demographic in Canada, the proportion of the population over the age of 65 is expected to increase from approximately 17% today to approximately 23% by 2030 according to Statistics Canada. Data shows regular usage of pharmaceuticals increases with age. For example, according to Statistics Canada, 28.0% of the Canadian population between the ages of 25 to 44 take pharmaceuticals compared to 82.7% of those aged 65 or older.

- *Increasing Number of Healthcare and Adjacent Products with Unique Logistics Needs*: Management believes that an increasing number of new healthcare products require specialized assets and services along the healthcare supply chain to adhere to regulatory standards and ensure product integrity and efficiency, including biological pharmaceuticals, narcotics, medical devices and medical cannabis.

- *Increasing Industry Regulation*: The healthcare logistics and transportation services industry has been subject to significant and increasing regulation in both Canada and internationally. These changes have resulted in a consistent increase in the complexity of the pharmaceutical supply chain, which management believes is leading healthcare companies to increasingly favour highly specialized, experienced and nimble operators with the scale and expertise to adjust quickly to a continuously evolving regulatory environment.

- *Increasing Demand for Distributed and Ancillary Healthcare Logistics Services*: Management believes an increasing number of healthcare manufacturers, wholesalers and other organizations will require nation-wide supply chain management in addition to traditional warehousing and specialty transportation in the future, including direct to consumer distribution, as well as ancillary services. Management believes the demand for a full-suite of coast-to-coast healthcare logistics services favours established industry players that are able to make the significant investment necessary to provide these specialized services.

See “Business of AHG – Industry Overview”.

Investment Highlights

Leading Provider of Essential Healthcare Supply Chain Services

We believe we are a leading provider of supply chain management services to the healthcare industry in Canada. In 2018, the top 30 pharmaceutical manufacturers by Canadian revenue had sales in Canada of approximately $23 billion[2], of which we believe Accuristix managed the finished goods distribution of over $7 billion on a sole or partial basis. Additionally, of the top 25 global pharmaceutical manufacturers, as ranked by RankingtheBrands.com, we provide specialized transportation in Canada to 22 of these top 25 companies, on a direct or indirect basis.

Coast-to-Coast, Closed-Loop Network Supported by Specialized Infrastructure

Our cross-country network of infrastructure, customized transportation modalities and integrated technology allows us to manage and monitor the complex regulatory and quality compliance requirements of healthcare clients shipping products with unique temperature and storage requirements. We operate 28 specialized facilities equipped with temperature control and monitoring systems to provide transportation and warehousing environments ranging from ambient (15°C to 25°C) to ultra-low (-70°C). In addition, we operate from five third-party owned cross-dock facilities to expand the reach of our network. Our fleet of vehicles is customized to offer temperature sensors and validated recording equipment that allow us to ensure, through continuous measurement and monitoring, that shipping conditions across the supply chain meet Health Canada's exacting regulatory requirements. Our capabilities in providing temperature-controlled logistics and specialty transportation is further enhanced through our Canadian distribution arrangement with Crēdo® Thermal Packaging Solutions ("**Crēdo®**"), a market leader in reusable and environmentally sustainable containers providing specific temperature solutions from -20°C to +25°C ("**Crēdo® Cubes**"). Through our distribution arrangement with Crēdo®, we have sold, shipped and refurbished over 300,000 Crēdo® Cubes since 2012.

Technology Supporting a Comprehensive Service Platform

Our internally developed and proprietary technology systems, Phoenix and ATLAS accumulate data and enable end-to-end monitoring, including access to real-time temperature measurements, shipping status and client reports. Through Phoenix, our order management system, our logistics clients are granted real time visibility over their supply chain on a 24/7 basis through an online portal. Offering purchase and sale, accounts receivable and inventory control modules, among others, Phoenix aggregates client and end customer data to enable clients to run reports and gain valuable insights about their business. ATLAS, our shipping and tracking information management system, allows us to manage all shipments regardless of mode or size, while products are in storage as well as in transit. With its full scanning, tracing, rating, and reporting capabilities, ATLAS ensures that we are able to monitor the progress and temperature of each shipment as it moves along our nation-wide network

Partner of Choice for Leading Companies in the Healthcare Industry

We are an established service provider with significant experience in offering critical services throughout the healthcare supply chain. We provide logistics services to several blue chip healthcare companies, including Pfizer, Roche and Mylan, across a diverse range of healthcare-related markets including pharmaceuticals, consumer healthcare and medical devices. Currently a significant number of our logistics clients contract for two or more of our five principal product offerings. We are the specialized transportation provider of choice in Canada, directly or indirectly, serving most of the top global pharmaceutical manufactures in Canada, including Boehringer Ingelheim, Bayer and Teva, among others. In addition, we also serve many of the country's leading wholesalers, retailers and distributors, such as McKesson Canada and Shoppers Drug Mart. The average length of our relationships with our top 20 clients by revenue is over 15 years, demonstrating the strength of our partnerships and key role we play in the healthcare sector.

Strong Financial Performance With Stable Cash Flows, Driven By Robust Growth and Attractive Margins

We believe our financial results reflect the benefits we derive from our competitive strengths and the vital role our platform plays in the delivery of supply chain services to the healthcare sector. Our business has generated a strong revenue CAGR of approximately 10% since 2010, and has grown at a revenue CAGR of approximately 11% since 2016. Our EBITDA has also experienced a robust CAGR of approximately 11% since 2016 and we generated attractive EBITDA Margins of 23.2% in 2018. Our strong revenue and EBITDA performance is bolstered by a business model that results in a limited amount of cash capital expenditures. In 2018, our EBITDA less Leases and

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[2] According to data obtained under license from IQVIA Solutions Canada Inc.

CAPEX was approximately $42.1 million, our EBITDA less Leases and CAPEX Margin was 15.2% and our EBITDA less Leases and CAPEX Conversion was 65.5%. We believe this is an attractive margin profile within our industry and is a demonstration of the compelling financial model of our business.

Experienced Management Team Aligned with Shareholders and Strong Employee Culture

Our business is led by an experienced management team with vast industry knowledge, a deep understanding of our clients' needs, and a proven track record of strong financial performance. Our senior management team combined, have approximately 150 years working in the logistics, transportation and healthcare industries. Under the leadership of the management team, we have established a culture of transparency, accountability, and excellence that has driven us forward as an industry leader in the provision of high quality healthcare logistics and transportation services. Many members of our current management team have been with us since 2009, when we repositioned our business to focus on healthcare, resulting in average management tenure of approximately 12 years.

See "Business of AHG – Investment Highlights".

Competitive Strengths

Through the leadership of our management team, we have focused on developing healthcare-specific expertise to best serve our clients and comply with healthcare industry regulations and best practices. We differentiate our services and deliver value to our clients through four competitive strengths: temperature management, quality assurance and regulatory compliance, visibility throughout the supply chain and security. These capabilities are put into effect across our entire platform through our employees who are passionate about client service. Through our competitive strengths, we are able to provide healthcare clients with specialized, integrated, end-to-end supply chain solutions.

- *We Have Built A National Coast-to-Coast Health Canada Compliant Temperature Management Solution:* Management believes we have built Canada's only nation-wide network of temperature-controlled facilities, vehicles, equipment and trained personnel focused exclusively on delivering logistics and specialized transportation solutions to the healthcare sector. Our coast-to-coast network is qualified to comply with Health Canada's Guidelines for Temperature Control of Drug Products during Storage and Transportation (GUI-0069) and the laws and regulations applicable to our business and our clients' businesses, such as the *Food and Drugs Act* (Canada), the *Cannabis Act*, the *Controlled Drugs and Substances Act*, and the regulations promulgated thereunder. We have the ability to monitor and manage temperature conditions throughout the shipping process, as well as provide our clients with documented proof of the temperature environment for the duration of a shipment.

- *We Adapt our Quality Assurance and Regulatory Compliance Processes to Meet and Exceed Changing Healthcare Requirements:* We recognize the ever-changing regulatory demands of the healthcare industry and endeavor to operate with strict adherence to regulatory protocols and Health Canada guidance applicable to our business and our clients' businesses. We believe our facilities, services and operations satisfy the Good Manufacturing Practices ("**GMP**") requirements set forth in the *Food And Drug Regulations* and the *Natural Health Products Regulations*. Our facility operations teams consist of highly qualified and trained quality assurance experts and scientists with in-depth knowledge of regulatory and Health Canada compliance requirements. We regularly review and communicate our quality assurance objectives to our employees and conduct regular corporate and self-inspection audits of our facilities and processes to continually improve our systems and ensure audit readiness.

- *Through Our Proprietary Technology We Offer Our Clients Valuable Visibility Throughout the Supply Chain:* We have made significant investments in information technology across our business operations to provide both internal and external visibility throughout our supply chain activities, and are committed to maintaining technology solutions that meet the needs of our clients in the highly regulated healthcare sector. Phoenix, our proprietary order management system, aggregates client and client customer data from a number of sources into one central database which can be accessed both internally by our employees as well as externally by our clients. ATLAS, our comprehensive shipping and tracking information management system, allows clients to attain temperature monitoring data and shipment status information, including pickup date and time, linehaul scans, out for delivery scans, delivery scans, proof of delivery and appointment details on-line or through our client service department.

- *Our Security Practices Safeguard our Clients' Products to the High Standards Required in the Healthcare Industry:* We are vigilant in our efforts to employ the security practices necessary in our industry and undertake continuous policy and procedural reviews, practice tests, employee training and regular auditing and maintenance. We own and manage 19 licensed narcotics vaults and 16 licensed cages located across six of our distribution centres with a total capacity of over 2,600 pallet positions for storing narcotics, controlled substances and precursors. As these vaults store products with a significant illicit market value, Health Canada requires high levels of security. We have been certified by the Transported Asset Protection Association ("**TAPA**") as meeting their facility security requirements standard across our branch network. In addition, we are among a small number of Canadian carriers certified by TAPA as meeting their trucking security requirements standard for the movement of goods by truck.

See "Business of AHG – Services and Products – Competitive Strengths".

Services and Products

Our competitive strengths are an integral component of our business and span all of the services we offer. We believe they are a source of differentiation and have helped support the growth of our business. Today we offer a platform of services that can be grouped into five principal product lines, each of which have demonstrated strong growth since 2016.

Revenue Segmentation By Principal Product Lines[(1),(2)]

	% of 2018 Revenue[(1,2)]	**2016 – 2018 Revenue CAGR[(1)]**
Logistics & Distribution	28%	8%
Packaging Solutions	7%	28%
Ground Transportation	54%	11%
Air Freight Forwarding	6%	5%
Dedicated & Last Mile Delivery	5%	51%
Total	**100%**	**12%**

Notes:

(1) 2016 – 2018 revenue per AHG Entities' combined audited financial statements, fiscal year ended December 31.

(2) Percentage of 2018 revenue prior to intersegment revenue eliminations, fiscal year ended December 31.

Healthcare Logistics Services

Management believes we are Canada's only national third -party service provider focused exclusively on delivering customized, end-to-end logistics and specialized transportation solutions to the healthcare sector. Our healthcare logistics segment is comprised of our logistics and distribution and packaging solutions products lines, and contributed approximately 35% of our consolidated revenue prior to intersegment revenue eliminations in the year ended December 31, 2018.

- <u>Logistics and Distribution</u>: We serve as an extension of our manufacturing clients, leveraging our infrastructure and expertise to offer a number of customized solutions to manage, warehouse and distribute billions of dollars of products to their customers. We are able to fulfill client needs with management of products to a number of healthcare channels including retail direct, wholesale, self-directed retail, hospital, pharmacy, clinic, doctor's office, veterinary and specialty distribution. Our clients are able to select from our range of services and customize the solutions that are right for their business.

- Packaging Solutions: We offer a range of packaging solutions for our clients depending on their specific business needs. Through Nova Pack, we offer co-packaging, re-packaging, point of purchase and point of sale display-build solutions. Nova Pack adheres to Health Canada and GMP requirements, allowing us to meet the exacting standards of our clients during all phases of a co-pack or re-pack project. We are currently the sole distributor of Crēdo® Thermal Packaging Solutions within Canada outside of the Pelican BioThermalTM group of companies. Crēdo® Cubes are high performance, passive, reusable shipping containers qualified to maintain ambient or chilled medical materials at a constant temperature for up to 96 hours. As a by-product of reverse logistics, we refurbish Crēdo® Cubes after use by our clients, providing a truly reusable solution and ensuring the integrity and quality assurance of the product.

See "Business of AHG – Services and Products – Healthcare Logistics Services".

Specialized Transportation Services

Unlike other transportation companies, we handle air freight forwarding, courier, less-than-truckload and last mile shipments as well as temperature managed and non-temperature managed shipments within the same branch, accommodating the full range of our clients' needs on an integrated and efficient basis. Our specialized transportation segment includes our air freight forwarding, ground transportation and dedicated and last mile delivery product lines and contributed approximately 65% of our consolidated revenue, prior to intersegment revenue eliminations, in the year ended December 31, 2018.

- Air Freight Forwarding*:* Management believes we are one of the largest domestic healthcare air freight forwarding companies in Canada. We have long-standing relationships and guaranteed contracted space with Cargojet and have relationships with a number of other air cargo operators, which allows us to meet our clients' air freight needs. Air cargo shipments are staged at our branches across the country and tendered directly to the airline for airport to airport furtherance. Our dedicated staff assumes custody of consignments at the receiving airport, which reduces the risk of third-party caused delays and enhances the security and temperature management of the shipments.

- Ground Transportation: We provide our ground transportation services to our clients through a combination of owner-operator and employee drivers. In more remote locations, we complement our services with partnerships or alliances with other carriers. Across our coast-to-coast distribution network, we offer management of various temperature ranges, including ambient ground (15ºC to 25ºC), air (5ºC to 25ºC), cold chain (2ºC to 8ºC), ultra-cold (-70ºC) and heat (above 0ºC). In addition, we offer non-temperature controlled services. Our nation-wide network of temperature-controlled facilities, vehicles, equipment and trained personnel allow us to meet the specialized needs of large healthcare clients and provide us with a competitive advantage.

- Dedicated and Last Mile Delivery: We offer dedicated delivery and last mile delivery services to a small number of clients in various regions across the country. Our dedicated and semi-dedicated fleets throughout Canada allow us to provide a full range of shipment services, production scheduling, customer care and warehousing directly to our clients. We have seen particular growth in our dedicated delivery services in the wholesaler and self-distributor market, operating on behalf of our clients to complete last mile shipments to pharmacies, hospitals and veterinarian clinics. We have forged strong strategic alliances with leading industry partners through these services, including McKesson Canada, Shoppers Drug Mart, Western Drug Distribution Centre and Veterinary Purchasing. One of our last mile service offerings is MEDDS, our pharmacy home-delivery service operating in the Winnipeg Capital Region. Through this service, we pick up patient prescriptions from pharmacies and deliver directly to the patient's door on a same day basis. We believe MEDDS offers a significant future growth opportunity for our business. In Winnipeg alone, we complete between 1,100 to 1,700 deliveries daily.

See “Business of AHG – Services and Products – Specialized Transportation Services”.

Growth Strategy

We have demonstrated a long track record of growth by focusing on the growing and specialized needs of the healthcare industry. We are targeting growth at a rate faster than the healthcare logistics and transportation market as a whole. Our revenue has grown at a CAGR of approximately 10% since 2010 and at a CAGR of approximately 11% since 2016. While we expect there will be years where we deliver significant growth and years in which growth will be lower than historical levels, we are targeting mid-single digit to high-single digit revenue growth for each of the fiscal years comprising 2020 through 2022. In setting this target, we have made certain assumptions. See “Cautionary Note Regarding Forward-Looking Information”. Although management believes this target to be reasonable, there are many factors that could cause actual future results to differ materially from target results. See “Risk Factors”.

Our future growth strategy leverages our existing platform and builds on proven strategies that have resonated with our clients in the past. Over the next three years, we expect to continue driving long-term growth and value creation with the following strategies:

Capitalize on Strong Industry Fundamentals

As a leading player in the Canadian healthcare supply chain, we are strategically positioned to directly benefit from the strong growth expected in the sector. Technavio estimates that the North American outsourced healthcare logistics and transportation market will grow at a 5.8% CAGR from 2018 to 2023. We expect this growth to be driven by a number of favourable trends, including strong demographic tailwinds, increasing regulation, and increasing prevalence of healthcare products with unique logistical needs. As our clients’ supply chain needs grow and expand, we will aim to leverage our relationships to capture these new revenue opportunities.

Strengthen Healthcare Clients’ Connection to AHG’s Growing Platform

We believe there is a significant opportunity to grow our business by strengthening our current clients’ connection to our platform of comprehensive and specialized services. Many of our services are essential to our clients, but are outside of their core competencies, and enable us to become a trusted service provider who can manage the regulated nature of their products. These trusted relationships, along with our competitive strengths, provide the opportunity for us to grow our relationships by connecting clients to additional services in our platform. We plan to accomplish this by leveraging our existing national footprint, developing new service offerings and expanding the geographic scope of our existing services. To successfully deepen our relationships, we will continue to educate our clients on our broad service offering, which management believes drives increased spending on our services. Examples of this strategy include:

- Expanding Dedicated Delivery and Last Mile Delivery Businesses: By leveraging our established nation-wide network of facilities, dedicated equipment, and client relationships, we believe we can expand our dedicated delivery and last mile delivery businesses by expanding the regions currently served, selling this service to other existing clients and securing new clients. One specific example of how we are expanding this business is through our pharmacy home delivery service, MEDDS, which is currently focused on serving the Winnipeg Capital Region. Management is actively preparing the business for regional expansion and is currently approaching existing MEDDS clients in the Winnipeg Capital Region with the proposal to expand its offering geographically and approaching other existing clients who may be interested in home delivery services.
- Developing New Services: To supplement our growth and continue to support our clients, we are regularly developing new services that complement our existing suite, leverage our differentiated capabilities and expand our platform. We believe by adding or expanding services such as quality assurance and regulatory compliance consulting, product destruction, clinical trial logistics and the distribution of medical devices, revenue from our current clients would increase.

Acquire New Clients and Expand Capacity

We expect to continue to grow our business by attracting new clients that require our national network and core capabilities to address their stringent supply chain requirements. For our logistics and distribution business, our approach has historically been, and continues to be, to secure client contract wins as a foundation for growth and then add incremental warehousing and distribution square footage through capital efficient leases. Given the required lead-time to build and certify facilities, as we secure new major client contracts we typically strategically invest in excess capacity in anticipation of growing client needs, as well as new client opportunities, which enables capital efficient growth. Following recent client wins, we have commissioned the development of approximately 223,000 square feet of incremental capacity in Calgary and the GTA by spring 2020, which represents an approximate 20.6% net increase to our 2018 year end distribution centre capacity, and includes approximately 137,000 square feet of excess capacity to allow for future growth. We believe there are opportunities to develop relationships with new clients in a number of growing end markets. One example of this is to expand quality assurance consulting services, including to serve as a potential "Importer of Record", a party licensed by Health Canada to facilitate the importation of healthcare products into Canada for sale. An "Importer of Record" assumes responsibility for quality and regulatory functions related to the release of drug products to the Canadian market and monitors the quality of distributed products throughout their life cycle. As foreign drug manufacturers entering the Canadian marketplace for the first time typically do not have the required resources in Canada to import their own drugs, they look to third parties to provide these services. Management expects pharmaceutical clients to continue to evaluate their current service providers, representing potential opportunities for new business. Additionally, as Health Canada regulations become more stringent, clients involved in the medical device and nutraceutical markets will increasingly require specialized logistics services. Management also expects the medical cannabis market to expand with more logistics needs in the future. While the Company is considering various plans, no meaningful work has been carried out to date in developing these plans, including in the cannabis area.

Expand and Strengthen Platform Through Healthcare-related Acquisitions

We plan to pursue strategically compelling acquisitions that leverage or expand our differentiated capabilities. We intend to take advantage of the industry networks of our management team, clients and advisors to pursue both off-market and marketed acquisition opportunities. Each material acquisition opportunity will first be evaluated by our management team to ensure financial, strategic and cultural alignment, following which it will be presented to our board of directors for analysis and discussion. No specific material acquisition opportunities have been formally identified or are being pursued at this time.

We view the following as the most compelling opportunities for strategic acquisitions in the near and long term:

- Domestic Complementary tuck-ins: We see opportunity to acquire tuck-in businesses that provide services included in our current offering including in niche packaging and regionally focused temperature-controlled transportation.
- Domestic Expansion in existing growth verticals and new verticals and service offerings: There is an opportunity to expand our existing platform in high growth areas that currently reflect a smaller portion of our existing platform. Specific areas of interest include quality assurance consulting, product destruction, and clinical trials management. Additionally, there is an opportunity to acquire companies in adjacent healthcare service verticals that our existing platform does not currently serve including healthcare related primary packaging, customs brokerage and international freight forwarding.
- Expansion into the U.S. market: Given the scale and fragmented nature of the U.S. market, expansion to the U.S. represents an attractive opportunity. We believe opportunities to grow into the U.S. will occur either organically with client driven business, or through the acquisition of an existing platform that aligns with our core capabilities and existing service offering. The U.S. third-party logistics market is relatively fragmented, with the four largest industry players expected to account for less than 15% of industry revenue in 2019 according to IBISWorld. We expect to begin evaluating expansion into the U.S. market over the next one to three years, though there can be no assurances that actual expansion will occur on that time frame or at all. Any regulatory approvals, licenses and actions required for future business operations in the United States will depend on the nature of such operations

See "Business of AHG – Growth Strategy".

The Acquisition

In connection with the closing of the Offering, we will acquire a 100%, direct or indirect, ownership interest in the AHG Entities, a group of 14 entities that are currently owned, or will be owned following certain of the transactions detailed in this prospectus under the heading “The Acquisition”, by AMG (the “**Acquisition**”). Collectively, the AHG Entities operate the healthcare supply chain management business described in this prospectus under the heading “Business of AHG”.

We entered into a share purchase agreement with AMG (the “**Purchase Agreement**”) pursuant to which AMG agreed to complete the Acquisition and sell to us all of the issued and outstanding shares of 2186940 Ontario Inc., Credo Systems Canada Inc. and ALS (which, together with their subsidiaries, comprise all of the AHG Entities) in consideration for the issuance of 25,175,000 Multiple Voting Shares (valued at the same price per share as the Offering Price, 75,000 of which will be converted into Subordinate Voting Shares at Closing, to be held by AMG and subsequently transferred (after 180 days following Closing) to select independent owner-operators engaged by the Company), a non-interest bearing promissory note in the aggregate principal amount of $186,125,000 and a non-interest bearing convertible promissory note in the principal amount of $13,875,000, which shall be convertible into 925,000 Subordinate Voting Shares at the option of the holder, as described in more detail under the heading “The Acquisition”. In connection with Closing, the foregoing notes will be repaid and converted, as applicable.

The Purchase Agreement contains covenants and closing conditions customarily included in agreements for transactions of similar size and nature. In addition to the customary representations and warranties that AMG provides in favour of us relating to AMG and the AHG Entities, AMG also provides a representation and warranty that this prospectus contains full, true and plain disclosure of all material facts relating to AMG and the AHG Entities and does not contain a misrepresentation (as defined in applicable Canadian securities legislation), subject to exceptions for portions of the prospectus containing extracts or summaries of expert reports. The Purchase Agreement contains indemnities and other protections in our favour that are usual and customary for arms’ length transactions of similar size and complexity, including indemnifications by AMG in our favour for breaches of AMG’s covenants, representations and warranties and certain tax matters. Subject to certain exclusions, indemnities under the Purchase Agreement are subject to a cap equal to the Offering proceeds (with any amounts paid by AMG under its indemnity in the Underwriting Agreement operating to reduce the maximum liability of AMG under the Purchase Agreement on a dollar-for-dollar basis), provided that no claim under the indemnity may be made until the aggregate of all claims exceeds $750,000, at which point we may claim back to the first dollar. No terms or conditions of the Purchase Agreement may be amended or waived, as applicable, without the written consent of the Underwriters. We will obtain a six-year prospectus liability insurance policy providing coverage to our directors and officers, AHG and AMG (in such order of priority), subject to certain limits, deductibles and other terms and conditions.

See “The Acquisition”.

THE OFFERING

Issuer:	Andlauer Healthcare Group Inc.
TSX Trading Symbol:	"AND".
Offering:	10,000,000 Subordinate Voting Shares (11,500,000 assuming the Over-Allotment Option is exercised in full).
Offering Price:	$15.00 per Subordinate Voting Share.
Gross Proceeds:	$150,000,000 ($172,500,000 if the Over-Allotment Option is exercised in full).
Over-Allotment Option:	We have granted to the Underwriters an option, exercisable, in whole or in part, at any time for a period of 30 days after the Closing Date, to purchase up to an additional 15% of the aggregate number of the Subordinate Voting Shares issued under the Offering at the Offering Price solely to cover over-allotments, if any, and for market stabilization purposes. See "Plan of Distribution".
Shares Outstanding:	Upon Closing, an aggregate of 11,000,000 Subordinate Voting Shares, 25,100,000 Multiple Voting Shares (12,500,000 Subordinate Voting Shares and 25,100,000 Multiple Voting Shares if the Over-Allotment Option is exercised in full) and no preferred shares will be issued and outstanding. All of the issued and outstanding Multiple Voting Shares and 75,000 of the Subordinate Voting Shares will be held and controlled by AMG on Closing. The Shares issued to AMG will be valued at the same price per share as the Offering Price. See "Description of Share Capital" and "Options to Purchase Securities".
Principal Shareholders:	Upon Closing, AMG, a corporation owned and controlled by Michael Andlauer, will own and control all issued and outstanding Multiple Voting Shares and 75,000 Subordinate Voting Shares, which AMG intends to transfer (after 180 days following Closing) to select independent owner-operators engaged by the Company. In connection with Closing, AMG will also transfer 925,000 Subordinate Voting Shares to the Employee Trust for the benefit of current executive officers and employees of the Company and the AHG Entities. At Closing, AMG will own and control approximately 69.7% of the issued and outstanding Shares (representing their non-diluted equity interests) and approximately 90.2% of the voting power attached to all of the Shares (approximately 67.0% and 89.0% respectively, if the Over-Allotment Option is exercised in full), in each case exclusive of the 925,000 Subordinate Voting Shares to be transferred to the Employee Trust. See "Principal Shareholders", "The Acquisition", "Agreements with AMG – Investor Rights Agreement" and "Risk Factors".
Use of Proceeds:	The aggregate net proceeds of the Offering are estimated to be approximately $136,150,000 ($157,300,000, assuming the exercise of the Over-Allotment Option in full), after deducting $13,850,000 for the Underwriters' fee and the estimated expenses of the Offering ($15,200,000, assuming the exercise of the Over-Allotment Option in full). We intend to use the aggregate net proceeds of the Offering, as well as the net proceeds from the Credit Facilities, and a portion of the cash currently represented on the financial statements of the AHG Entities as at September 30, 2019, to make the Employee Trust Loan equal to $13,875,000, repay $186,125,000 of the principal amount of Acquisition Note 1 issued to AMG in connection with our acquisition of the

	AHG Entities and to pay the Underwriters' Fee and the estimated expenses of the Offering. If the Over-Allotment Option is exercised after Closing, we intend to use the aggregate net proceeds received, after deducting the Underwriters' Fee, to reduce our outstanding indebtedness under the Revolving Facility by $21,150,000. See "Use of Proceeds", "The Acquisition" and "Description of Material Indebtedness".
Description of Share Capital:	Upon Closing, our authorized share capital will consist of (i) an unlimited number of Subordinate Voting Shares, (ii) an unlimited number of Multiple Voting Shares and (iii) an unlimited number of preferred shares, issuable in series. See "Description of Share Capital". The Subordinate Voting Shares and the Multiple Voting Shares are substantially similar with the exception of the voting and conversion rights attached to the Multiple Voting Shares. Each Subordinate Voting Share is entitled to one vote and each Multiple Voting Share is entitled to four votes on all matters upon which holders of Shares are entitled to vote. The Multiple Voting Shares are convertible into Subordinate Voting Shares on a one-for-one basis at any time at the option of the holders thereof and automatically in certain other circumstances. The holders of Subordinate Voting Shares benefit from "coattail" provisions that give them certain rights in the event of a take-over bid for the Multiple Voting Shares. See "Description of Share Capital" and "Agreements with AMG – Investor Rights Agreement".
Dividend Policy:	Holders of Shares will be entitled to receive dividends out of the assets of our Company legally available for the payment of dividends at such times and in such amount and form as our Board may determine. We currently anticipate paying quarterly cash dividends of approximately $0.05 per Share, representing an initial annual yield of approximately 1.33%. The first dividend that would be payable would be the dividend for the period beginning on the Closing Date and ending on March 31, 2020, to shareholders of record on March 31, 2020. We expect the first dividend would be equal to an aggregate amount of approximately $2,197,407 (or $0.06087 per share). Dividends will be declared and paid in arrears. The amount and timing of the payment of any dividends are not guaranteed and are subject to the discretion of our Board. See "Dividend Policy" and '"Risk Factors".
Lock-Up Arrangements:	In connection with the completion of the Offering, each of the Company, AMG, the trustees of the Employee Trust, as well as our directors and executive officers have agreed that he, she or it will not, directly or indirectly, without the prior written consent of the Joint Bookrunners, on behalf of the Underwriters, such consent not to be unreasonably withheld, offer, sell, contract to sell, secure, pledge, grant or sell any option, right or warrant to purchase, or otherwise lend, transfer or dispose of any Shares of the Company or securities convertible into or exercisable or exchangeable into Shares, or make any short sale, engage in any hedging transaction, or enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of Shares or securities convertible or exchangeable into Shares, whether any such transaction is to be settled by delivery of Shares, other securities, cash or otherwise, or agree to or announce any intention to do any of the foregoing for a period commencing on the Closing Date and ending 180 days after the Closing Date, subject to certain limited exceptions (the "**Lock-Up Agreements**"). Holders of 100% of the Company's issued and outstanding Shares on a non-diluted basis immediately prior to the completion of the Offering will be subject to these Lock-Up Agreements. See "Plan of Distribution – Lock-up Arrangements".
Take-Over Bid Protection	In accordance with the rules of the TSX designed to ensure that, in the event of a take-over bid, the holders of Subordinate Voting Shares will be entitled to participate on an equal footing with holders of Multiple Voting Shares, AMG will enter into a customary

	Coattail Agreement. The Coattail Agreement will contain provisions customary for dual class, TSX-listed corporations designed to prevent transactions that otherwise would deprive the holders of Subordinate Voting Shares of rights under applicable provincial take-over bid legislation to which they would have been entitled if the Multiple Voting Shares had been Subordinate Voting Shares. See "Description of Share Capital – Take-over Bid Protection".
Eligibility for Investment:	In the opinion of Goodmans LLP, counsel to the Company, and Stikeman Elliott LLP, counsel to the Underwriters, on the date of issue, provided that the Subordinate Voting Shares are listed on a "designated stock exchange" (which currently includes the TSX), the Subordinate Voting Shares will on that date be qualified investments under the Tax Act for trusts governed by RRSPs, RRIFs, RDSPs, deferred profit sharing plans, RESPs and TFSAs. See "Eligibility for Investment".
Risk Factors:	An investment in the Subordinate Voting Shares is subject to a number of risk factors that should be carefully considered by prospective investors. Prospective investors should carefully consider the risk factors described under "Risk Factors" and other information included in this prospectus before purchasing the Subordinate Voting Shares.

SUMMARY COMBINED FINANCIAL INFORMATION

The following tables present summary combined financial information for the periods indicated therein. The summary combined financial information set out below for the three and nine-month periods ended September 30, 2019 and 2018 has been derived from the AHG Entities' unaudited interim condensed combined financial statements included elsewhere in this prospectus. The summary combined financial information set out below for each of Fiscal 2018, Fiscal 2017 and Fiscal 2016 has been derived from the AHG Entities' audited annual combined financial statements included elsewhere in this prospectus.

Prospective investors should review this information in conjunction with the audited and unaudited combined financial statements, including the notes thereto, as well as "About this Prospectus", "Non-IFRS Measures", "Management's Discussion and Analysis of Financial Condition and Results of Operations", "Use of Proceeds", "Combined Capitalization", "Description of Material Indebtedness" and "Description of Share Capital" included elsewhere in this prospectus.

Combined Results and Earnings

($CAD 000s)	Three Months Ended September 30,		Nine Months Ended September 30,		Year Ended December 31,		
	2019	**2018**	**2019**	**2018**	**2018**	**2017**	**2016**
Revenue							
Logistics & Distribution	21,707	20,843	65,646	64,079	85,125	80,895	72,384
Packaging	4,701	4,517	16,415	15,849	21,305	15,161	12,904
Healthcare Logistics segment	26,408	25,360	82,061	79,928	106,430	96,056	85,288
Ground Transportation	41,806	38,778	125,261	118,098	160,489	143,919	130,598
Air Freight Forwarding	4,848	4,498	14,420	13,996	19,332	17,696	17,475
Dedicated and Last Mile Delivery	4,015	3,420	11,861	10,128	13,899	12,327	6,079
Specialized Transportation segment	50,669	46,696	151,542	142,222	193,720	173,942	154,152
Intersegment eliminations	(6,037)	(5,474)	(18,311)	(17,235)	(23,140)	(18,968)	(15,847)
Total revenue	71,040	66,582	215,292	204,915	277,010	251,030	223,593
Operating Expenses							
Cost of transportation and services	29,644	28,164	88,881	85,388	116,780	105,150	89,913
Direct operating expenses	17,614	16,689	54,880	52,472	74,190	67,864	60,585
Selling, general and administrative expenses	5,949	5,767	18,824	17,493	21,683	20,394	20,693
Depreciation & amortization	6,568	5,922	19,204	17,331	23,491	23,629	21,965
	59,775	56,542	181,789	172,684	236,144	217,037	193,156
Operating Income	11,265	10,040	33,503	32,231	40,866	33,993	30,437
Other income	24	(15)	45	(36)	19	439	224
Interest income	145	251	662	601	879	404	285
Interest expense	(780)	(773)	(2,389)	(2,248)	(3,048)	(3,135)	(3,030)
Income tax expense	(2,888)	(2,582)	(8,565)	(8,282)	(10,531)	(8,517)	(7,439)
Net income and comprehensive income	7,766	6,921	23,256	22,266	28,185	23,184	20,477
Net income and comprehensive income attributable to							
Owners of the group	7,766	6,653	22,684	21,003	26,723	21,678	19,149
Non-controlling interests	-	268	572	1,263	1,462	1,506	1,328
Select financial metrics(1)							
EBITDA(1)	17,857	15,947	52,752	49,526	64,376	58,061	52,626
EBITDA Margin(1)	25.1%	24.0%	24.5%	24.2%	23.2%	23.1%	23.5%
EBITDA less Leases and CAPEX(1)	10,559	10,657	33,652	33,833	42,135	36,379	24,352
EBITDA less Leases and CAPEX Conversion(1)	59.1%	66.8%	63.8%	68.3%	65.5%	62.7%	46.3%
EBITDA less Leases and CAPEX Margin(1)	14.9%	16.0%	15.6%	16.5%	15.2%	14.5%	10.9%

(1) Does not include public company costs that we will incur after Closing, which management estimates will initially be approximately $2.0 million per year.

Combined Balance Sheets

($CAD 000s)	As At September 30,		As At December 31,		
	2019	**2018**	**2018**	**2017**	**2016**
Select financial position data					
Total assets	263,173	266,465	276,577	267,962	256,994
Total non-current liabilities	57,907	61,375	61,772	60,726	72,281

Combined Statements of Changes in Equity

($CAD 000s)	Three Months Ended September 30,		Nine Months Ended September 30,		Year Ended December 31,		
	2019	2018	2019	2018	2018	2017	2016
Select financial data							
Distributions to related parties	-	(25,000)	(30,000)	(25,000)	(25,850)	(700)	(15,700)
Dividends paid to non-controlling interest	-	-	-	-	(150)	(300)	(300)

Reconciliation of Non-IFRS Measures

EBITDA, EBITDA Margin, EBITDA less Leases and CAPEX, EBITDA less Leases and CAPEX Conversion and EBITDA less Leases and CAPEX Margin are not recognized measures under IFRS and do not have a standardized meaning prescribed by IFRS. See “Non-IFRS Measures”.

EBITDA

We define EBITDA as net income (loss) and comprehensive income (loss) for the period before: (i) income tax (recovery) expense; (ii) interest income; (iii) interest expense; and (iv) depreciation and amortization.

We believe EBITDA is a useful measure to assess our financial performance because it provides a more relevant picture of operating results by excluding the effects of expenses that are not reflective of our underlying business performance.

EBITDA Margin

We define EBITDA Margin as EBITDA divided by revenue. EBITDA Margin represents a measure of our profitability expressed as a percentage of revenue.

We believe EBITDA Margin is a useful measure to assess our financial performance because it helps quantify our ability to convert revenues generated from clients into EBITDA.

EBITDA less Leases and CAPEX

We define EBITDA less Leases and CAPEX as EBITDA less cash payments for leases and capital expenditures.

We believe EBITDA less Leases and CAPEX is a useful measure to assess our financial performance because it provides a measure of our operating earnings after reflecting the cash outflows associated with our leases and capital expenditures, including spending on leases, property plant and equipment and intangibles such as software, but before items which we view as non-operational such as depreciation, amortization, interest expense and taxes. We believe this is a useful measure when comparing our business to others in the sector.

EBITDA less Leases and CAPEX Conversion

We define EBITDA less Leases and CAPEX Conversion as EBITDA less Leases and CAPEX divided by EBITDA.

We believe EBITDA less Leases and CAPEX Conversion is a useful measure to assess our financial performance because it demonstrates our ability to generate EBITDA less Leases and CAPEX in relation to our EBITDA. We believe this is a useful measure when comparing our business to others in the sector.

EBITDA less Leases and CAPEX Margin

We define EBITDA less Leases and CAPEX Margin as EBITDA less Leases and CAPEX divided by revenue.

We believe EBITDA less Leases and CAPEX Margin is a useful measure to assess our financial performance because it allows us to evaluate our ability to generate EBITDA less Leases and CAPEX in relation to the revenues we earn from our clients. We believe this is a useful measure when comparing our business to others in the sector.

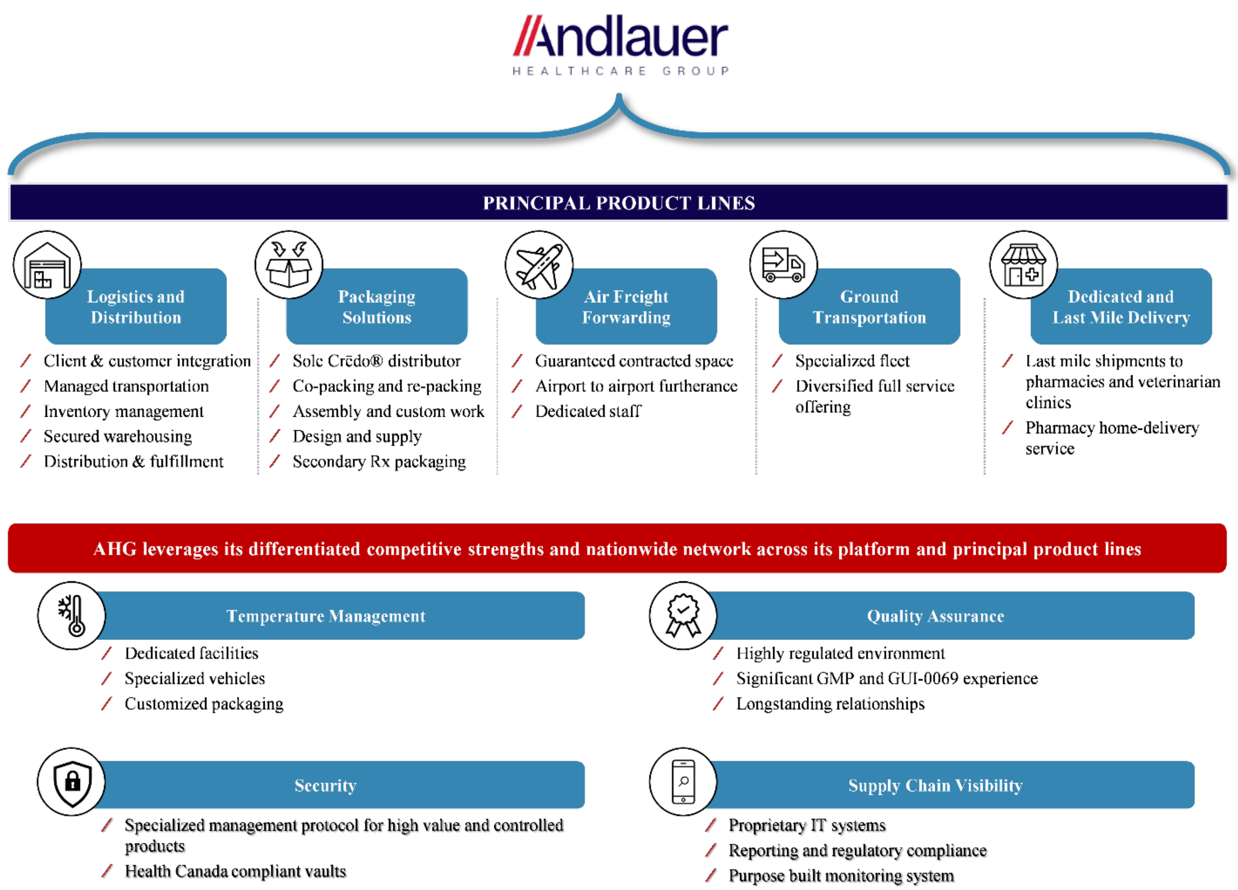
The following table provides a reconciliation of net income and comprehensive income to EBITDA and to EBITDA less Leases and CAPEX for the three and nine months ended September 30, 2019 and 2018, Fiscal 2018, Fiscal 2017 and Fiscal 2016:

($CAD 000s)	**Three Months Ended September 30,**		**Nine Months Ended September 30,**		**Year Ended December 31,**		
	2019	**2018**	**2019**	**2018**	**2018**	**2017**	**2016**
Net income and comprehensive income	7,766	6,921	23,256	22,266	28,185	23,184	20,477
Income tax expense	2,888	2,582	8,565	8,282	10,531	8,517	7,439
Interest income	(145)	(251)	(662)	(601)	(879)	(404)	(285)
Interest expense	780	773	2,389	2,248	3,048	3,135	3,030
Depreciation & amortization	6,568	5,922	19,204	17,331	23,491	23,629	21,965
EBITDA	17,857	15,947	52,752	49,526	64,376	58,061	52,626
Capital expenditures	(1,801)	(286)	(2,649)	(1,198)	(2,508)	(2,419)	(10,890)
Lease payments	(5,497)	(5,004)	(16,451)	(14,495)	(19,733)	(19,263)	(17,384)
EBITDA less Leases and CAPEX	10,559	10,657	33,652	33,833	42,135	36,379	24,352

BUSINESS OF AHG

Our Company

We are a leading and growing supply chain management company with a platform of customized third-party logistics ("**3PL**") and specialized transportation solutions for the healthcare sector. We offer services to healthcare manufacturers, wholesalers, distributors and 3PL providers, among others, through a comprehensive platform of high quality, technology-enabled supply chain solutions for a range of products, including pharmaceuticals, biologics, narcotics, precursors, active pharmaceutical ingredients ("**APIs**"), over-the-counter, natural health, animal health, consumer health, cosmetics, health and beauty aids ("**HABA**") and medical devices. We integrate our uniquely designed nation-wide network of facilities, vehicles, personnel and technology systems into our clients' businesses to offer holistic solutions that span all of our clients' shipping needs and satisfy the requirements of the highly regulated Canadian healthcare industry. We differentiate our service offerings and deliver value to our clients through our competitive strengths in temperature management, quality assurance and regulatory compliance, technology-enabled visibility throughout the supply chain, and security. We offer robust solutions specifically tailored to the healthcare market and generate revenue across five principal product lines: logistics and distribution, packaging solutions, air freight forwarding, ground transportation, and dedicated and last mile delivery. We believe our service offerings complement one another and allow us to accommodate the full range of our clients' specialized supply chain needs on an integrated and efficient basis. We are committed to developing and expanding long-term strategic relationships with our clients to provide improved operational efficiencies and access to value-added services.



Management believes we are Canada's only national third-party service provider focused exclusively on delivering customized, end-to-end logistics and specialized transportation solutions to the healthcare sector. Our 3PL services are provided under our Accuristix brand, through which we provide customized logistics, distribution and packaging solutions to various healthcare manufacturers. Our specialized transportation solutions are offered under our ATS Healthcare brand, where we provide a one-stop shop for our clients' healthcare transportation needs through our specialized air freight forwarding, ground transportation, dedicated delivery and last mile services. We believe we are a national leader in the Canadian healthcare logistics and specialized transportation markets we serve.

In 2018, the top 30 pharmaceutical manufacturers by Canadian revenue had sales in Canada of approximately $23 billion[3], of which we believe Accuristix managed the finished goods distribution of over $7 billion on a sole or partial basis. In our healthcare logistics segment we serve as an extension of our manufacturing clients, leveraging our infrastructure and expertise to manage their supply chain activities, allowing them to focus on other strategic priorities such as sales, marketing, research and development. We focus on serving our logistics clients as comprehensively as possible and incorporate multiple services from all of our related product lines into our customized logistics solutions, with a significant number of our logistics clients contracting for two or more of our services across our five product lines.

Through ATS Healthcare, we provide, directly or indirectly, specialized transportation in Canada for 22 of the top 25 global pharmaceutical manufactures, as ranked by RankingtheBrands.com. In our specialized transportation segment, we leverage our national infrastructure to offer coast-to-coast delivery, including specialized facilities, multiple modes of transportation and flexible capacity to accommodate the full range of our clients' transportation needs on an integrated and efficient basis. By combining multiple service offerings, we can effectively provide managed and monitored movement of our clients' temperature sensitive and valuable products through a closed-loop nation-wide system.

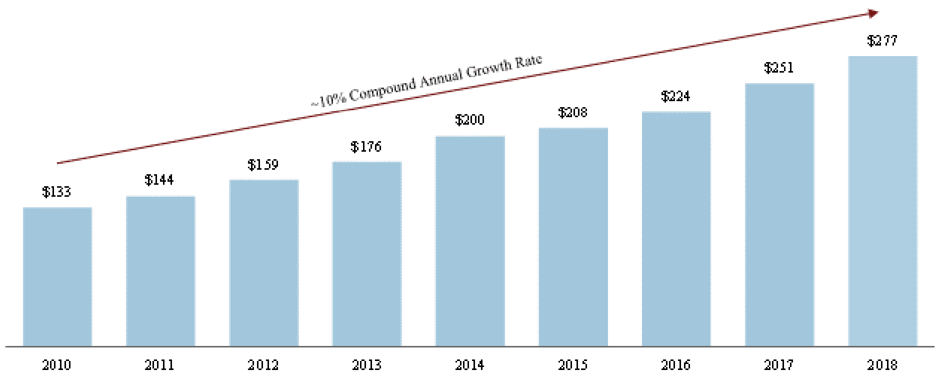
We differentiate our services and deliver value to our clients through four competitive strengths: temperature management, quality assurance and regulatory compliance, visibility throughout the supply chain and security. These capabilities are deployed across our nation-wide network of 28 secure, temperature-controlled facilities and the five third-party owned cross-docks that we operate from, by our team of highly-trained employees who are passionate about client service. Our security, information and monitoring systems, as well as our temperature management expertise, allow us to meet and exceed Health Canada guidelines and regulations, ensuring the integrity and quality of our clients' temperature sensitive healthcare goods and data.

We believe our specialized service offerings, coast-to-coast distribution network, competitive strengths and focus on client service have contributed to our position as a leading provider of supply chain management services to the healthcare industry in Canada. These unique capabilities not only differentiate our services from those of our competitors, but have also contributed to strong client retention. We have an average relationship length among our top 20 clients by revenue, of over 15 years.

[3] According to data obtained under license from IQVIA Solutions Canada Inc.

Our dedication to providing specialized supply chain solutions to the healthcare sector has resulted in strong financial performance and consistent growth. Select financial highlights of our business include the following:

Long-Term Revenue Growth of AHG Entities ($MM)(1)(2)



Notes:

(1) 2016 – 2018 revenue per AHG Entities' combined audited financial statements, fiscal year ended December 31.

(2) 2010 – 2011 revenue represents a combination of two entities: ATS Andlauer Transportation Services Limited Partnership ("ATS Andlauer") and Accuristix; 2012-2015 revenue represents a combination of three entities: ATS Andlauer, Accuristix and Credo Systems Canada Inc. ("Credo"). ATS Andlauer and Accuristix revenue per audited consolidated financial statements and Credo revenue per notice to reader statements; adjusted to account for related party transactions between Accuristix and ATS Andlauer per ATS Andlauer audited consolidated financial statements, Accuristix and ATS Andlauer purchases from Credo per internal management accounts; Accuristix consolidated financials for fiscal year ended March 2011 - March 2016 included in the years ending December 31, 2010 - 2015; Credo financials for fiscal year ended October 2012 - October 2015 included in the years ending December 31, 2012 - 2015.

Company History

Our origins can be traced back to 1991, when our current Chief Executive Officer, Michael Andlauer, established a nation-wide air freight forwarding and ground freight services company known as ATS Andlauer Transportation Services Inc. ("**ATS**"). ATS was created to address a need in the conveyance market for a solutions provider which focused on delivering targeted services to specific industries without regard to the size or distance of shipments. Through acquisitions, ATS gained a number of clients in the healthcare, consumer products and pharmaceutical sectors, primarily in Ontario and Quebec, a number of which subsequently grew into national accounts.

In 1994, Mr. Andlauer, together with a minority shareholder, established Associated Logistics Solutions Inc. ("**ALS**") to provide 3PL services to ATS's existing clients who expressed an interest in expanding their supply chain activities under management. Initially ALS specialized in providing services dedicated to the entertainment and telecommunications industries. In 2004, understanding that the burden of regulatory compliance was growing to a point where healthcare manufacturers would benefit from outsourcing their supply chain activities, ALS decided to focus its 3PL business exclusively on healthcare. The non-healthcare portions of the ALS business were strategically divested in 2004 and ALS entered into a joint venture with a competing healthcare-focused 3PL provider, McKesson Outsource Logistics, a division of McKesson Corp., that same year, operating under the name McKesson Logistics Solutions L.P. ("**MLS**"). Later in 2004, MLS launched the origins of our current proprietary order management system, Phoenix, to provide clients with greater visibility throughout the supply chain. In its initial years of operation, MLS was successful in securing logistics contracts with several small- to medium- sized pharmaceutical manufacturers, many of which remain our clients today.

In 2005, ATS was taken public through the listing of ATS Andlauer Income Fund on the TSX. Shortly thereafter, Health Canada released its Guidelines for Temperature Control of Drug Products During Storage and Transportation ("**GUI-0069**"), creating an opportunity to leverage ATS's existing infrastructure and expertise to define a new service offering for the healthcare sector. Anticipating that regulations relating to temperature control and monitoring would challenge and constrain the supply chain decisions of healthcare providers moving forward, ATS began to make investments in temperature management services for its vehicle fleet and facilities.

In 2006, ATS launched ATS Healthcare Services as a separate brand, strengthening its competitive position within the healthcare industry. This launch, coupled with the opening of new facilities in Montreal, Vancouver and Toronto as well as continued investment in temperature management and security systems, positioned ATS to become the leading player in Canada's evolving healthcare delivery sector.

In 2007, in order to gain experience in last mile delivery, ATS strategically expanded its product portfolio by acquiring MEDDS Winnipeg – A Medical Delivery Services Corporation ("**MEDDS**"), a business based in Winnipeg, Manitoba that specializes in the delivery of pharmaceutical products to residences.

In 2008, a desire to refocus the business of ATS solely on healthcare, together with deteriorating global market conditions and changes to Canadian tax laws regarding the income trust structure, led Mr. Andlauer to privatize ATS Andlauer Income Fund. As a private company, ATS strategically divested the entertainment and telecommunications portions of its business, which at the time comprised a significant portion of its revenues, and in 2009 began to focus exclusively on integrated healthcare solutions through the deployment of significant capital investments in infrastructure and technology.

In 2009, in an effort to more comprehensively service ATS's healthcare clients, ALS acquired the equity stake held by McKesson Corp. in MLS and rebranded the business as Accuristix. Following this acquisition, substantial investments were made to build up the technology capabilities of the 3PL business, including significant developments to Phoenix, our order management system which provides our logistics clients with visibility over their supply chain. In 2010, Accuristix began to compete for supply chain management contracts for large global pharmaceutical and consumer healthcare manufacturers who were interested in outsourcing these activities in order to focus their internal resources on their core competencies, such as research, development and marketing.

By the end of 2009, under the common control of Mr. Andlauer, both ATS Healthcare and Accuristix had pivoted to focus exclusively on the healthcare industry. To better serve their healthcare clients, both companies began to independently build out their temperature management, regulatory compliance, quality assurance, information technology and security capabilities. While operating as separate entities with separate management teams, the development of these core capabilities enabled Accuristix and ATS Healthcare to collectively provide a suite of end-to-end supply chain solutions to healthcare clients. Since this time, substantial growth in both businesses has been achieved, in large part, through the development of strong relationships with a significant number of mutual clients. Substantial investments have also been made across both businesses over this time period, resulting in the nation-wide network of secure temperature-controlled facilities, comprehensive multi-modal service offerings, customized vehicle fleet and unique measuring and monitoring systems that differentiate the logistics and specialized transportation solutions we offer today. Since this time, both companies have also made a number of strategic decisions to grow their network and expand their service offering.

In 2011, ATS signed its first dedicated and last mile delivery contract, leveraging its expertise in vehicle specification, routing, technology and temperature management to provide dedicated shipment services directly to a distributor of animal health products, which have the same temperature management requirements as human health products.

In 2011, Accuristix acquired a majority interest in Nova Pack Ltd. ("**Nova Pack**"), a leading contract co-packaging provider with experience servicing the healthcare market. With an ISO 9001:2015 certificate and Health Canada drug establishment licences, Nova Pack enables us to provide a broader set of services to our healthcare clients, including point of purchase and point of sale display-build solutions.

In 2012, ATS acquired the right to market, sell and distribute Pelican BioThermal™ products in Canada under the brand name Crēdo® Thermal Packaging Solutions ("**Crēdo®**"). Crēdo® containers offer a sustainable and reusable, universal packaging solution for temperature-sensitive materials, from blood and tissue to medical samples and pharmaceuticals, and are available in a number of different temperature ranges. Crēdo® containers provide us with the ability to offer services to clients requiring a broad range of temperature control solutions.

In 2015, Accuristix completed the two-year construction of its Vaughan, Ontario campus, located in the northern region of the Greater Toronto Area ("**GTA**") adding three new facilities, comprising over 365,000 square feet, to complement its initial 144,000 square foot Vaughan location which opened in 2010.

Over the past three years, we have primarily focused on growing our business organically, building our Good Manufacturing Practices ("**GMP**") capabilities, expanding our facility network and consolidating our ownership interests in our operating entities.

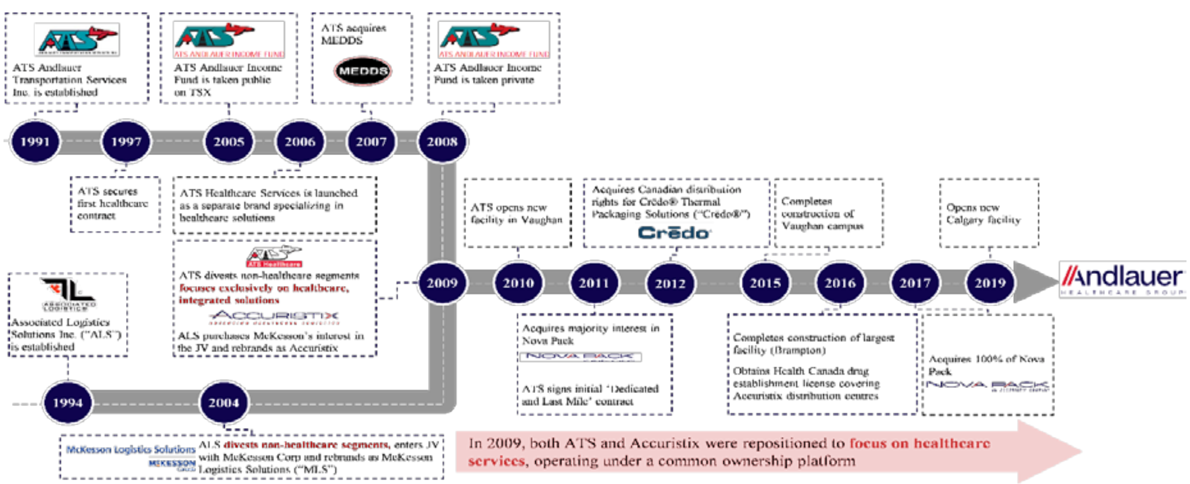
In 2016, Accuristix obtained its first Health Canada drug establishment licence**,** which now, in conjunction with the Nova Pack drug establishment licence, covers nine distribution centres. Also in 2016, Accuristix opened a new 267,000 square foot facility in Brampton, Ontario to accommodate a major new client.

In 2017, Accuristix acquired the remaining minority stake in Nova Pack.

In 2018 and 2019, AMG acquired the outstanding minority interest in ALS, bringing all AHG Entities under the sole, direct or indirect, ownership of AMG.

In October 2019, we completed the construction of our Calgary facility, increasing our operating footprint at this location by approximately 23,000 square feet. Also in October 2019, we secured a lease for a new facility in the GTA to commence in spring of 2020, comprising approximately 200,000 square feet to service the needs of a new client, which includes 100,000 square feet of excess capacity to accommodate our future growth.

Upon the completion of the transactions described under the heading "The Acquisition", the AHG Entities, including each of the foregoing businesses, will be consolidated under AHG on Closing. See "The Acquisition".



Industry Overview

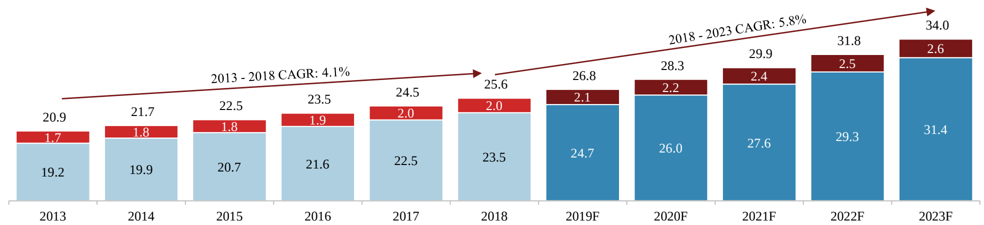
The healthcare logistics and transportation services industry provides supply chain management services, including third-party logistics and transportation solutions for the healthcare sector. Service providers partner with healthcare manufacturers, wholesalers, distributors and other organizations to provide supply chain management solutions for a range of products, including pharmaceuticals, biologics, narcotics, natural health, animal health, medical devices, consumer health and HABA.

The healthcare logistics and transportation services market is generally characterized by stable performance with limited cyclicality due to the inelastic nature of its end-markets, favourable end-market trends and in certain markets, multi-year contracts. The industry also maintains significant barriers to entry due to the importance clients place on reputation and reliability, as well as the specialized and integrated capabilities and networks required to adhere to exacting regulatory standards in many healthcare end-markets.

According to Technavio, the estimated size of the outsourced market for healthcare logistics and transportation services in North America is approximately US$26 billion and has grown at a CAGR of 4.1% from 2013 to 2018 (outpacing Canadian GDP growth of 1.6% over that time period, per Statistics Canada). Technavio estimates that this market will grow at a CAGR of 5.8% to approximately US$34 billion by 2023. The primary growth drivers in the market for healthcare logistics and transportation services are growth in applicable end-markets, increasing regulatory requirements on pharmaceutical warehousing, transportation and monitoring and an increasing number of products that require more specialized storage and transportation services, including biologic pharmaceuticals, narcotics and medical devices.

North American Outsourced Healthcare Logistics and Transportation Market (US$B)

	Historical CAGR 2013 - 2018	Forecasted CAGR 2018 - 2023
Canada	3.6%	5.2%
U.S. & Mexico	4.2%	5.9%
North America	4.1%	5.8%



Source: Healthcare Logistics Market in North America 2019 – 2023 report by Technavio dated October 2019.

The 3PL industry provides outsourced logistics services (including, among others, warehousing, forwarding, packaging, consulting and fulfillment services) to a diverse range of businesses. Typically, 3PL providers are agnostic to the types of businesses they service and products they ship. Participants providing healthcare logistics include large global integrators and supply chain management companies, including, among others, UPS Supply Chain Solutions, FedEx, DHL and Kuehne + Nagel as well as a number of nationally focused transportation providers, such as Purolator.

The transportation industry provides ground and air freight for a range of businesses and product types. Participants providing healthcare transportation services include a variety of non-specialized providers as well as regional cold-chain oriented transportation companies, such as Rogue Transportation Services Inc., Williams Pharmalogistics and Skelton Trucking. Healthcare 3PL providers often use the services of specialized transportation companies that offer a full-suite of healthcare related services. The majority of healthcare manufacturers outsource their supply chain, often preferring to focus on other strategic priorities such as sales, marketing, research and development, however some do manage the logistics and transportation of their own healthcare goods through in-house departments.

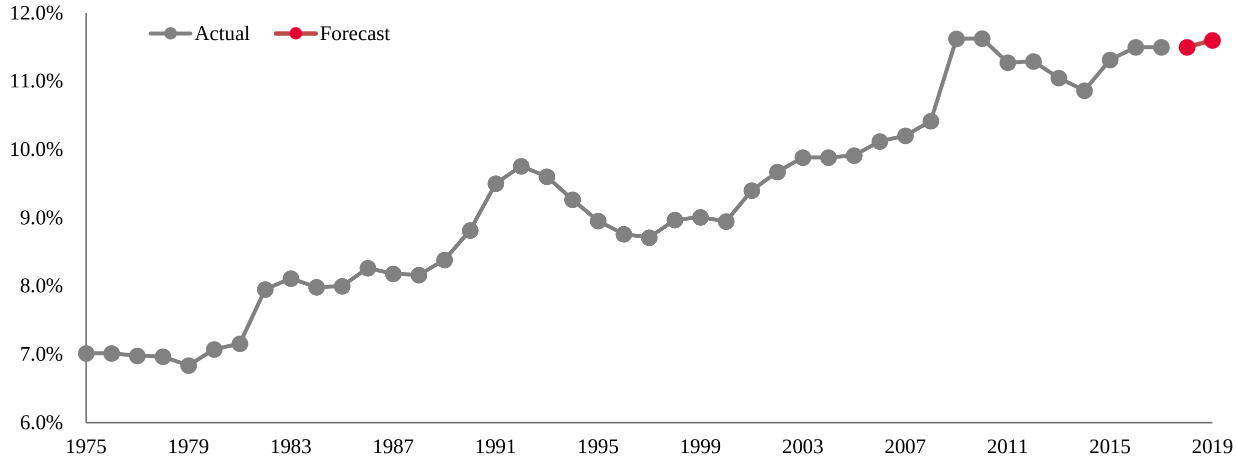
Macro Trends Driving Growth in Healthcare Logistics and Transportation Services

There are several demographic, regulatory and end-market trends that are expected to contribute to strong growth in the healthcare logistics and transportation services market for the foreseeable future.

Aging Population and Increased Life Expectancy

Due to increased life expectancy and the aging demographic in Canada, the proportion of the population over the age of 65 is expected to increase from approximately 17% today to approximately 23% by 2030 according to Statistics Canada. Data shows regular usage of pharmaceuticals increases with age. For example, according to Statistics Canada 28.0% of the Canadian population between the ages of 25 to 44 take pharmaceuticals compared to 82.7% of those aged 65 or older. This trend has contributed to Canadian health spending increasing from 7.0% of GDP in 1975 to a forecasted 11.6% of GDP in 2019, according to a report published by the Canadian Institute for Health Information.

Historical Canadian Health Spending as a % of GDP



Source: Canadian Institute for Health Information. *National Health Expenditure Trends, 1975 to 2019.* Ottawa, ON: CIHI; 2019.

Increasing Number of Healthcare and Adjacent Products with Unique Logistics Needs

Management believes that an increasing number of new healthcare products require specialized assets and services along the healthcare supply chain to adhere to regulatory standards and ensure product integrity and efficiency, including biological pharmaceuticals, narcotics, medical devices and medical cannabis. Biologic drugs require more complex temperature management during storage and transportation than many traditional drugs. Narcotics must adhere to stringent regulatory standards from a combination of health regulators as well as controlled substances regulators, and some medical devices require complex tracking systems and elements of temperature management. As a nascent industry, medical cannabis also represents a potential growth area for the healthcare logistics and transportation services market. Management expects that key logistics and transportation services relevant to this industry could include security, monitoring and visibility throughout the supply chain, temperature management, quality assurance and regulatory compliance.

These and other healthcare product manufacturers have been increasingly using the services of healthcare logistics and specialized transportation providers.

Increasing Industry Regulation

The healthcare logistics and transportation services industry has been subject to significant and increasing regulation in both Canada and internationally. Over the past decade, Health Canada - as a governing body involved in the regulation of the healthcare logistics and transportation services industry in Canada - has added or amended numerous separate regulations related to warehousing and transportation of pharmaceutical products. These changes have resulted in a consistent increase in the complexity of the pharmaceutical supply chain, which management believes is leading healthcare companies to increasingly favour highly specialized, experienced and nimble operators with the scale and expertise to adjust quickly to a continuously evolving regulatory environment.

HEALTH CANADA GOOD MANUFACTURING PRACTICES (GMP) GUIDELINES (GUI-0001) *FULLY RE-WRITTEN IN 2018*

- Licenses product owners must ensure that their contractors meet all GMP and other applicable Guidelines' requirements
- Harmonized with international GMP standards and terminology
- Clarified compliance expectations
- Increased avenues for Health Canada to enact "Non-compliant" inspection rating and possible license suspension

GUI-0069 GUIDELINES FOR ENVIRONMENTAL CONTROL OF DRUGS DURING STORAGE & TRANSPORTATION *PROPOSED REVISIONS RELEASED IN 2018*

- Required temperature mapping and monitoring of facilities and assets used for storage & transportation
- Required qualification of shipping lanes and transportation modes including seasonal weather consideration
- Required qualification of shipping containers used to maintain drugs / APIs at labeled storage conditions
- Oversight of agents

Increasing Demand For Distributed and Ancillary Healthcare Logistics Services

Management believes an increasing number of healthcare manufacturers, wholesalers and other organizations will require nation-wide supply chain management in addition to traditional warehousing and specialty transportation in the future, including direct to consumer distribution, as well as ancillary services. Management believes the demand for a full-suite of coast-to-coast healthcare logistics services favours established industry players that are able to make the significant investment necessary to provide these specialized services. Examples of ancillary healthcare logistics services include temperature-controlled warehousing and monitoring, movement of controlled narcotics, controlled drug and precursor management, destruction, adverse event, product complaint and product recall services, accounts receivable management, and information technology services, among others.

Investment Highlights

Leading Provider of Essential Healthcare Supply Chain Services

We believe we are a leading provider of supply chain management services to the healthcare industry in Canada. In 2018, the top 30 pharmaceutical manufacturers by Canadian revenue had sales in Canada of approximately $23 billion[4], of which we believe Accuristix managed the finished goods distribution of over $7 billion on a sole or partial basis. Additionally, of the top 25 global pharmaceutical manufactures, as ranked by RankingtheBrands.com, we provide specialized transportation in Canada to 22 of these top 25 companies, on a direct or indirect basis.

Management believes we operate Canada's only nation-wide network of temperature-controlled facilities, specialized vehicles, measuring and monitoring equipment and trained personnel dedicated to providing healthcare clients with supply chain management services. Over the past decade, we have developed healthcare-specific expertise that differentiates our services and delivers value to our clients through our four key competitive strengths: temperature management, quality assurance and regulatory compliance, visibility throughout the supply chain and security.

Our network of services offers clients a closed-loop, temperature controlled system enabling visibility and quality assurance. These capabilities, combined with our responsive client-oriented business approach, have established us as a trusted service provider, focused on quality and operational excellence, a reputation which is a key differentiator in an end market where regulatory compliance is mission critical.

Over a decade of experience offering logistics and specialized transportation solutions to the healthcare industry provides us with the insights and capabilities necessary to curate and tailor supply chain solutions that are responsive to changing regulatory requirements, and is a key contributing factor to our long-standing client relationships.

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[4] According to data obtained under license from IQVIA Solutions Canada Inc.

Coast-to-Coast, Closed-Loop Network Supported by Specialized Infrastructure

Our cross-country network of infrastructure, customized transportation modalities and integrated technology allows us to manage and monitor the complex regulatory and quality compliance requirements of healthcare clients shipping products with unique temperature and storage requirements. Management believes we are Canada's only national third-party service provider focused exclusively on delivering end-to-end logistics and specialized transportation solutions to the healthcare sector, and that our network, transportation capabilities and supporting technology are difficult to replicate.

We operate 28 specialized facilities equipped with temperature control and monitoring systems to provide transportation and warehousing environments ranging from ambient (15°C to 25°C) to ultra-low (-70°C). In addition, we operate from five third-party owned cross-dock facilities to expand the reach of our network. Our fleet of vehicles is customized to offer temperature sensors and validated recording equipment that allows us to ensure, through continuous measurement and monitoring, that shipping conditions across the supply chain meet Health Canada's exacting regulatory requirements.

Our capabilities in providing temperature-controlled logistics and specialty transportation is further enhanced through our Canadian distribution arrangement with Crēdo®, a market leader in reusable and environmentally sustainable containers providing specific temperature solutions from -20°C to +25°C ("**Crēdo® Cubes**"). Through our distribution arrangement with Crēdo®, we have sold, shipped and refurbished over 300,000 Crēdo® Cubes since 2012.

Technology Supporting a Comprehensive Service Platform

Our internally developed and proprietary technology systems, Phoenix and ATLAS accumulate data and enable end-to-end monitoring, including access to real-time temperature measurements, shipping status and client reports.

Through Phoenix, our order management system, our logistics clients are granted real time visibility over their supply chain on a 24/7 basis through an online portal. Offering purchase and sale, accounts receivable and inventory control modules, among others, Phoenix aggregates client and end customer data to enable clients to run reports and gain valuable insights about their business.

ATLAS, our shipping and tracking information management system, allows us to manage all shipments regardless of mode or size, while products are in storage as well as in transit. With its full scanning, tracing, rating, and reporting capabilities, ATLAS ensures that we are able to monitor the progress and temperature of each shipment as it moves along our nation-wide network.

Partner of Choice for Leading Companies in the Healthcare Industry

We are an established service provider with significant experience in offering critical services throughout the healthcare supply chain. We provide logistics services to several blue chip healthcare companies, including Pfizer, Roche and Mylan, across a diverse range of healthcare-related markets including pharmaceuticals, consumer healthcare and medical devices. Currently a significant number of our logistics clients contract for two or more of our five principal product offerings.

We are the specialized transportation provider of choice in Canada, directly or indirectly, serving most of the top global pharmaceutical manufactures in Canada, including Boehringer Ingelheim, Bayer and Teva, among others. In addition, we also serve many of the country's leading wholesalers, retailers and distributors, such as McKesson Canada and Shoppers Drug Mart. The average length of our relationships with our top 20 clients by revenue is over 15 years, demonstrating the strength of our partnerships and key role we play in the healthcare sector.

We believe our operational excellence and differentiated service capabilities have been critical to our success, helping to establish us as the logistics and transportation partner of choice for many leading healthcare companies, and serving as the basis upon which clients have decided to integrate our services and technology systems into their supply chains.

Strong Financial Performance With Stable Cash Flows, Driven By Robust Growth and Attractive Margins

We believe our financial results reflect the benefits we derive from our competitive strengths and the vital role our platform plays in the delivery of supply chain services to the healthcare sector. Our business has generated a strong revenue CAGR of approximately 10% since 2010, and has grown at a revenue CAGR of approximately 11% since 2016. Our EBITDA has also experienced a robust CAGR of approximately 11% since 2016 and we generated attractive EBITDA Margins of 23.2% in 2018. Our strong revenue and EBITDA performance is bolstered by a business model that results in a limited amount of cash capital expenditures. In 2018, our EBITDA less Leases and CAPEX was approximately $42.1 million, our EBITDA less Leases and CAPEX Margin was 15.2% and our EBITDA less Leases and CAPEX Conversion was 65.5%. We believe this is an attractive margin profile within our industry and is a demonstration of the compelling financial model of our business.

Experienced Management Team Aligned with Shareholders and Strong Employee Culture

Our business is led by an experienced management team with vast industry knowledge, a deep understanding of our clients' needs, and a proven track record of strong financial performance. Our senior management team combined, have approximately 150 years working in the logistics, transportation and healthcare industries.

Under the leadership of the management team, we have established a culture of transparency, accountability, and excellence that has driven us forward as an industry leader in the provision of high quality healthcare logistics and transportation services. Many members of our current management team have been with us since 2009, when we repositioned our business to focus on healthcare, resulting in average management tenure of approximately 12 years. This management team has played an integral role in building the strong relationships and partnerships that have made us a trusted name in the healthcare sector. The loss of members of our management team could affect our competitiveness. See "Risk Factors".

Our management team has a diverse range of experience in the sector:

- Mr. Andlauer, our Chief Executive Officer, has approximately 35 years of experience in the Canadian transportation industry and has managed and operated portions of AHG since its inception;

- Mr. Bromley, our Chief Financial Officer, joined AHG after a 25 year career with UPS Supply Chain Solutions where, among other roles, he led the implementation of the company's global healthcare strategy for logistics and distribution in UPS's Europe Region;

- Mr. Brogan, our President, Specialty Solutions, has worked in the transportation industry in successively senior roles over the past 35 years, including serving as Chief Information Officer of Day and Ross Transportation Group and President of the Sameday Right-o-Way Division;

- Mr. Barr, our President, Transportation, has worked in the transportation and logistics field for 30 years including with the Calyx Transportation Group where he was the President of a closed loop transportation provider and an emerging supply chain management company; and

- Mr. Sheen, our President, Logistics, has had 25 years experience working in finance, logistics and operations, including as Vice President, Operations – Logistics Services for UPS Supply Chain Solutions where he oversaw the Canadian head office, 14 distribution centres and over 800 employees.

Services and Products

We are committed to developing and expanding long term strategic relationships with healthcare companies to provide improved operational efficiencies and access to value-added services. We do this by looking for ways to leverage our competitive strengths in the healthcare sector as well as our strengths as an integrated supply chain solutions provider to serve our current and prospective clients as comprehensively as possible.

We employ our capabilities across five product lines: logistics and distribution, packaging solutions, air freight forwarding, ground transportation and dedicated and last mile delivery. By understanding our clients' logistics and supply chain processes, strategies and objectives, we can identify opportunities for improvement, and deploy the right services and solutions for each client. A significant number of our logistics clients use two or more services across our five product lines. Our success providing multiple services to our clients has contributed to our strong client retention, with an average client relationship among our top 20 clients by revenue, of over 15 years. We credit our strong client relationships to our competitive strengths in the healthcare sector, our unique and integrated customized solutions and our client service and company culture, all of which management believes is not easily replicated, takes time and significant expense to replace and allows us to build trust with our key stakeholders.

Competitive Strengths

Through the leadership of our management team, we have focused on developing healthcare-specific expertise to best serve our clients and comply with healthcare industry regulations and best practices. We differentiate our services and deliver value to our clients through four competitive strengths: temperature management, quality assurance and regulatory compliance, visibility throughout the supply chain and security. These capabilities are put into effect across our platform through our employees, who are passionate about client service. Through our competitive strengths, we are able to provide healthcare clients with specialized, integrated, end-to-end supply chain solutions.

AHG Competitive Strengths

We Have Built A National Coast-to-Coast Health Canada Compliant Temperature Management Solution

Management believes we have built Canada's only nation-wide network of temperature-controlled facilities, vehicles, equipment and trained personnel focused exclusively on delivering logistics and specialized transportation solutions to the healthcare sector. Our coast-to-coast network is qualified to comply with Health Canada's Guidelines for Temperature Control of Drug Products during Storage and Transportation (GUI-0069) and the laws and regulations applicable to our business and our clients' businesses, such as the *Food and Drugs A*ct (Canada), the *Cannabis Act*, the *Controlled Drugs and Substances Act*, and the regulations promulgated thereunder. We have the ability to monitor and manage temperature conditions throughout the shipping process, as well as provide our clients with documented proof of the temperature environment for the duration of a shipment. Our fleet of customized, qualified and calibrated vehicles is equipped with independent sensors that measure the temperature of the product being shipped and consistently monitor the air temperature within the vehicle. Our temperature-controlled trailers utilize specialized bulkheads to better reduce temperature fluctuations during transit and we have installed innovative inflatable baffles around loading doors to seal air leaks and maintain temperatures during loading procedures. Across our coast-to-coast distribution network, we offer management of various temperature ranges, including ambient ground (15ºC to 25ºC), air (5ºC to 25ºC), cold chain (2ºC to 8ºC), ultra-cold (-70ºC) and heat (above 0ºC).

We have specifically designed our operational ecosystem so that we can provide qualified temperature management services to our clients. Our branches, distribution centres and vehicles are temperature mapped with winter and summer profiles. Using the results of our temperature mappings, we have installed permanent sensors to ensure that identified hot and cold zones are monitored in accordance with Health Canada and other regulatory requirements. Our temperature sensors are calibrated annually against a recognized reference standard published by the National Institute of Standards & Technology to ensure their accuracy. Our temperature management software, Rotronic Measurement Solutions ("**RMS**"), ensures that selected quality assurance and operations staff are notified in the event of a temperature deviation of +/- 1ºC from the established acceptable range. Once notified, staff are trained to react quickly to prevent temperature excursions. In the event that a temperature excursion does occur, steps are immediately taken to relocate products to a safe area, prevent distribution of impacted products, notify the client to assess product disposition, investigate the causes of the temperature excursion and identify and implement corrective and preventative actions. Every change to our distribution centres and branches is assessed through our change control program for impact on temperature mapping and monitoring, therefore ensuring high risk areas are always known and monitored. Our quality assurance team reviews temperature graphs on a weekly basis and any trend which could identify a potential temperature control issue in a specific area is escalated and investigated. As temperature monitoring is a critical component of our quality system, records are maintained and archived for at least seven years. RMS will alert our quality assurance staff if a temperature sensor fails to send data to the system at a pre-established frequency.

We Adapt our Quality Assurance and Regulatory Compliance Processes to Meet and Exceed Changing Healthcare Requirements

In order to maintain the safety, quality and efficacy of healthcare products, government regulations have been introduced to set out rules relating to, among other things, the packaging, warehousing, distribution, transportation and temperature monitoring of such products. The pace and complexity of such regulations has increased in recent years and management believes it will continue to increase. We recognize the ever-changing regulatory demands of the healthcare industry and endeavor to operate with strict adherence to regulatory protocols and Health Canada guidance applicable to our business and our clients' businesses. We believe our facilities, services and operations satisfy the GMP requirements set forth in the *Food And Drug Regulations* and the *Natural Health Products Regulations*. To help us comply with these requirements, we use our cloud-based quality management system (ZenQMS), corrective and preventative action program, validation, continuous monitoring of temperature and sophisticated security systems. Our electronic quality management system provides real time access to document control, training, deviations, corrective and preventative actions and audits. Temperature monitoring systems in our distribution centres and branches provide immediate alarm notifications on a 24/7 basis. Our distribution centres have full-facility tested generator back-ups so as to ensure we can maintain operations in the event of a power outage. Our facility operations teams consist of highly qualified and trained quality assurance experts and scientists with in-depth knowledge of regulatory and Health Canada compliance requirements. These quality assurance experts oversee the storage and distribution of all healthcare products, including pharmaceuticals, narcotics, controlled drugs and precursors, for the purposes of complying with Health Canada guidance and regulations related to product storage in accordance with labeled conditions, management of vaults and cages, security system monitoring and chain of signature. Our fleet of customized vehicles is qualified and calibrated to allow us to monitor and manage temperature conditions, as well as provide documented proof of the temperature environment for the duration of a shipment, in accordance with GUI-0069. Our commitment to quality assurance is embedded in our management responsibility and our company culture. Our management team is able to both anticipate and react to changing regulations to innovate and bring solutions to market when new regulations are introduced. We regularly review and communicate our quality assurance objectives to our employees and conduct regular corporate and self-inspection audits of our facilities and processes to continually improve our systems and ensure audit readiness. Our written quality agreements with clients and suppliers clearly define responsibilities to provide assurance that product quality, safety and efficacy are maintained; and we only work with AHG approved suppliers who operate with the same high quality standards that we do.

Through our quality assurance practices and quality management system we strive to ensure compliance with, among others, the following statutes, regulations and guidelines:

- Health Canada's Good Manufacturing Practices Guide for Drug Products (GUI-0001);
- Health Canada's Guidance on Drug Establishment Licences and Associated Fees (GUI-0002);
- Health Canada's Guidelines for Environmental Control of Drugs During Storage and Transportation (GUI-0069);
- Health Canada's Guidance Document on the Import Requirements for Health Products Under the Food and Drugs Act and its Regulations (GUI-0084);
- Health Canada's Guidelines for Active Pharmaceutical Ingredients (GUI-0104);

- Health Canada’s Guidance Documents for Medical Devices;
- Health Canada’s Guidance Documents for Natural and Non-Prescription Health Products;
- *Food and Drugs Act* and its regulations, including the *Food and Drug Regulations* and *Natural Health Product Regulations*;
- *Cannabis Act* and the *Cannabis Regulations*; and
- *Controlled Drugs and Substances Act* and its regulations, including the *Precursor Control Regulations and the Narcotic Control Regulations*.

Through Our Proprietary Technology We Offer Our Clients Valuable Visibility Throughout the Supply Chain

We have made significant investments in information technology across our business operations to provide both internal and external visibility throughout our supply chain activities, and are committed to maintaining technology solutions that meet the needs of our clients in the highly regulated healthcare sector.

Through a dedicated team of in-house IT resources including programmers, Electronic Data Interchange (“**EDI**”) mappers and report writers, we have created a proprietary order management system called Phoenix to service our logistics clients. Through Phoenix, our clients are granted real time, end-to-end visibility into their supply chain on a 24/7 basis through an online portal. Phoenix aggregates client and client customer data from a number of sources into one central database which can be accessed both internally by our employees as well as externally by our clients. From order management, warehouse transactions and inventory availability with lot and expiry control to shipped orders status, booked appointment times and proof of delivery, Phoenix allows us to integrate with our clients’ businesses.

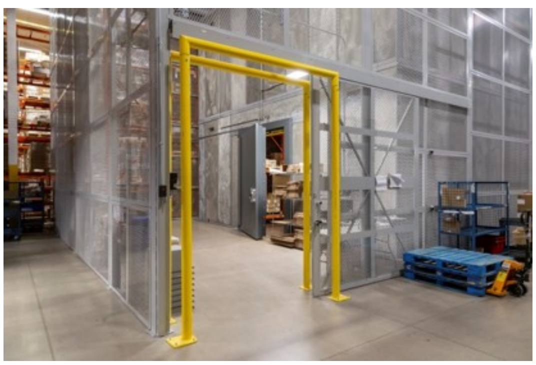
In addition to extracting data from our internal systems, such as our warehouse management system (Red Prairie), Phoenix offers clients a number of avenues to upload orders to the system, including by e-mailing or calling our client care team, entering orders through Phoenix’s online portal in real time and electronically transmitting data through multiple transmission methods such as XML, IDoc for SAP, flat file and EDI integration. We are also currently in the process of integrating Phoenix with a number of popular e-commerce platforms to enable our clients to address direct to consumer opportunities. To streamline client integration with our system, we have developed a set of integrated business rules for various electronic transactions including sales orders, purchase orders and returned orders, to allow clients to select how they want Phoenix to respond to certain variables. This electronic integration removes the need for human decision-making and allows Phoenix to make decisions automatically based on client specifications. Phoenix is also equipped with a large library of shipping labels and outbound documentation which our clients can select during the on-boarding process, to allow for seamless integration with our clients’ customers’ processes. Through Phoenix, clients can also select a number of comprehensive reports from our growing library of options or request a customized report to analyze their data and obtain detailed information and insights about their business. Reports can be run on-demand or they can be sent automatically via e-mail based on a pre-defined schedule. Phoenix’s strong reporting capabilities are a key differentiator of our services as compared to other order management systems and is one of the principal ways that clients use our system to manage their business.

In our specialized transportation segment, we have a comprehensive shipping and tracking information management system, the core of which, Andlauer Transportation Logistics Automation System (“**ATLAS**”), is internally developed and supported. ATLAS is a fully integrated system that supports our finance, administration, operations, sales, and client service departments. A key feature of ATLAS is the ability to manage all shipments regardless of mode or size, giving full scanning, tracing, rating, and reporting capabilities while products are in storage as well as in transit. ATLAS’s track and trace system allows clients to attain temperature monitoring data and shipment status information, including pickup date and time, linehaul scans, out for delivery scans, delivery scans, proof of delivery and appointment details on-line or through our client service department. This service is essential to clients in need of just-in-time delivery, increased security and full access to shipment information. We are able to track and report on the progress and temperature of each shipment as it moves along our nation-wide network by using global positioning systems.

Phoenix, Red Prairie, ZenQMS and RMS are validated in accordance with the International Society for Pharmaceutical Engineering's guidance on computerized systems and comply with Part 11 of Title 21 of the Code of Federal Regulations ("**Part 11**") and Annex 11 of the Pharmaceutical Inspection Co-Operation Scheme's Guide to Good Manufacturing Practice for Medicinal Products, which has been adopted by Health Canada ("**Annex 11**"). Compliance with Part 11 and Annex 11 are key requirements for many of our clients and differentiates our services from other non-healthcare supply chain management companies. These practices provide guidance on the conditions under which drug manufacturers and their supply chain solutions providers must operate to meet statutory record keeping and record submission requirements when electronic records and signatures are used instead of paper records and handwritten signatures. Elements of compliance with Part 11 and Annex 11 include, among others, the authentication of users with access rights to data, the ability to prevent unauthorized changes to electronic records, the monitoring of all electronic records and the archiving and traceability of all changes to process and device configurations. Our validated systems enable us to demonstrate that our data is accurate, complete and tamper-free in accordance with data integrity requirements under GMP and allows us to support our clients in the event of a product recall.

Our Security Practices Safeguard our Clients' Products to the High Standards Required in the Healthcare Industry

We are vigilant in our efforts to employ the security practices necessary in our industry and undertake regular policy and procedural reviews, practice tests, employee training and regular auditing and maintenance. We believe through these efforts we have created and maintained a culture of respect and security awareness that allows us to safeguard our clients' products to the high standard required in the healthcare industry.


Narcotics Vault

Clinical Trials Cage

We own and manage 19 licensed narcotics vaults and 16 licensed cages located across six of our distribution centres with a total capacity of over 2,600 pallet positions for storing narcotics, controlled substances and precursors. As these vaults store products with a significant illicit market value, Health Canada requires high levels of security. Our vault security protocols include the physical structure and design of the vaults themselves as well as the security monitoring systems, processes and specialized quality assurance personnel involved in the management of these substances. Inventory levels are validated on a frequent basis and any discrepancies must be immediately communicated to Health Canada and law enforcement authorities. We have received a compliant rating in every Office of Controlled Substance ("**OCS**") audit that has taken place, demonstrating our strong performance in this area.

We are members of the Transported Asset Protection Association ("**TAPA**"), which sets standards for security and industry best practices in the handling and storage of high value theft targeted assets. Many clients use the TAPA audit, which evaluates equipment, policies, practices and people involved in moving products in a secure fashion, as their template when evaluating the suitability of service providers. We have been certified by TAPA as meeting their facility security requirements standard across our branch network. In addition, we are among a small number of Canadian carriers certified by TAPA as meeting their trucking security requirements standard for the movement of goods by truck.

We have achieved our TAPA certifications through a multilayer security program involving all facets of facility reinforcement, access control, wide area monitoring, employee training and vetting, system alerts and alarms, and information protection. Our distribution centres and branches are equipped with both internal and external CCTV cameras, to ensure that our warehouses and yards are monitored on a 24/7 basis. We use photo-ID access-cards and sign-in and sign-out procedures to track personnel and visitors who enter these facilities and have personal metal detectors in certain locations to enhance our screening system. A number of our drivers are equipped with panic alarm devices that will instantly alert authorities in the event of emergencies or potential threats, whether to persons or products.

Chain of signature scanning is required for all controlled shipments that we provide. We assign strict personal responsibility to every employee involved in a shipment throughout the delivery cycle. This includes the signed acceptance by the driver and facility personnel.

Our competitive strengths are an integral component of our business and span all of the services we offer. We believe they are a source of differentiation and have helped support the growth of our business. Today we offer a platform of services that can be grouped into five principal product lines, each of which have demonstrated strong growth since 2016.

Revenue Segmentation By Principal Product Lines(1)(2)

	% of 2018 Revenue(1,2)	**2016 – 2018 Revenue CAGR(1)**
Logistics & Distribution	28%	8%
Packaging Solutions	7%	28%
Ground Transportation	54%	11%
Air Freight Forwarding	6%	5%
Dedicated & Last Mile Delivery	5%	51%
Total	**100%**	**12%**

Notes:

(1) 2016 – 2018 revenue per AHG Entities' combined audited financial statements, fiscal year ended December 31.

(2) Percentage of 2018 revenue prior to intersegment revenue eliminations, fiscal year ended December 31.

<u>Healthcare Logistics Services</u>

Management believes we are Canada's only national third-party service provider focused exclusively on delivering customized, end-to-end logistics and specialized transportation solutions to the healthcare sector. We utilize our competitive strengths to solve complex supply chain challenges and create transformative cost-effective solutions for our clients across all of our product lines. Our logistics and distribution business is contract-based, and services are typically provided under master service agreements with terms that range from three to five years in length. Due to our strong client relations, the vast majority of our clients renew their contracts with us when they expire. As part of our logistics services we retain transportation providers to offer certain services. We will retain the services of a variety of providers, allowing us to obtain competitive terms for our clients and optimize their supply chain activities. While ATS Healthcare is used as the specialized transportation service provider for the vast majority of our logistics clients, we will contract with another service provider where it better suits the needs of a specific client. Our healthcare logistics segment is comprised of our logistics and distribution and packaging solutions products lines, and contributed approximately 35% of our consolidated revenue prior to intersegment revenue eliminations, in the year ended December 31, 2018.

Logistics and Distribution

We serve as an extension of our manufacturing clients, leveraging our infrastructure and expertise to offer a number of customized solutions to manage, warehouse and distribute billions of dollars of products to their customers. Our logistics solutions include the handling of a full range of healthcare products, including pharmaceuticals, biologics, narcotics, precursors, APIs, over-the-counter, natural health, animal health, consumer health, cosmetics, HABA and medical devices. We are able to fulfill client needs with management of products to a number of healthcare channels including retail direct, wholesale, self-directed retail, hospital, pharmacy, clinic, doctor's office, veterinary and specialty distribution. Our logistics contracts operate on an activity-based fee-for-service model, meaning that we bill our clients by applying a transactional fee against specific activities or services such as number of product receipts, clients' customer order volumes and pallets stored on-hand, among others. We offer a wide range of customized solutions from beginning to end of the supply chain, including, for some smaller clients, full order to cash services, where we assist these clients to receive, process and fulfill customer sales orders and manage their accounts receivables. Our clients are able to select from our range of services and customize the solutions that are right for their business. The supply chain management solutions we offer include the logistics services and activities set out below:

Logistics Service	Activity
Product Receiving, Quarantine and Inspection	We receive products into inventory and allocate to quarantine status or conduct inspections a required by our clients.
Storage	We provide the appropriate storage environment for the specified product temperature range established by our clients.
Narcotics, Controlled Drug and Precursor Management	On behalf of our clients, we manage all aspects of narcotics, controlled drug and precursor distribution as per regulations stipulated by Health Canada and the OCS.
Client/Customer Order Processing	We process incoming client orders, received through EDI, e-mail and phone.
Order Fulfillment	We pick client products to fulfill customer orders including packing and preparing such products for shipment.
Lot Number, Serial Number and Expiry Date Control and Product Recalls	We store and track products by lot number, serial number and expiry date and provide client support during product recalls.
Inventory Management	We complete periodic cycle counts of inventory in accordance with pre-defined client program specifications.
Reporting	We record receipt of inbound products, stock moves, orders and shipments in our operating system. We provide our clients with real time on-line access to Phoenix for the purpose of reviewing such information and enable our clients to run automated and customized reports on this data.
Returns	We process product returns in compliance with our clients' return and credit customer policies and provide quality assurance inspection services for returned products based on client instructions.
Destruction	We manage destruction of client products and provide quality assurance support services related to witnessing destruction activities.
Adverse Events and Product Complaints	We handle all adverse events and product complaints in accordance with our clients' quality agreements.
Product Market Recall	We support our clients through our tested product recall process by providing distribution data and handling returned products.
Accounts Receivable Management	We manage our clients' accounts receivable including collections, cash allocations, deposits and reporting.
Information Technology Services	We provide information technology support for client requested projects, including among others, EDI integration with client enterprise resource planning and customer relationship management software, retail label compliance and specialized report development.
Transportation Management	We manage the outbound transportation program on behalf of our clients including, carrier management (service levels and tariffs), claims management, carrier lane analysis and reporting and transportation solution optimization.

Through our technology systems we provide a flexible, integrated and efficient way to support our clients' supply chain needs. In addition to our supply chain visibility offerings, we assign a client solution manager to each of our clients to ensure there is a single point of senior-level contact. Our client solution managers hold quarterly business reviews with our clients, facilitate the resolution of business issues, oversee projects and create detailed client manuals that document each of our clients' unique business processes.

We believe our success in securing logistics clients derives from our competitive strengths as well as our management team who have established a client-oriented business approach that has led us to become a trusted service provider to the companies we serve. We have broadened our relationship with many of our clients through an emphasis on integrated logistics solutions resulting in us managing a greater portion of their supply chain. Accordingly, we regularly provide packaging solutions, air freight forwarding and specialized ground transportation to our logistics clients as part of our supply chain management solutions, with a significant number of our logistics clients contracting for two or more of our services across our product lines. As an example, one of our longstanding clients came to Accuristix because of our temperature management expertise, looking for a solution to address the increasingly complex Health Canada regulatory guidance brought on by the latest version of GUI-0069. In order to comply with Health Canada's more stringent temperature control requirements, this client needed to change the way it shipped product samples to its sales representatives, but wanted to do so in a way that did not burden the representative with large amounts of pack-out materials which would require disposal. We were able to quickly implement a reusable pack-out solution using our Crēdo® program that met both Health Canada's requirements as well as the business needs of our clients' sales representatives. This client now uses services in four of our principal product lines, including our logistics and distribution, packaging, air freight, and ground freight services.

Packaging Solutions

We offer a range of packaging solutions for our clients depending on their specific business needs. Through Nova Pack, we offer co-packaging, re-packaging, point of purchase and point of sale display-build solutions. Nova Pack adheres to Health Canada and GMP requirements, allowing us to meet the exacting standards of our clients during all phases of a co-pack or re-pack project. Nova Pack provides a comprehensive list of packaging services related to assembly, secondary pharmaceutical packaging, custom hand-work, shrink wrapping/banding, bundling, poly bagging, gluing, folding, carton filling, sealing, embossing, kitting and sampling. In addition, Nova Pack offers a range of design and supply services for collateral materials such as blisters, labels, hang tags, vac trays and other point of purchase display components. Nova Pack has embedded operations within two of our GTA distribution centres allowing us to efficiently integrate these services into our supply chain solutions for our clients as well as other brand-owners. Additionally, Nova Pack is embedded in the Canadian distribution centre of a multi-national healthcare and consumer packaged goods manufacturer in Brampton, providing assembly and co-pack services dedicated to that company's products.

We are currently the sole distributor of Crēdo® Thermal Packaging Solutions within Canada outside of the Pelican BioThermal™ group of companies. Crēdo® Cubes are high performance, passive, reusable shipping containers qualified to maintain ambient or chilled medical materials at a constant temperature for up to 96 hours. Crēdo® Cubes are equipped with customizable modular thermal isolation panels containing phase-change material with vacuum insulated interlocking panels specifically formulated for the unique needs of pharmaceutical products. Unlike other solutions which vary by season or payload size, Crēdo®'s line of different sized systems are suited to varying packing design requirements, providing an optimum volume ratio of interior payload space, resulting in significant savings in shipping costs and packing time and minimizing the risk of errors when packing products. Crēdo® Cubes are available across many temperature ranges: +2ºC to +8ºC, +15ºC to +25ºC, and -20ºC and colder. As a by-product of reverse logistics, we refurbish Crēdo® Cubes after use by our clients, providing a truly reusable solution and ensuring the integrity and quality assurance of the product. We believe our ability to provide the Crēdo® solution through a closed-loop system is a strong competitive advantage and enables us to extend the lifetime of these containers. We have experienced considerable growth in the use of our Crēdo® Cubes in the past three years, which management believes is driven primarily by increased Health Canada regulations and the growth in the biologic drug market, where complex temperature management solutions are required, among other contributing factors.

<u>Specialized Transportation Services</u>

We leverage our competitive strengths to offer our clients a coast-to-coast delivery network of multiple transport modes and flexible capacity to ship products safely and on time from origin to destination. Our scale and service range are significant advantages, both as competitive differentiators and for our clients who depend on us to provide reliable capacity under all market conditions. Unlike other transportation companies, we handle air freight forwarding, courier, less-than-truckload ("**LTL**") and last mile shipments as well as temperature managed and non-temperature managed shipments within the same branch, accommodating the full range of our clients' needs on an integrated and efficient basis.

In managing our operations, we utilize a business model designed to limit capital requirements and optimize flexibility. Approximately 45% of the drivers we engage in our ground transportation operations are owner-operators, which allows us to minimize fixed operating costs and manage our capital requirements associated with the purchase and maintenance of equipment. We lease our non-owner-operated vehicles in order to limit fixed overhead and to maintain a more updated, reliable and technologically advanced fleet. We also outsource certain ground shipments in more remote locations to enhance flexibility. We do not own any airplane assets, which enables us to expand and contract air cargo capacity as necessary.

Our specialized transportation segment includes our air freight forwarding, ground transportation and dedicated and last mile delivery product lines. Over the past three years, we have experienced significant growth across these product lines, which we believe is driven primarily by our temperature management capabilities. As Health Canada regulations have expanded and become more complex, clients are increasingly using our services to ship their temperature-sensitive healthcare products, in part due to our strong reputation for quality assurance and regulatory compliance. Our specialized transportation segment contributed approximately 65% of our consolidated revenue, prior to intersegment revenue eliminations, in the year ended December 31, 2018.

Air Freight Forwarding

Management believes we are one of the largest domestic healthcare air freight forwarding companies in Canada. We have long-standing relationships and guaranteed contracted space with Cargojet and have relationships with a number of other air cargo operators, which allows us to meet our clients' air freight needs. Air cargo shipments are staged at our branches across the country and tendered directly to the airline for airport to airport furtherance. Our dedicated staff assumes custody of consignments at the receiving airport, which reduces the risk of third-party caused delays and enhances the security and temperature management of the shipments.

Ground Transportation

We provide our ground transportation services to our clients through a combination of owner-operator and employee drivers. In more remote locations, we complement our services with partnerships or alliances with other carriers. Across our coast-to-coast distribution network, we offer management of various temperature ranges, including ambient ground (15ºC to 25ºC), air (5ºC to 25ºC), cold chain (2ºC to 8ºC), ultra-cold (-70ºC) and heat (above 0ºC). In addition, we offer non-temperature controlled services. For our temperature-controlled solutions, we monitor and manage temperature conditions throughout the shipping process, as well as provide our clients with documented proof of the temperature environment for the duration of a shipment. We process shipments across Canada through our 19 branches as well as the five third-party owned cross-docks that we operate from. By offering our clients both courier and LTL services, as well as temperature and non-temperature managed options, we are able to provide a single source solution for our clients, reducing the number of carriers delivering into a consignee's facilities and increasing efficiencies.

Our temperature management capabilities coupled with our coast-to-coast multi-modal distribution network differentiates our services from many of our competitors who specialize in either regional temperature-managed solutions or national non-temperature managed solutions. Our nation-wide network of temperature-controlled facilities, vehicles, equipment and trained personnel allow us to meet the specialized needs of large healthcare clients and provide us with a competitive advantage. Our shipments typically have a coincidence of pick-up and delivery, which we believe is a strong competitive advantage and leads to significant cost savings for our business and for our clients. Healthcare consignees are increasingly focused on receiving their shipments by a specific time to streamline their inbound logistics processes. Through our branch network and dedicated personnel, we are able to reliably schedule appointments for our clients, ensuring that shipments arrive as planned thereby avoiding penalties and fines which could be levied for late delivery. Our strengths in this area have contributed to us being a preferred carrier for many clients with standing appointments and consolidated loads to several major Canadian healthcare distributors.

Dedicated and Last Mile Delivery

We offer dedicated delivery and last mile delivery services to a small number of clients in various regions across the country. Our dedicated and semi-dedicated fleets throughout Canada allow us to provide a full range of shipment services, production scheduling, customer care and warehousing directly to our clients. Our clients leverage our expertise in vehicle specifications, routing, technology and temperature management, realizing cost savings through outsourcing services that are not part of their core competencies and reducing their capital expenditures. We have seen particular growth in our dedicated delivery services in the wholesaler and self-distributor market, operating on behalf of our clients to complete last mile shipments to pharmacies, hospitals and veterinarian clinics. We have forged strong strategic alliances with leading industry partners through these services, including McKesson Canada, Shoppers Drug Mart, Western Drug Distribution Centre and Veterinary Purchasing.

One of our last mile service offerings is MEDDS, our pharmacy home-delivery service operating in the Winnipeg Capital Region. Through this service, we pick up patient prescriptions from pharmacies and deliver directly to the patient's door on a same day basis. We believe MEDDS offers a significant future growth opportunity for our business. In Winnipeg alone, we complete between 1,100 to 1,700 deliveries daily. We believe we can leverage our platform to expand these services into other regions moving forward.

Growth Strategy

We have demonstrated a long track record of growth by focusing on the growing and specialized needs of the healthcare industry. We are targeting growth at a rate faster than the healthcare logistics and transportation market as a whole. Our revenue has grown at a CAGR of approximately 10% since 2010 and at a CAGR of approximately 11% since 2016. While we expect there will be years where we deliver significant growth and years in which growth will be lower than historical levels, we are targeting mid-single digit to high-single digit revenue growth for each of the fiscal years comprising 2020 through 2022. In setting this target, we have made certain assumptions. See "Cautionary Note Regarding Forward-Looking Information". Although management believes this target to be reasonable, there are many factors that could cause actual future results to differ materially from target results. See "Risk Factors".

Our future growth strategy leverages our existing platform and builds on proven strategies that have resonated with our clients in the past. Over the next three years, we expect to continue driving long-term growth and value creation with the following strategies: (i) capitalize on strong industry fundamentals, (ii) strengthen healthcare clients' connections to our growing platform, (iii) acquire new clients and expand capacity, and (iv) expand and strengthen our platform through acquisitions.

Capitalize on Strong Industry Fundamentals

As a leading player in the Canadian healthcare supply chain, we are strategically positioned to directly benefit from the strong growth expected in the sector. Technavio estimates that the North American outsourced healthcare logistics and transportation market will grow at a 5.8% CAGR from 2018 to 2023. We expect this growth to be driven by a number of favourable trends, including strong demographic tailwinds, increasing regulation, and increasing prevalence of healthcare products with unique logistical needs. As our clients' supply chain needs grow and expand, we will aim to leverage our relationships to capture these new revenue opportunities.

Strengthen Healthcare Clients' Connection to AHG's Growing Platform

We believe there is a significant opportunity to grow our business by strengthening our current clients' connection to our platform of comprehensive and specialized services. Many of our services are essential to our clients, but are outside of their core competencies, and enable us to become a trusted service provider who can manage the regulated nature of their products. These trusted relationships, along with our competitive strengths, provide the opportunity for us to grow our relationships by connecting clients to additional services in our platform. We plan to accomplish this by leveraging our existing national footprint, developing new service offerings and expanding the geographic scope of our existing services. To successfully deepen our relationships, we will continue to educate our clients on our broad service offering, which management believes drives increased spending on our services.

An example of our growing relationships is illustrated in the graphic below, which demonstrates the successful historical execution of this approach. In 2012, an existing pharmaceutical manufacturer client, to whom we provided cold vault storage, issued a request for proposal to outsource their entire Canadian supply chain, which we won. In order to secure the contract for these additional services, we leveraged our strong relationship and differentiated capabilities, which enabled us to become this client's trusted service provider and ultimately led to a further increase in our scope of services to include co-packing and re-packing. This case study is a historical example and is not indicative of future results.

CASE STUDY: 10+ YEAR RELATIONSHIP

Our dedicated delivery service relationships are currently concentrated in certain regions and within a small group of clients. By leveraging our established nation-wide network of facilities, dedicated equipment, and client relationships, we believe we can expand our dedicated and last mile delivery business by expanding the regions currently served, selling this service to other existing clients and securing new clients. As healthcare regulations intensify in Canada and abroad, requiring more temperature control in the final stages of the pharmaceutical supply chain, we anticipate and believe we are well positioned to address the increasing demand for a dedicated delivery service offering.

We are also focused on expanding regional services into new geographies. MEDDS, our pharmacy home delivery service, for example, is currently focused on serving the Winnipeg Capital Region. Management is actively preparing the business for regional expansion and is currently approaching existing MEDDS clients in the Winnipeg Capital Region with the proposal to expand its offering geographically and approaching other existing clients who may be interested in home delivery services. In addition, we are developing IT infrastructure, including a mobile application, to support a national strategy. To ensure successful rollout in new geographies, we are evaluating multiple factors including a region’s population, population density, transportation and road networks and demographics as not all geographies are capable of supporting this type of service.

To supplement our growth and continue to support our clients, we are regularly developing new services that complement our existing suite, leverage our differentiated capabilities and expand our platform. We believe by adding or expanding services such as quality assurance and regulatory compliance consulting, product destruction, clinical trial logistics and the distribution of medical devices, revenue from our current clients would increase. While we currently provide some level of service in these areas, we also outsource activities to other service providers. By developing and expanding our internal service capabilities, we would be able to bring these offerings in-house. Expanding our service offerings would also provide us with the opportunity to develop new client relationships, which can be leveraged across the balance of our platform.

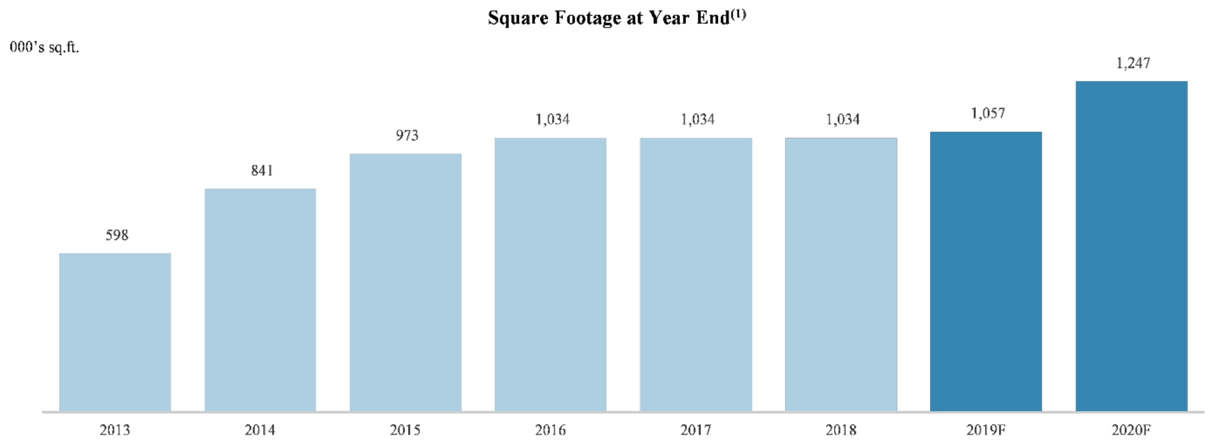
Acquire New Clients and Expand Capacity

We expect to continue to grow our business by attracting new clients that require our national network and core capabilities to address their stringent supply chain requirements.

For our logistics and distribution business, our approach has historically been, and continues to be, to secure client contract wins as a foundation for growth and then add incremental warehousing and distribution square footage through capital efficient leases. Given the required lead-time to build and certify facilities, as we secure new major client contracts we typically strategically invest in excess capacity in anticipation of growing client needs, as well as new client opportunities, which enables capital efficient growth. We have followed this strategic approach in the past at our Brampton location, where we constructed a new 267,000 square foot facility in 2016 to accommodate a major new client, increasing our footprint by 51,000 square feet, and bringing our Brampton/Mississauga campus to a total of 480,000 square feet.

Following recent client wins, we have commissioned the development of approximately 223,000 square feet of incremental capacity in Calgary and the GTA by spring 2020, which represents an approximate 20.6% net increase to our 2018 year end distribution centre capacity, and includes approximately 137,000 square feet of excess capacity to allow for future growth. The newly developed 47,000 square foot Calgary facility, which adds approximately 23,000 square feet of additional space, became operational in October 2019 and the lease for our new GTA facility with approximately 200,000 square feet of additional space is expected to commence in spring 2020.

CURRENT & EXPECTED ACCURISTIX DISTRIBUTION CENTRE CAPACITY



Notes:

(1) Reflects net new additions from facility openings and closings and forecasted square footage amounts for 2019 and 2020.

We believe there are opportunities to develop relationships with new clients in a number of growing end markets. One example of this is to expand quality assurance consulting services, including to serve as a potential "Importer of Record", a party licensed by Health Canada to facilitate the importation of healthcare products into Canada for sale. An "Importer of Record" assumes responsibility for quality and regulatory functions related to the release of drug products to the Canadian market and monitors the quality of distributed products throughout their life cycle. As foreign drug manufacturers entering the Canadian marketplace for the first time typically do not have the required resources in Canada to import their own drugs, they look to third parties to provide these services. Management expects pharmaceutical clients to continue to evaluate their current service providers, representing potential opportunities for new business. Additionally, as Health Canada regulations become more stringent, clients involved in the medical device and nutraceutical markets will increasingly require specialized logistics services.

Management also expects the medical cannabis market to expand with more logistics needs in the future. As a nascent industry, medical cannabis also represents a potential growth area for the healthcare logistics and transportation services market. Management expects that key logistics and transportation services relevant to this industry could include security, monitoring and visibility throughout the supply chain, temperature management, quality assurance and regulatory compliance. Currently, a small portion of our storage business involves medicinal cannabis. The *Cannabis Act* and its regulations have guidelines related to cannabis products which must be followed for production, handling & distribution of cannabis products. The various provincial *Cannabis Control Acts* also outline provincial requirements for transportation of cannabis which must be followed when shipping between provinces and territories in Canada. Accuristix is currently licensed by the Cannabis Legalization and Regulation branch of Health Canada, and is also licensed to store and distribute drugs containing cannabis. We have the required infrastructure and procedures to remain compliant with the terms of our license and the laws and regulations applicable to our current business operations. Any regulatory approvals, licenses and actions required for future business operations in the cannabis industry will depend on the nature of such operations.

While the Company is considering various plans, no meaningful work has been carried out to date in developing these plans, including in the cannabis area.

Expand and Strengthen Platform Through Healthcare-related Acquisitions

We plan to pursue strategically compelling acquisitions that leverage or expand our differentiated capabilities. We intend to take advantage of the industry networks of our management team, clients and advisors to pursue both off-market and marketed acquisition opportunities. Each material acquisition opportunity will first be evaluated by our management team to ensure financial, strategic and cultural alignment, following which it will be presented to our board of directors for analysis and discussion. No specific material acquisition opportunities have been formally identified or are being pursued at this time.

We view the following as the most compelling opportunities for strategic acquisitions in the near and long term:

<u>Opportunities for domestic platform expansion</u>

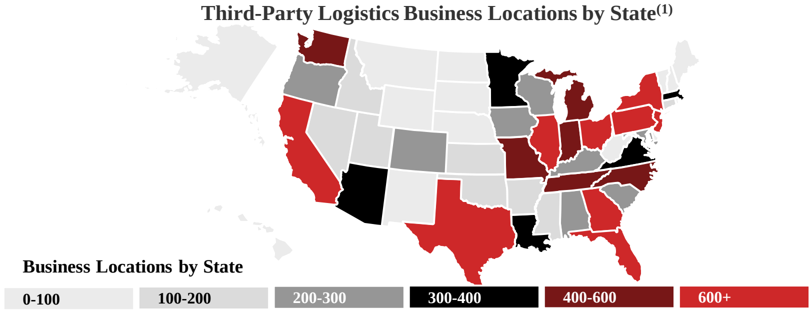
- *Complementary tuck-ins*: We see opportunity to acquire tuck-in businesses that provide services included in our current offering including in niche packaging and regionally focused temperature-controlled transportation. A number of regional operators represent actionable opportunities for acquisitions that increase the density and scale of our operations.

- *Expansion in existing growth verticals and new verticals and service offerings*: There is an opportunity to expand our existing platform in high growth areas that currently reflect a smaller portion of our existing platform. Specific areas of interest include quality assurance consulting, product destruction, and clinical trials management. Additionally, there is an opportunity to acquire companies in adjacent healthcare service verticals that our existing platform does not currently serve. We see opportunities in services which are non-core to our clients' operations and can be out-sourced. These include healthcare related primary packaging, customs brokerage and international freight forwarding.

<u>Opportunities for expansion into the U.S. market:</u>

To date, we have focused on expanding our business across Canada; however, given the scale and fragmented nature of the U.S. market, expansion to the U.S. represents an attractive opportunity. We believe opportunities to grow into the U.S. will occur either organically with client driven business, or through the acquisition of an existing platform that aligns with our core capabilities and existing service offering. The U.S. third-party logistics market is relatively fragmented, with the four largest industry players expected to account for less than 15% of industry revenue in 2019, according to IBISWorld. The majority of the industry is concentrated in states with high levels of manufacturing, trade and other commercial activities as shown below:

Third-Party Logistics Business Locations by State[1]



Source: Third Party Logistics in the US Report by IBISWorld dated March 2019, www.ibisworld.com.

In addition, while the regulatory environment governing the storage and transportation of healthcare products in the U.S. currently lags in comparison to the complexity of Canadian regulations, management anticipates that this will change in the future. If increased regulations governing the temperature-control of healthcare products are introduced, management believes that we will be well positioned to address these changes relative to many existing U.S. healthcare logistics and transportation services providers.

We believe our experience managing a national platform and delivering highly specialized transportation and logistics solutions to the healthcare sector positions us to offer a comprehensive suite of services at a larger scale than many of the existing U.S. healthcare logistics and transportation providers. Further, our experience adapting to the ever-changing pace of regulatory demands in the Canadian healthcare industry should serve as an advantage over those U.S. competitors who to date have not had to operate within a stringent regulatory framework.

We expect to begin evaluating expansion into the U.S. market over the next one to three years, though there can be no assurances that actual expansion will occur on that time frame or at all. The costs of expansion into the U.S. market will depend on the scale of expansion and whether such expansion occurs organically or through acquisitions. Given the nature of the business and industry, such costs are expected to be material. Any regulatory approvals, licenses and actions required for future business operations in the United States will depend on the nature of such operations. An expansion into the U.S. market may present increased risks due to unfamiliarity with this market and other factors. See "Risk Factors – An expansion into the U.S. market may present increased risks due to unfamiliarity with this market and other factors".

Clients

We are committed to developing and expanding long-term strategic relationships with our clients to provide improved operational efficiencies and access to value-added services. We pursue new clients and seek additional business from existing clients by leveraging our specialized knowledge and capabilities within the healthcare sector, including our expertise in temperature management, quality assurance and regulatory compliance, visibility throughout the supply chain and security. As a result of our strong client relations, the vast majority of our clients renew their contracts with us when they expire, with our top 20 clients by revenue having an average relationship with us of over 15 years. In addition, we have low client concentration, with our largest client in aggregate representing less than 10% of combined revenue generated in Fiscal 2018 and our top five clients in aggregate representing less than 25% of combined revenue generated in Fiscal 2018.

In our healthcare logistics segment, we are focused on providing a comprehensive range of services to healthcare manufacturers. Pharmaceutical manufacturers represent our largest client segment and we provide services to several top pharmaceutical companies, including Pfizer, Bayer, Roche and Mylan. Our logistics services are provided under master service agreements typically between three to five years in length on average, and operate on a fee-for-service basis, while our packaging solutions are typically offered on a contractual and project basis.

In our specialized transportation segment, we focus on providing our multi-modal service offerings to healthcare manufacturers, wholesalers and distributors and 3PL providers, including Accuristix, McKesson Canada and UPS Supply Chain Solutions. Our ground freight and air forwarding contracts typically range from three months to two years in length, with the majority of contracts having a duration of one year, and are provided through a fee-for-service model in conjunction with quality agreements that govern the specialized needs of a client. Our dedicated and last mile delivery clients are primarily wholesalers, distributors and pharmacies, and typically have contracts with us for an average length of three to five years.

Culture and Employees

Our employee culture is one of our fundamental strengths and a strategic priority. Our employees are passionate about our business and are dedicated to creating and improving solutions for our clients. We empower our employees through training and professional development programs as well as strong open lines of communication and encourage our employees to suggest ways in which we can improve our operations. As our business has grown we have maintained a close connection to our employee base. We recognize and celebrate our very best employees who act as leaders within our employee team, and promote movement within our organization in an effort to retain and encourage our top talent. As a result of these efforts, we believe we have good relationships with our employees across our operating segments, none of whom are subject to collective bargaining agreements. As of December 31, 2018, we employed approximately 1,200 individuals across Canada.

Sales and Marketing

We have a strong sales and marketing team that focuses on relationship building activities designed to cultivate, maintain and expand our client base. We incorporate a team sales approach, leveraging all functional areas in the business as needed, providing us with a cost-efficient manner to increase our sales growth and better serve our clients. We seek to develop revenue and margin with existing clients as well as to secure additional business through client acquisition. We focus on responding to requests for proposal from current and prospective clients where there is a need for multiple services. Our marketing initiatives are primarily driven through our participation in industry association events, including those held by the Canadian Association for Pharmacy Distribution Management and Canadian Animal Health Institute as well as through our websites.

Competition

Management believes we are Canada's only national third-party service provider focused exclusively on delivering customized, end-to-end logistics and specialized transportation solutions to the healthcare sector. Accordingly, we believe that we offer a unique set of services in the marketplace and stand apart from traditional logistics and transportation companies. In particular, we believe our differentiated capabilities, including our temperature management expertise, together with our coast-to-coast distribution network and multiple service offerings uniquely positions us within our industry and sets us apart from companies specializing in global integration and supply chain management, national non-temperature managed solutions, regional temperature managed solutions as well as niche service providers and insourced transportation services. Notwithstanding the foregoing, we do compete with FedEx, Purolator, UPS Supply Chain Solutions, Kuehne + Nagel and Lynden Logistics in our delivery of 3PL services. We also compete with certain regional transportation providers, such as Williams Pharmalogistics in Quebec and Rogue Transportation Services Inc. in Ontario, as well as Skelton Trucking, primarily in respect of 2ºC to 8ºC shipments.

Facilities

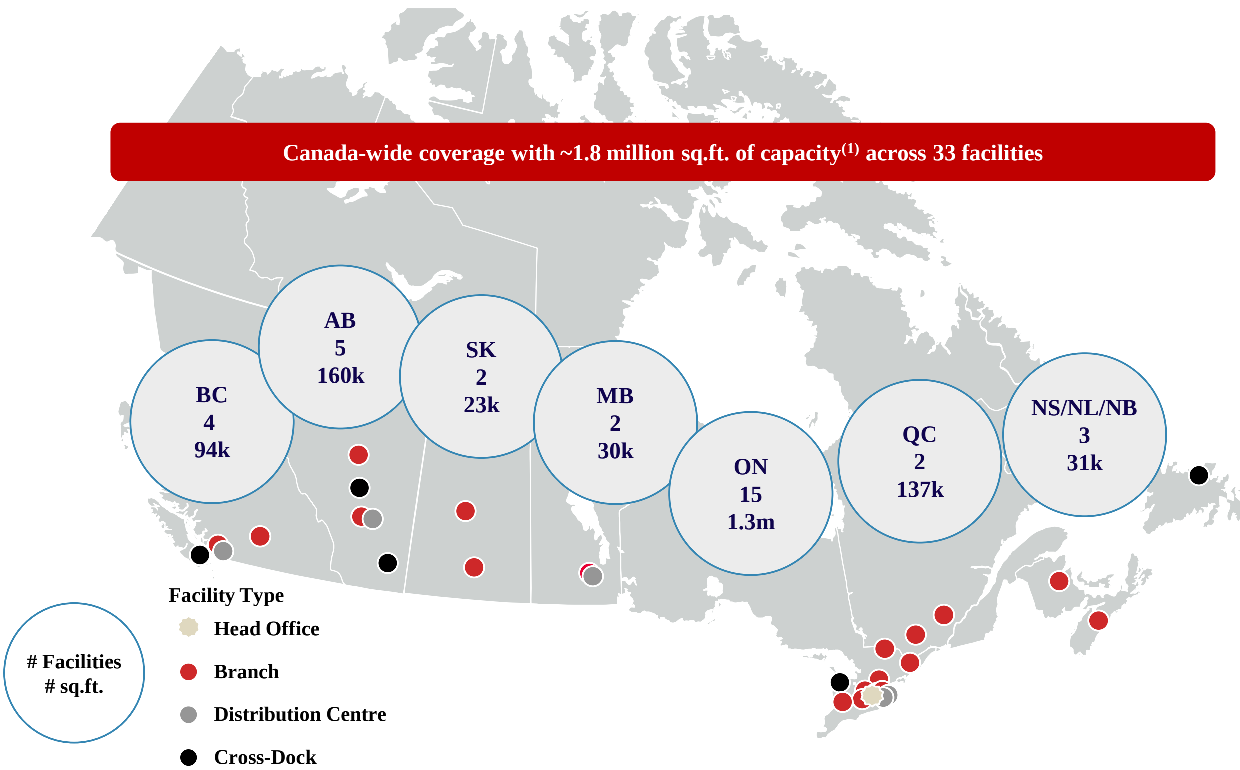
We operate from 33 facilities located in key cities across Canada, comprised of nine distribution centres and 19 branches and operate from five third-party owned cross-docks. Across the distribution centres and branches that we currently operate from, we have approximately 1.8 million square feet of facility and office space. Three of our GTA distribution centres form a campus in Vaughan and include our head office, while three other GTA distribution centres form a campus in Brampton/Mississauga. Our distribution centres located in Vancouver and Winnipeg are dedicated to the specific needs of one client while our recently completed distribution centre in Calgary is a multi-client facility with approximately 37,000 square feet of excess facility space to allow for future growth in our healthcare logistics segment. We have also secured a lease for an additional facility to commence in spring 2020 which will add capacity to our Brampton/Mississauga campus. Within our branch network we operate 19 leased facilities and operate from five third-party owned cross-docks. We have strategically located facilities in Montreal, Calgary, Toronto and Vancouver, which greatly enhance our linehaul efficiencies and enable us to build full loads direct to destination locations. By providing services from an additional 15 branches located across the country, we are able to deliver coast-to-coast coverage to our clients beyond the major metropolitan markets of Montreal, Calgary, Toronto and Vancouver.

We operate 28 specialized facilities equipped with temperature control and monitoring systems to provide transportation and warehousing environments ranging from ambient (15°C to 25°C) to ultra-low (-70°C). We provide our healthcare logistics services through our network of distribution centres and our specialized transportation services through our network of branches and third-party owned cross-docks. We hold Health Canada drug establishment licences and/or natural health product site licences through Accuristix and Nova Pack, which cover all nine of our distribution centres. Across our distribution centre network, we have narcotic vaults, controlled drug, precursor and cytotoxic cages, 2-8ºC temperature mapped and validated coolers, liquid nitrogen containers as well as Hazmat and aerosol containment systems. To manage labour costs, we utilize temporary warehouse employees based on our warehouse capacity utilization. Our branches are designed as multi-service facilities, providing short-term warehousing, staging and distribution functions and operate as both branches and hubs within our shipment system. Our branches receive air, courier and LTL shipments for consolidated deliveries to consignees and are equipped with our auto-sort barcode conveyor system, which ensures higher sort speeds and capacities to maximize the efficient handling of products. At the five third-party owned cross-docks that we operate from, we receive inbound linehaul shipments and reload such shipments onto outbound trucks for last mile delivery using our fleet of temperature controlled vehicles.

Our security and monitoring systems within our leased facilities include 24-hour CCTV cameras and real-time-interactive online reporting, alerts and alarms. Each of our distribution centres and branches are equipped with qualified heating, ventilation and air conditioning systems and are temperature mapped and maintained to allow us to meet and, in some cases, exceed applicable regulatory requirements relating to the warehousing and distribution of healthcare products. We believe our differentiated capabilities, including our temperature management expertise, together with our coast-to-coast distribution network and multiple service offerings uniquely positions us as a provider of logistics and transportation solutions for the healthcare industry and sets us apart from our competitors. Our nation-wide network of temperature-controlled facilities, vehicles, equipment and trained personnel allows us to meet the specialized needs of large healthcare clients and provides us with a competitive advantage.

We lease our 28 facilities in an effort to reduce the amount of capital employed in our business. We currently have good relationships with the landlords of all of our facilities and expect to extend our leases or obtain suitable alternatives on market terms as the lease terms approach expiry. Certain of our facilities are leased from related parties. See "Management's Discussion and Analysis of Financial Condition and Results of Operations – Related Party Transactions" for more information with respect to these leases.

Below is a map showing the locations and square footage of each of our facilities:



Notes:

(1) Square footage excludes the five third party owned cross-docks from which we operate. Does not include additional GTA distribution centre expected to open in spring 2020.

We operate our nation-wide distribution network through our fleet of customized, qualified, calibrated and temperature monitored vehicles. Our fleet is composed of approximately 530 vehicles, consisting of 45 vans, 150 three ton trucks, 45 five ton trucks, 220 trailers and 70 tractors. We lease approximately 70% of our vehicle fleet and access the remaining 30% through contracts with owner operators. Our use of owner operators and leases allows us to minimize fixed operating costs and capital requirements associated with the purchase and maintenance of equipment and maintain a more updated, reliable and technologically advanced fleet. Each of the vehicles within our fleet is equipped with multiple independent temperature sensors that enable us to provide documented proof of the temperature environment for the duration of a shipment in compliance with GUI-0069. Our trailers utilize specialized bulkheads to better reduce temperature fluctuations during transit and we have installed innovative inflatable baffles around loading doors to seal air leaks and maintain temperatures during loading procedures. Additionally, using global positioning systems, we are able to track and report on the progress of each shipment as it moves along our nation-wide network.

Safety and Insurance

We pride ourselves on our safety record and safety management program. In particular, our specialized transportation segment has achieved a best practice rating from its insurance provider in respect of its relatively low visibility related collisions. We have put in place policies that are designed to contribute to and to promote a safe work environment. We maintain a high level of safety awareness and seek to continually improve safety performance.

We carry broad insurance coverage for our operations, including motor vehicle liability insurance, cargo insurance and commercial general liability insurance. Our insurance costs are mitigated by the fact that we engage a significant number of owner-operators in our linehaul operations, who are motivated to maintain their equipment at high levels. Our owner-operator compensation policies have allowed us to retain drivers with more experience, which also assists in managing our insurance costs.

Regulation

Our operations are subject to various federal, provincial and local laws affecting our business, including without limitation, in respect of marketing, transportation, storage, security, safety and disposal of goods. However, no regulations are more critical to our business and our clients' businesses than those relating to the storage and transportation of drug products. Every aspect of our business, from our nation-wide network of temperature-controlled branches, distribution centres and vehicles, to our security and monitoring systems, has been specifically designed to comply with Health Canada guidelines and our related GMP requirements. Our management team, is able to innovate and adapt our service offerings when new regulations are introduced. We believe that the extensive regulations around the storage and transportation of drug products serve as a key barrier to entry in our industry, and that our ability to bring solutions to market quickly to help our clients navigate and comply with these regulations is a competitive advantage.

Good Manufacturing Practices Guidelines

In order to maintain the safety, quality and efficacy of drugs, every activity in the distribution of drugs, including fabrication, packaging, labelling, distribution, importation and wholesaling, must be carried out according to the requirements of the *Food and Drugs Act* (the "**Act**") and the applicable principles of GMP set forth in Part C, Division 2 of the *Food and Drug Regulations*; similar activities conducted in association with natural health products are required to be carried out in accordance with GMP requirements set forth on the *Natural Health Products Regulations*. The GMP principles regulate such areas as premises, equipment, personnel and sanitation to ensure that drugs are consistently controlled to meet the quality standards appropriate to their intended use.

Health Canada licenses distributors and wholesalers of drugs and regularly inspects licensees to verify compliance with GMP requirements through its Health Products and Food Branch Inspectorate (the "**Inspectorate**"). To ensure that the GMP requirements are enforced in a fair and uniform way across Canada and to help the healthcare industry comply with these requirements, the Inspectorate has developed Good Manufacturing Practices Guidelines, including the Good Manufacturing Practices Guide for Drug Products ("**GUI-0001**") and Guidelines for Temperature Control of Drug Products During Storage and Transportation, being GUI-0069, to serve as a guide in assessing compliance with GMP requirements. While such guidance documents are administrative documents and do not have the force of law, they are an important tool used by industry professionals to better comprehend the precise requirements of GMP. Health Canada regularly revises its guidelines to better align with international GMP standards and guidance set forth by the Pharmaceutical Inspection Co-Operation Scheme, the International Council for Harmonization and the World Health Organization, among other regulatory agencies. Such harmonization efforts led to significant changes to GUI-0001 and significant proposed changes to GUI-0069 in 2018, and we expect that further revisions and expansions of these guidelines will be made in the future.

Health Canada assesses the GMP compliance of all Health Canada establishment licence holders by conducting inspections of buildings where drugs are fabricated, packaged/labelled, tested, imported, distributed and wholesaled. We are regularly subject to compliance audits by our clients who hold establishment licences in respect of our distribution centres and are also subject to Health Canada inspections in connection with our own establishment licences as well as the monitoring of GMP compliance across our clients' supply chains. During an inspection, Health Canada assesses, among other things, facility design, integrity of data and record keeping, qualification and validation processes, staff training, storage facilities, environmental and contamination controls and sanitary conditions, to confirm compliance with the Act and its regulations, as well as associated Health Canada guidance. At the end of an inspection, an "exit notice" is provided assigning a risk classification to each observation recorded by the inspector and outlining any corrective actions which need to be taken. Depending on the nature and extent of deviations from the requirements of the Act and its regulations, the inspector will provide a "Compliant" or "Non-Compliant" rating to each establishment it inspects. An establishment may be given a "Non-Compliant" rating for many reasons, including, among others, fraud, misrepresentation or falsification of processes, products or data. The receipt of a "Non-Compliant" rating may result in compliance and enforcement action, including the expedited implementation of corrective measures, the addition of terms and conditions to the applicable establishment licence or the immediate suspension of the establishment licence.

Health Canada Guideline GUI-0069

Initially introduced in 2005, Health Canada's GUI-0069, or Guidelines for Environmental Control of Drugs During Storage and Transportation, sets forth guidance applicable to all persons and companies involved in the storage and transportation of drug products, including drugs for both human and veterinary use and APIs.

GUI-0069 outlines exacting requirements in the areas of warehousing and storage, product transportation and products in transit, containers and container labelling, receiving and documentation. GUI-0069 emphasizes the importance of environmental controls in maintaining drug safety, quality and efficacy and indicates that temperature is one of the most important parameters to control.

Among other requirements, GUI-0069 provides that any special transport and/or storage conditions required for a product, such as specific temperature requirements, should be stated clearly on the drug label. Adherence to these conditions should be checked, monitored and recorded, and appropriate training should be provided for personnel involved in warehousing and storing such temperature sensitive materials. In addition, written procedures should be available describing the investigative and disposal actions to be taken in the event of temperature excursions outside the labelled storage conditions.

With respect to transit, GUI-0069 states that drug products must be transported in a manner that maintains such products within their approved temperature ranges and should be supported by monitoring data, providing evidence of such temperature maintenance. GUI-0069 also emphasizes the importance of keeping records of any agreements, transportation information, temperature monitoring data and alarm records, as well as any investigations and actions taken in the event of excursions outside predetermined temperature conditions.

Our clients depend on us to provide evidence of compliance with Health Canada's temperature control requirements throughout the supply chain. We have conducted lane studies across multiple modes of transportation throughout our nation-wide network and in different seasons to prove the integrity of our system and our compliance with GMP and GUI-0069. Our clients rely on our expertise and use the data that we collect to establish their compliance during Health Canada inspections and for their internal quality assurance purposes. In 2018, 62 audits (2017 – 55; 2016 – 52) were collectively undertaken by Health Canada and our clients.

Data Protection and Cybersecurity

In the ordinary course of our business we collect, store, manage and use personal and confidential information of our clients. In addition to contractual data protection, privacy and cybersecurity obligations that we have accepted, we are subject to data protection, privacy and cybersecurity regulations, including the *Personal Information Protection and Electronic Documents Act* (Canada) and the *European General Data Protection Regulations*. Such regulations continue to evolve and impose on us potential onerous operational and record-keeping obligations. Further, some jurisdictions have enacted laws requiring companies to notify governmental authorities and/or individuals of certain security breaches, such as those involving certain types of personal data or those giving rise to significant risk of harm to an individual. We have developed cybersecurity and data protection policies with these regulations in mind, and are constantly revisiting those as the regulations and needs of our clients evolve. See "Risk Factors".

Environmental Matters

Our facilities and operations are subject to various environmental laws and regulations dealing with the hauling, handling and disposal of hazardous materials, emissions from vehicles, engine-idling, fuel tanks and related spillage and seepage, discharge and retention of storm water and other environmental matters that involve inherent environmental risk. We have instituted programs to monitor and control environmental risks and maintain compliance with applicable environmental laws and regulations.

We are committed to being an environmentally responsible neighbour in the communities where we operate and have taken a variety of steps to improve the sustainability of our operations. In particular, we have refurbished and shipped over 300,000 Crēdo® Cubes, which is a sustainable alternative to traditional packaging that lessens our carbon footprint, reduces waste and decreases costs. Additionally, we have converted all of our forklifts from propane to electric, outfitted approximately 50% of our refrigerated trailers with newer and more fuel efficient models, replaced a number of high wattage lightbulbs in our facilities to decrease our lighting consumption and have equipped 40% of our trailers with double-decking capabilities, which allows us to reduce our daily linehaul runs. We will continue to reduce our carbon footprint though improvement of our processes, facilities, vehicles and equipment as we expand and grow our operations.

Seasonality

We do not experience material seasonality in our operations. While traditional logistics and transportation companies tend to experience a relatively weaker first quarter, in part due to weather conditions and a post-holiday reduction in demand, our quarterly results have historically been stable. We believe that we have mitigated these seasonal effects through our varied client base, broad geographic dispersion and participation across five product lines. While we expect this trend to continue, we cannot guarantee that seasonality will not adversely impact us in the future.

Intellectual Property

We generally protect our intellectual property rights through a combination of trademarks and trade secret laws as well as contractual provisions.

We have twelve trademarks registered for use in Canada, including the “Accuristix”, “ATS” and “ATS Healthcare” logos, as well as two trademarks registered for use in the U.S., including the “Accuristix” name and logo. We have over 50 registered domain names including, among others: “www.andlauerhealthcare.com”, “www.accuristix.com”, “www.credocanada.ca”, “www.atshealthcare.ca”, “www.atsmedds.ca” and “novapk.ca”. We intend to strategically register trademarks and domain names that we use today and develop or acquire in the future, including our “Andlauer Healthcare Group” logo.

Corporate Structure

AHG was incorporated pursuant to the OBCA. Our head and registered office is located at 100 Vaughan Valley Blvd., Vaughan, ON L4H 3C5, Canada. Prior to and upon Closing, we will effect the transactions described in this prospectus under the heading “The Acquisition”. For an illustration of our corporate structure post-Closing, see “Post-Closing Structure”.

SELECTED COMBINED FINANCIAL INFORMATION

The following tables present summary combined financial information for the periods indicated therein. The summary combined financial information set out below for the three and nine-month periods ended September 30, 2019 and 2018 has been derived from the AHG Entities’ unaudited interim condensed combined financial statements included elsewhere in this prospectus. The summary combined financial information set out below for each of Fiscal 2018, Fiscal 2017 and Fiscal 2016 has been derived from the AHG Entities’ audited annual combined financial statements included elsewhere in this prospectus.

Prospective investors should review this information in conjunction with the audited and unaudited combined financial statements, including the notes thereto, as well as “About this Prospectus”, “Non-IFRS Measures”, “Management’s

Discussion and Analysis of Financial Condition and Results of Operations", "Use of Proceeds", "Combined Capitalization", "Description of Material Indebtedness" and "Description of Share Capital" included elsewhere in this prospectus.

Combined Results and Earnings

($CAD 000s)	Three Months Ended September 30, 2019	Three Months Ended September 30, 2018	Nine Months Ended September 30, 2019	Nine Months Ended September 30, 2018	Year Ended December 31, 2018	Year Ended December 31, 2017	Year Ended December 31, 2016
Revenue							
Logistics & Distribution	21,707	20,843	65,646	64,079	85,125	80,895	72,384
Packaging	4,701	4,517	16,415	15,849	21,305	15,161	12,904
Healthcare Logistics segment	26,408	25,360	82,061	79,928	106,430	96,056	85,288
Ground Transportation	41,806	38,778	125,261	118,098	160,489	143,919	130,598
Air Freight Forwarding	4,848	4,498	14,420	13,996	19,332	17,696	17,475
Dedicated and Last Mile Delivery	4,015	3,420	11,861	10,128	13,899	12,327	6,079
Specialized Transportation segment	50,669	46,696	151,542	142,222	193,720	173,942	154,152
Intersegment eliminations	(6,037)	(5,474)	(18,311)	(17,235)	(23,140)	(18,968)	(15,847)
Total revenue	71,040	66,582	215,292	204,915	277,010	251,030	223,593
Operating Expenses							
Cost of transportation and services	29,644	28,164	88,881	85,388	116,780	105,150	89,913
Direct operating expenses	17,614	16,689	54,880	52,472	74,190	67,864	60,585
Selling, general and administrative expenses	5,949	5,767	18,824	17,493	21,683	20,394	20,693
Depreciation & amortization	6,568	5,922	19,204	17,331	23,491	23,629	21,965
	59,775	56,542	181,789	172,684	236,144	217,037	193,156
Operating Income	11,265	10,040	33,503	32,231	40,866	33,993	30,437
Other income	24	(15)	45	(36)	19	439	224
Interest income	145	251	662	601	879	404	285
Interest expense	(780)	(773)	(2,389)	(2,248)	(3,048)	(3,135)	(3,030)
Income tax expense	(2,888)	(2,582)	(8,565)	(8,282)	(10,531)	(8,517)	(7,439)
Net income and comprehensive income	7,766	6,921	23,256	22,266	28,185	23,184	20,477
Net income and comprehensive income attributable to							
Owners of the group	7,766	6,653	22,684	21,003	26,723	21,678	19,149
Non-controlling interests	-	268	572	1,263	1,462	1,506	1,328
Select financial metrics(1)							
EBITDA(1)	17,857	15,947	52,752	49,526	64,376	58,061	52,626
EBITDA Margin(1)	25.1%	24.0%	24.5%	24.2%	23.2%	23.1%	23.5%
EBITDA less Leases and CAPEX(1)	10,559	10,657	33,652	33,833	42,135	36,379	24,352
EBITDA less Leases and CAPEX Conversion(1)	59.1%	66.8%	63.8%	68.3%	65.5%	62.7%	46.3%
EBITDA less Leases and CAPEX Margin(1)	14.9%	16.0%	15.6%	16.5%	15.2%	14.5%	10.9%

(1) Does not include public company costs that we will incur after Closing, which management estimates will initially be approximately $2.0 million per year.

Combined Balance Sheets

($CAD 000s)	As At September 30,		As At December 31,		
	2019	2018	2018	2017	2016
Select financial position data					
Total assets	263,173	266,465	276,577	267,962	256,994
Total non-current liabilities	57,907	61,375	61,772	60,726	72,281

Combined Statements of Changes in Equity

($CAD 000s)	Three Months Ended September 30,		Nine Months Ended September 30,		Year Ended December 31,		
	2019	2018	2019	2018	2018	2017	2016
Select financial data							
Distributions to related parties	-	(25,000)	(30,000)	(25,000)	(25,850)	(700)	(15,700)
Dividends paid to non-controlling interest	-	-	-	-	(150)	(300)	(300)

Reconciliation of Non-IFRS Measures

EBITDA, EBITDA Margin, EBITDA less Leases and CAPEX, EBITDA less Leases and CAPEX Conversion and EBITDA less Leases and CAPEX Margin are not recognized measures under IFRS and do not have a standardized meaning prescribed by IFRS. See “Non-IFRS Measures”.

EBITDA

We define EBITDA as net income (loss) and comprehensive income (loss) for the period before: (i) income tax (recovery) expense; (ii) interest income; (iii) interest expense; and (iv) depreciation and amortization.

We believe EBITDA is a useful measure to assess our financial performance because it provides a more relevant picture of operating results by excluding the effects of expenses that are not reflective of our underlying business performance.

EBITDA Margin

We define EBITDA Margin as EBITDA divided by revenue. EBITDA Margin represents a measure of our profitability expressed as a percentage of revenue.

We believe EBITDA Margin is a useful measure to assess our financial performance because it helps quantify our ability to convert revenues generated from clients into EBITDA.

EBITDA less Leases and CAPEX

We define EBITDA less Leases and CAPEX as EBITDA less cash payments for leases and capital expenditures.

We believe EBITDA less Leases and CAPEX is a useful measure to assess our financial performance because it provides a measure of our operating earnings after reflecting the cash outflows associated with our leases and capital expenditures, including spending on leases, property plant and equipment and intangibles such as software, but before items which we view as non-operational such as depreciation, amortization, interest expense and taxes. We believe this is a useful measure when comparing our business to others in the sector.

EBITDA less Leases and CAPEX Conversion

We define EBITDA less Leases and CAPEX Conversion as EBITDA less Leases and CAPEX divided by EBITDA.

We believe EBITDA less Leases and CAPEX Conversion is a useful measure to assess our financial performance because it demonstrates our ability to generate EBITDA less Leases and CAPEX in relation to our EBITDA. We believe this is a useful measure when comparing our business to others in the sector.

EBITDA less Leases and CAPEX Margin

We define EBITDA less Leases and CAPEX Margin as EBITDA less Leases and CAPEX divided by revenue.

We believe EBITDA less Leases and CAPEX Margin is a useful measure to assess our financial performance because it allows us to evaluate our ability to generate EBITDA less Leases and CAPEX in relation to the revenues we earn from our clients. We believe this is a useful measure when comparing our business to others in the sector.

The following table provides a reconciliation of net income and comprehensive income to EBITDA and to EBITDA less Leases and CAPEX for the three and nine months ended September 30, 2019 and 2018, Fiscal 2018, Fiscal 2017 and Fiscal 2016:

($CAD 000s)	**Three Months Ended September 30,**		**Nine Months Ended September 30,**		**Year Ended December 31,**		
	2019	**2018**	**2019**	**2018**	**2018**	**2017**	**2016**
Net income and comprehensive income	7,766	6,921	23,256	22,266	28,185	23,184	20,477
Income tax expense	2,888	2,582	8,565	8,282	10,531	8,517	7,439
Interest income	(145)	(251)	(662)	(601)	(879)	(404)	(285)
Interest expense	780	773	2,389	2,248	3,048	3,135	3,030
Depreciation & amortization	6,568	5,922	19,204	17,331	23,491	23,629	21,965
EBITDA	17,857	15,947	52,752	49,526	64,376	58,061	52,626
Capital expenditures	(1,801)	(286)	(2,649)	(1,198)	(2,508)	(2,419)	(10,890)
Lease payments	(5,497)	(5,004)	(16,451)	(14,495)	(19,733)	(19,263)	(17,384)
EBITDA less Leases and CAPEX	10,559	10,657	33,652	33,833	42,135	36,379	24,352

MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

*This management’s discussion and analysis of financial condition and results of operations (“**MD&A**”) for the three and nine-months ended September 30, 2019 and 2018 and Fiscal 2018, Fiscal 2017 and Fiscal 2016 should be read in conjunction with the AHG Entities’ unaudited interim condensed combined financial statements and the AHG Entities’ audited annual combined financial statements, along with the related notes thereto, included elsewhere in this prospectus. This MD&A is presented as of the date of this prospectus and is current to that date unless otherwise stated. The financial information presented in this MD&A is derived from the AHG Entities’ unaudited interim condensed combined financial statements for the three and nine months ended September 30, 2019 and 2018 and from the AHG Entities’ audited annual combined financial statements for Fiscal 2018, Fiscal 2017 and Fiscal 2016 contained in this prospectus, all of which have been prepared in accordance with IFRS. All amounts are in Canadian dollars except where otherwise indicated.*

This MD&A contains forward-looking information. Forward-looking information is necessarily based on a number of opinions, estimates and assumptions that we considered appropriate and reasonable as of the date such statements are made, are subject to known and unknown risks, uncertainties, assumptions and other factors that may cause the actual results, level of activity, performance or achievements to be materially different from those expressed or implied by such forward-looking information, including but not limited to the risk factors described under “Risk Factors”. There can be no assurance that such forward-looking information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information. Accordingly, prospective investors should not place undue reliance on forward-looking information, which speaks only as of the date made. See “Cautionary Note Regarding Forward-Looking Information”.

Basis of Presentation

Our unaudited interim condensed combined financial statements and our audited annual combined financial statements have been prepared in accordance with IFRS and are presented in thousands of Canadian dollars unless otherwise indicated.

All references in this MD&A to the “Company”, “AHG”, “us”, “our” or “we” refer to “the Group” as referenced in the unaudited and audited financial statements contained in this prospectus and include the AHG Entities, on a combined basis. Additionally, all references to “Fiscal 2018” are to our fiscal year ended December 31, 2018, to “Fiscal 2017” are to our fiscal year ended December 31, 2017, and to “Fiscal 2016” are to our fiscal year ended December 31, 2016.

As described in additional detail in the unaudited and audited financial statements contained in this prospectus, our financial statements are presented as combined financial statements, to depict our financial condition and results of operations assuming that the transactions described in this prospectus under the heading “The Acquisition” have been completed. See “The Acquisition”.

Non-IFRS Measures

This MD&A makes reference to certain non-IFRS measures. 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. Rather, these measures are provided as additional information to complement those IFRS measures by providing further understanding of our results of operations from management’s perspective. Accordingly, these measures should not be considered in isolation nor as a substitute for analysis of our financial information reported under IFRS. We use non-IFRS measures including “EBITDA”, “EBITDA Margin”, “EBITDA less Leases and CAPEX” and “EBITDA less Leases and CAPEX Conversion” and “EBITDA less Leases and CAPEX Margin”. These non-IFRS measures are used to provide investors with supplemental measures of our operating performance and thus highlight trends in our core business that may not otherwise be apparent when relying solely on IFRS financial measures. We also believe that securities analysts, investors and other interested parties frequently use non-IFRS measures in the evaluation of issuers. Our management also uses non-IFRS measures in order to facilitate operating performance comparisons from period to period, to prepare annual operating budgets and to determine components of management compensation.

For a description of how we define these non-IFRS Measures and an explanation of why the non-IFRS measures provide useful information to investors, please see "How We Assess the Performance of Our Business – Non-IFRS Measures" below.

For quantitative reconciliations of net income and comprehensive income to EBITDA and EBITDA less Leases and CAPEX for the three and nine months ended September 30, 2019 and 2018, Fiscal 2018, Fiscal 2017 and Fiscal 2016, please see "Reconciliation of Non-IFRS Measures" below.

Overview

We are a leading and growing supply chain management company with a platform of customized third party logistics and specialized transportation solutions for the healthcare sector. We offer services to healthcare manufacturers, wholesalers, distributors and 3PL providers, among others, through a comprehensive platform of high quality, technology-enabled supply chain solutions for a range of products, including pharmaceuticals, biologics, narcotics, precursors, APIs, over-the-counter, natural health, animal health, consumer health, cosmetics, HABA and medical devices. We integrate our uniquely designed nation-wide network of facilities, vehicles, personnel and technology systems into our clients' businesses to offer holistic solutions that span all of our clients' shipping needs and satisfy the requirements of the highly regulated Canadian healthcare industry. We differentiate our service offerings and deliver value to our clients through our competitive strengths in temperature management, quality assurance and regulatory compliance, technology-enabled visibility throughout the supply chain and security. We are committed to developing and expanding long-term strategic relationships with our clients to provide improved operational efficiencies and access to value-added services. Within our logistics and transportation operating segments, we offer robust solutions specifically tailored to the healthcare market and generate revenue across five principal product lines: logistics and distribution, packaging solutions, air freight forwarding, ground transportation, and dedicated and last mile delivery.

Management believes we are Canada's only national third party service provider focused exclusively on delivering customized, end-to-end logistics and specialized transportation solutions to the healthcare sector. Our 3PL services are provided under our Accuristix brand, through which we provide customized logistics, distribution and packaging solutions to various healthcare manufacturers. Our specialized transportation solutions are offered under our ATS Healthcare brand, where we provide a one-stop shop for our clients' healthcare transportation needs through our specialized air freight forwarding, ground transportation, dedicated delivery and last mile services. We believe we are a national leader in the Canadian healthcare logistics and specialized transportation markets we serve.

In our healthcare logistics segment we serve as an extension of our manufacturing clients, leveraging our infrastructure and expertise to manage their supply chain activities, allowing them to focus on other strategic priorities such as sales, marketing, research and development. We focus on serving our logistics clients as comprehensively as possible and incorporate multiple services from all of our related product lines into our customized logistics solutions.

In our specialized transportation segment, we leverage our national infrastructure to offer coast-to-coast delivery, including specialized facilities, multiple modes of transportation and flexible capacity to accommodate the full range of our clients' logistics and/or transportation needs on an integrated and efficient basis. By combining multiple service offerings, we can effectively provide managed and monitored movement of our clients' temperature sensitive and valuable products through a closed-loop nation-wide system.

We differentiate our services and deliver value to our clients through four competitive strengths: temperature management, quality assurance and regulatory compliance, visibility throughout the supply chain and security. These capabilities are deployed across our nation-wide network of 28 secure, temperature-controlled facilities and the five third-party owned cross-docks that we operate from, by our team of highly-trained employees who are passionate about client service. Our security, information and monitoring systems, as well as our temperature management expertise, allow us to meet and exceed Health Canada guidelines and regulations, ensuring the integrity and quality of our clients' temperature sensitive healthcare goods and data.

Summary of Factors Affecting Performance

We believe that our performance and future success depend on a number of factors that present significant opportunities for us. These factors are also subject to a number of inherent risks and challenges, some of which are discussed below and in the "Risk Factors" section of this prospectus.

Service Offering

We believe that offering a platform of services designed specifically for the healthcare sector puts us in a unique position as a provider of supply chain solutions. Our competitive strengths in temperature management, quality assurance and regulatory compliance, visibility throughout the supply chain and security allow us to provide healthcare clients with specialized, integrated, end-to-end supply chain solutions. We generate revenue across five principal product lines: logistics and distribution, packaging solutions, air freight forwarding, ground transportation, and dedicated and last mile delivery. We believe our service offerings complement one another and allow us to accommodate the full range of our clients' specialized supply chain needs on an integrated and efficient basis.

Relationships with Manufacturers and Distributors

We believe that our market position is strengthened by the desire of our clients to increasingly outsource their supply-chain management to specialized service providers with the expertise and experience to effectively and efficiently optimize their product distribution to clients. We are committed to developing and expanding long-term strategic relationships with our clients to provide improved operational efficiencies and access to value-added services. From manufacturers to distributors to retail locations to front doors across Canada, we store, transport and monitor and manage the temperature conditions of a range of healthcare products. Our trained personnel comply with healthcare industry regulations and best practices.

New Development Projects

We secure client contract wins as a foundation for growth and then add incremental warehousing and distribution square footage through capital efficient leases. Given the required lead-time to build and certify facilities, as we secure new major client contracts we typically strategically invest in excess capacity in anticipation of growing client needs, as well as new client opportunities, which enables capital efficient growth. We have followed this strategic approach in the past at our Brampton location, where we constructed a new 267,000 square foot facility in 2016 to accommodate a major new client. We are leveraging our experience from the construction of the Brampton facility for the development of our new Calgary and GTA facilities.

National Demographics and Healthcare Spending

We believe that we are strategically positioned to directly benefit from the strong growth expected in the Canadian healthcare sector, which is driven by a number of favourable trends including an aging population, increased life expectancy and increasing healthcare spending.

Regulatory Environment

In order to maintain the safety, quality and efficacy of healthcare products, government regulations have been introduced to set out rules relating to, among other things, the packaging, warehousing, distribution, transportation and temperature monitoring of such products. The pace and complexity of such regulations has increased in recent years, including through the introduction of, and revisions to, many Health Canada guidelines, such as Health Canada's GUI-0069 - Guidelines for Environmental Control of Drugs During Storage and Transportation, among others. Recognizing the ever-changing regulatory demands on the healthcare sector, we take a proactive approach to stay aligned with regulatory protocols, provide environments that are compliant with good manufacturing practices and offer our clients' real-time monitoring and reporting. By outsourcing their logistics and transportation needs to specialists, our clients can focus on their core business.

Competition

We believe that we offer a unique set of services in the marketplace and stand apart from other outsourced healthcare service providers and from traditional logistics and transportation companies. In particular, we believe our differentiated capabilities, including our temperature management expertise, together with our coast-to-coast distribution network and multiple service offerings uniquely positions us within our industry and sets us apart from companies specializing in global integration and supply chain management, national non-temperature managed solutions, regional temperature managed solutions as well as niche service providers and insourced transportation services. Notwithstanding the foregoing, we do compete with FedEx, Purolator, UPS Supply Chain Solutions, Kuehne + Nagel and Lynden Logistics in our delivery of 3PL services. We also compete with certain regional transportation providers, such as Williams Pharmalogistics in Quebec and Rogue Transportation Services Inc. in Ontario, as well as Skelton Trucking, primarily in respect of 2ºC to 8ºC shipments.

Management & Employees

Our employee culture is one of our fundamental strengths and a strategic priority. Our employees are passionate about our business and are dedicated to creating and improving solutions for our clients. We empower our employees through training and professional development programs as well as strong open lines of communication and encourage our employees to suggest ways in which we can improve our operations. As our business has grown we have maintained a close connection to our employee base. We recognize and celebrate our very best employees who act as leaders within our employee team, and promote movement within our organization in an effort to retain and encourage our top talent. As a result of these efforts, we believe we have good relationships with our employees across our operating segments, none of whom are subject to collective bargaining agreements.

Cost Escalation

In order to provide the services that we offer, we incur various operating costs. These costs include amongst others, labour, rent, fuel, equipment, and insurance. We are susceptible to increases in the price of these items, many of which can fluctuate, often due to factors beyond our control, such as regional and global supply and demand dynamics, political events, terrorist activities, the strength of the Canadian dollar relative to other currencies, and natural disasters.

To mitigate the risk of cost escalation, we focus on operational excellence, synergies between our product lines and cost controls. We rely on, among other things, long-term planning, budgeting processes, and internal benchmarking to achieve our profitability targets. Additionally, we mitigate the risk of inflation by utilizing leases to fund our network of facilities, vehicles and logistics equipment and by using third party service providers. We also mitigate our exposure to rising fuel costs through the implementation of fuel surcharge programs, which pass the majority of cost increases to our clients. In addition, we have implemented a number of policies that focus on asset efficiency, including fuel economy, asset utilization, proper repairs and maintenance of equipment, and measured equipment lease renewals. Many of our contracts include cost of living indexes that provide for annual price adjustments which further protect us from the risks of escalating costs.

Acquisitions

We selectively evaluate strategically compelling acquisition opportunities that leverage or expand our differentiated capabilities. In pursuing potential acquisition candidates, we will assess several criteria to expand our domestic platform including: (i) complementary tuck-ins; and (ii) entry or expansion into growth verticals, new verticals and new service offerings, and will assess opportunities for expansion into the U.S. or international markets through an existing platform that aligns with our core capabilities and existing service offering.

How We Assess the Performance of Our Business

We have historically operated and managed our healthcare logistics and specialized transportation operating segments as separate businesses with separate management teams. Our healthcare logistics segment has operated under the brand name Accuristix and our specialized transportation segment has operated under the brand name ATS Healthcare.

Following Closing, both Accuristix and ATS Healthcare will continue to operate autonomously, each having its own management. Over time, as we grow, our operating segments may change. If this occurs, we will reflect the change in our reporting practices.

Both of our operating segments conduct their businesses in a manner that limits capital investments, preferring to lease facilities and certain equipment rather than allocating significant cash flows to capital expenditures. We believe our business model provides us with greater flexibility and lower risks, creating cost savings as compared to more capital expenditure intensive models. Accordingly, lease costs comprise a significant component of our expenses. Under IFRS 16, leases have been capitalized, resulting in depreciation and interest expense rather than direct operating expenses, as would have been seen prior to the adoption of IFRS 16, or as currently seen for peers operating in regions where IFRS 16 has not been adopted. We believe that the cash flows associated with our lease payments are a relevant metric in evaluating the performance of our business.

Revenue

We generate revenue from the provision of supply chain solutions to the Canadian healthcare sector. Across our logistics and transportation operating segments, we generate revenue across five principal product lines: logistics and distribution, packaging solutions, air freight forwarding, ground transportation, and dedicated and last mile delivery.

Our healthcare logistics segment, which offers services under our Accuristix brand, generates revenue from the provision of logistics and distribution services and packaging solutions to our clients. Services are typically provided under master service agreements with terms that range from three to five years in length. Our logistics contracts typically include a single performance obligation that is satisfied over time as clients simultaneously receive and consume the benefits of our services. For this performance obligation, we recognize revenue at the invoiced amount since this amount corresponds directly to our performance and the value to the client. In some cases, our agreements include other performance obligations related to managing transportation and other client services which are included in the logistics and distribution product. These services are typically priced at their stand-alone selling prices and are recognized over time on a proportionate and straight-line basis as the client simultaneously receives and consumes the benefits of our services. Intersegment revenue generated by Credo Systems Canada Inc. from the sale of thermal packaging containers to ATS Healthcare, as well as intra-segment revenue between Accuristix and Nova Pack is eliminated on combination.

Our specialized transportation segment, which offers services under our ATS Healthcare brand, generates revenue from the provision of specialized temperature-controlled as well as non-temperature controlled ground transportation, air freight forwarding and dedicated and last mile transportation services to our clients. Certain additional services are provided to clients where requested as part of their transportation contracts, such as chain of custody and other incidental services. Transportation revenue is recognized proportionally as a shipment moves from origin to destination and the related costs are recognized as incurred. Performance obligations are short-term, with transit typically taking less than one week. Generally, clients are billed upon shipment of the freight, and remit payment according to approved payment terms. Intersegment revenue generated by ATS Healthcare from the provision of transportation services to Accuristix, on behalf of its logistics clients, is eliminated on combination.

As is customary in our industry, most of our client contracts and transportation pricing terms include fuel-surcharge revenue programs or cost recovery mechanisms to mitigate the effect of fuel price increases over base amounts established in the contract. However, these fuel surcharge mechanisms may not capture the entire amount of changes in fuel prices, and there is also a lag between the payment for fuel and collection of surcharge revenue. Decreases in fuel prices reduce the cost of transportation and services, and will accordingly reduce our revenues and may reduce margins for certain product lines.

Cost of Transportation and Services

Our cost of transportation and services expense includes the cost of providing or procuring freight transportation to our clients. The cost of transportation and services for our specialized transportation segment includes linehaul costs to connect our national network; pick-up and delivery costs paid to brokers, agents, and our drivers; fuel, toll fees and maintenance costs; and inbound and outbound handling costs which are largely comprised of hourly paid dock labour.

The cost of transportation and services for our healthcare logistics segment includes purchased transportation expense, including fuel surcharges, sourced from carriers. ATS Healthcare is the largest provider of transportation services to Accuristix. Intersegment purchased transportation expense is eliminated on combination.

Direct Operating Expenses

Direct operating expenses are both fixed and variable and consist of operating costs related to our facilities (including our distribution centres, branches and the cross-docks that we operate from). Direct operating expenses consist mainly of personnel costs and facility and equipment expenses such as property taxes, utilities, equipment maintenance and repair, costs of materials and supplies, security and insurance expenses. We note that under IFRS 16 the costs associated with our leases are not recognized in our direct operating expenses.

Sales, General and Administrative Expenses

Sales, General and Administrative Expenses ("**SG&A**") primarily consist of the cost of salaries and benefits for executive and certain administration functions, including information technology, sales and client service, finance and accounting, professional fees, facility costs, legal costs and other expenses related to the corporate infrastructure required to support our business. We expect our SG&A to increase as we incur additional legal, accounting, insurance and other expenses associated with being a public company.

Depreciation & Amortization

Depreciation and amortization charges comprise non-cash charges expensed on the statement of income and comprehensive income to spread the purchase price of assets over their useful lives. Within both of our operating segments, we prefer to lease facilities and certain equipment rather than allocating significant cash flows to capital expenditures. We believe this approach provides us with greater flexibility and lower risks and results in cost savings as compared to capital expenditure intensive models. Accordingly, lease costs comprise a significant component of our expenses. Under IFRS 16, leases have been capitalized, resulting in depreciation and interest expense rather than direct operating expense.

Operating Income

Operating Income measures the amount of profit derived from our operations after deducting operating expense such as cost of transportation and services, direct operating expense, SG&A, and depreciation and amortization. We do not typically measure "cost of sales or gross profit" as we are a service business.

Other Income

Other income comprises income that does not arise from the Company's main business, such as exchange gains (losses) and gains resulting from the sale of property, plant and equipment and certain other insignificant sources.

Interest Income

Interest income comprises interest earned on cash and cash equivalents together with interest earned on certain amounts due from related parties.

Interest Expense

Interest expense comprises interest charged to the statement of income and comprehensive income primarily in connection with leased facilities and equipment under IFRS 16. Interest and bank charges and interest paid for amounts due to related parties are also included.

Income Tax (Recovery) Expense

Income tax (recovery) expense comprises the amount that we have recognized in the accounting period related to our taxable income. Our effective tax rate is generally close to the statutory rate, but certain differences between income for tax and accounting income are recognized in the deferred income tax provision.

Non-IFRS Measures

EBITDA

We define EBITDA as net income (loss) and comprehensive income (loss) for the period before: (i) income tax (recovery) expense; (ii) interest income; (iii) interest expense; and (iv) depreciation and amortization.

We believe EBITDA is a useful measure to assess our financial performance because it provides a more relevant picture of operating results by excluding the effects of expenses that are not reflective of our underlying business performance.

EBITDA Margin

We define EBITDA Margin as EBITDA divided by revenue. EBITDA Margin represents a measure of our profitability expressed as a percentage of revenue.

We believe EBITDA Margin is a useful measure to assess our financial performance because it helps quantify our ability to convert revenues generated from clients into EBITDA.

EBITDA less Leases and CAPEX

We define EBITDA less Leases and CAPEX as EBITDA less cash payments for leases and capital expenditures.

We believe EBITDA less Leases and CAPEX is a useful measure to assess our financial performance because it provides a measure of our operating earnings after reflecting the cash outflows associated with our leases and capital expenditures, including spending on leases, property plant and equipment and intangibles such as software, but before items which we view as non-operational such as depreciation, amortization, interest expense and taxes. We believe this is a useful measure when comparing our business to others in the sector.

EBITDA less Leases and CAPEX Conversion

We define EBITDA less Leases and CAPEX Conversion as EBITDA less Leases and CAPEX divided by EBITDA.

We believe EBITDA less Leases and CAPEX Conversion is a useful measure to assess our financial performance because it demonstrates our ability to generate EBITDA less Leases and CAPEX in relation to our EBITDA. We believe this is a useful measure when comparing our business to others in the sector.

EBITDA less Leases and CAPEX Margin

We define EBITDA less Leases and CAPEX Margin as EBITDA less Leases and CAPEX divided by revenue.

We believe EBITDA less Leases and CAPEX Margin is a useful measure to assess our financial performance because it allows us to evaluate our ability to generate EBITDA less Leases and CAPEX in relation to the revenues we earn from our clients. We believe this is a useful measure when comparing our business to others in the sector.

Selected Annual Combined Financial Information

The following table summarizes our results of operations for the periods indicated. The selected combined financial information for the three and nine months ended September 30, 2019 and 2018, Fiscal 2018, Fiscal 2017 and Fiscal 2016 has been derived from our combined audited financial statements and related notes.

($CAD 000s)	Three Months Ended September 30,		Nine Months Ended September 30,		Year Ended December 31,		
	2019	2018	2019	2018	2018	2017	2016
Revenue							
Logistics & Distribution	21,707	20,843	65,646	64,079	85,125	80,895	72,384
Packaging	4,701	4,517	16,415	15,849	21,305	15,161	12,904
Healthcare Logistics Segment	26,408	25,360	82,061	79,928	106,430	96,056	85,288
Ground Transportation	41,806	38,778	125,261	118,098	160,489	143,919	130,598
Air Freight Forwarding	4,848	4,498	14,420	13,996	19,332	17,696	17,475
Dedicated and Last Mile Delivery	4,015	3,420	11,861	10,128	13,899	12,327	6,079
Specialized Transportation Segment	50,669	46,696	151,542	142,222	193,720	173,942	154,152
Intersegment eliminations	(6,037)	(5,474)	(18,311)	(17,235)	(23,140)	(18,968)	(15,847)
Total revenue	71,040	66,582	215,292	204,915	277,010	251,030	223,593
Operating Expenses							
Cost of transportation and services	29,644	28,164	88,881	85,388	116,780	105,150	89,913
Direct operating expenses	17,614	16,689	54,880	52,472	74,190	67,864	60,585
Selling, general and administrative expenses	5,949	5,767	18,824	17,493	21,683	20,394	20,693
Depreciation & amortization	6,568	5,922	19,204	17,331	23,491	23,629	21,965
	59,775	56,542	181,789	172,684	236,144	217,037	193,156
Operating Income	11,265	10,040	33,503	32,231	40,866	33,993	30,437
Other income (expense)	24	(15)	45	(36)	19	439	224
Interest income	145	251	662	601	879	404	285
Interest expense	(780)	(773)	(2,389)	(2,248)	(3,048)	(3,135)	(3,030)
Income tax expense	(2,888)	(2,582)	(8,565)	(8,282)	(10,531)	(8,517)	(7,439)
Net income and comprehensive income	7,766	6,921	23,256	22,266	28,185	23,184	20,477
Net income and comprehensive income attributable to							
Owners of the group	7,766	6,653	22,684	21,003	26,723	21,678	19,149
Non-controlling interests	-	268	572	1,263	1,462	1,506	1,328
Select financial metrics(1)							
EBITDA(1)	17,857	15,947	52,752	49,526	64,376	58,061	52,626
EBITDA Margin(1)	25.1%	24.0%	24.5%	24.2%	23.2%	23.1%	23.5%
EBITDA less Leases and CAPEX(1)	10,559	10,657	33,652	33,833	42,135	36,379	24,352
EBITDA less Leases and CAPEX Conversion(1)	59.1%	66.8%	63.8%	68.3%	65.5%	62.7%	46.3%
EBITDA less Leases and CAPEX Margin(1)	14.9%	16.0%	15.6%	16.5%	15.2%	14.5%	10.9%

Combined Balance Sheets

($CAD 000s)	As At September 30,		As At December 31,		
	2019	2018	2018	2017	2016
Select financial position data					
Total assets	263,173	266,465	276,577	267,962	256,994
Total non-current liabilities	57,907	61,375	61,772	60,726	72,281

Combined Statements of Changes in Equity

($CAD 000s)	Three Months Ended September 30,		Nine Months Ended September 30,		Year Ended December 31,		
	2019	2018	2019	2018	2018	2017	2016
Select financial data							
Distributions to related parties	-	(25,000)	(30,000)	(25,000)	(25,850)	(700)	(15,700)
Dividends paid to non-controlling interest	-	-	-	-	(150)	(300)	(300)

(1) Does not include public company costs that we will incur after Closing, which management estimates will initially be approximately $2.0 million per year.

Reconciliation of Non-IFRS Measures

The following table provides a reconciliation of net income and comprehensive income to EBITDA and to EBITDA less Leases and CAPEX for the three and nine months ended September 30, 2019 and 2018, Fiscal 2018, Fiscal 2017 and Fiscal 2016:

($CAD 000s)	Three Months Ended September 30,		Nine Months Ended September 30,		Year Ended December 31,		
	2019	2018	2019	2018	2018	2017	2016
Net income and comprehensive income	7,766	6,921	23,256	22,266	28,185	23,184	20,477
Income tax expense	2,888	2,582	8,565	8,282	10,531	8,517	7,439
Interest income	(145)	(251)	(662)	(601)	(879)	(404)	(285)
Interest expense	780	773	2,389	2,248	3,048	3,135	3,030
Depreciation & amortization	6,568	5,922	19,204	17,331	23,491	23,629	21,965
EBITDA	17,857	15,947	52,752	49,526	64,376	58,061	52,626
Capital expenditures	(1,801)	(286)	(2,649)	(1,198)	(2,508)	(2,419)	(10,890)
Lease payments	(5,497)	(5,004)	(16,451)	(14,495)	(19,733)	(19,263)	(17,384)
EBITDA less Leases and CAPEX	10,559	10,657	33,652	33,833	42,135	36,379	24,352

Results of Operations

Three and Nine Months Ended September 30, 2019 Compared with 2018

The following section provides an overview of our financial performance for the three and nine months ended September 30, 2019 compared with the same periods for 2018.

Revenue

Revenue for the third quarter ended September 30, 2019 increased by 6.7% to $71.0 million (nine months ended September 30, 2019 – 5.1% and $215.3 million), compared with 2018. Revenue growth was led by continued volume growth in ground transportation and by new contracts in logistics and distribution and dedicated and last mile delivery products, resulting in approximately $4.5 million (nine months - $10.4 million) of incremental revenue. All product lines demonstrated year-on-year growth for the year-to-date in 2019.

Healthcare Logistics Segment

Revenue in our healthcare logistics segment increased by 4.1% for the third quarter (2.7% for the year-to-date), or approximately $1.0 million (nine months - $2.1 million), to $26.4 million (nine months - $82.1 million), compared with the three and nine months ended September 30, 2018. Revenue growth in this segment was primarily driven by the factors set out below.

Logistics & Distribution

Logistics and distribution revenue for the third quarter increased by 4.1%, or approximately $0.9 million (nine months – 2.4% and $1.6 million), to $21.7 million (nine months - $65.6 million) compared with the same periods in 2018. There were no significant new clients implemented during the quarter, but revenue was bolstered by higher handling and transportation revenues driven by higher volumes from existing clients.

Packaging

Packaging revenue for third quarter, 2019 increased by 4.1%, or approximately $0.2 million, to $4.7 million, compared with the third quarter, 2018. The third quarter for 2019 was largely in line with the year-to-date trend as packaging revenue grew at 3.6% to $16.4 million, adding $0.6 million of revenue over the first nine months of 2018.

Specialized Transportation Segment

Revenue in our specialized transportation segment for the third quarter, 2019 increased by 8.5% (nine months – 6.6%), or approximately $4.0 million (nine months - $9.3 million), to $50.7 million (nine months - $151.5 million), compared with the third quarter, 2018. Revenue growth in this segment was primarily driven by the factors set out below.

Air Freight Forwarding

Air freight forwarding revenue for the third quarter, 2019 increased by 7.8% (nine months – 3.0%), or approximately $0.4 million (nine months - $0.4 million), to $4.8 million (nine months - $14.4 million), compared with the third quarter, 2018. Revenue was primarily impacted by modest price increases taking effect during the quarter.

Ground Transportation

Ground transportation revenue for the third quarter, 2019 increased by 7.8% (nine months – 6.1%), or approximately $3.0 million (nine months - $7.2 million), to $41.8 million (nine months - $125.3 million), compared with the third quarter, 2018. Revenue was primarily impacted by increased volume from our existing client base.

Dedicated and Last Mile Delivery

Dedicated and last mile delivery revenue for the third quarter, 2019 increased by 17.4% (nine months – 17.1%), or approximately $0.6 million (nine months - $1.7 million), to $4.0 million (nine months - $11.9 million), compared with the third quarter, 2018. Revenue was primarily impacted by a new client contract signed in 2018 and expanded routes for existing clients. Dedicated and last mile delivery growth is expected to continue as Health Canada expands its enforcement of GUI-0069 in connection with temperature controlled transportation.

Cost of Transportation and Services

Cost of Transportation and Services for the third quarter was $29.6 million (nine months - $88.9 million), or 41.7% (nine months – 41.3%) of revenue, compared with $28.2 million (nine months - $85.4 million), or 42.3% (nine months – 41.7%) of revenue, for the third quarter, 2018. The cost of transportation and services operating ratios for the three and nine months ended both periods are in line with prior years with no major fluctuations in costs versus revenue.

Direct Operating Expenses

Direct Operating Expenses for the third quarter, 2019 were $17.6 million (nine months - $54.9 million), or 24.8% (nine months – 25.5%) of revenue, compared with $16.7 million (nine months - $52.5 million), or 25.1% (nine months 25.6%) of revenue, for the third quarter, 2018. The year-over-year operating ratios for direct operating expenses in relation to revenue are consistent with prior years with no major factors influencing variances. In October, 2019 we expanded our ATS branch capacity in Calgary and relocated our Accuristix distribution centre to a brand new larger facility in Calgary. Accordingly, we expect increases in direct operating expenses in the fourth quarter of 2019 in relation to both Calgary expansions as we invest to support future growth.

Sales, General and Administrative Expenses

SG&A for the third quarter, 2019 was $5.9 million (nine months - $18.8 million), or 8.4% (nine months – 8.7%) of revenue, compared with $5.8 million (nine months - $17.5 million), or 8.7% (nine months – 8.5%) of revenue, for the third quarter, 2018. Selling, general and administrative expenses in year-to-date 2019 have remained consistent as a percentage of sales with the 2019 expense reflecting increased investments in the human resources and information technology functions to support growth.

Depreciation and Amortization

Depreciation and Amortization for the third quarter, 2019 was $6.6 million (nine months - $19.2 million) compared with $5.9 million (nine months – $17.3 million) for the third quarter, 2018. The increase in depreciation expense of $0.6 million (nine months – $1.9 million) for the third quarter represents a 10.9% (nine months – 10.8%) year-on-year increase and is attributed to leases for new right of use logistics and transportation equipment to support growth in the specialized transportation segment. Our new leased facility in Calgary will drive an increase in depreciation for the fourth quarter in connection with our expansion to support future growth.

Other Income/Expense

Other income for the third quarter, 2019 was $0.02 million (nine months – $0.05 million), compared with expense of $0.02 million (nine months - $0.04 million) for the third quarter, 2018.

Interest Income

Interest income for the third quarter, 2019 was $0.1 million (nine months - $0.7 million), compared with $0.3 million (nine months - $0.6 million) for the third quarter, 2018. Post-Closing, we expect our capital structure will change such that interest income, if any, will be negligible.

Interest Expense

Interest expense for the third quarter, 2019 was $0.8 million (nine months - $2.4 million) compared with $0.8 million (nine months - $2.2 million) for the third quarter, 2018. Interest expense related to leased facilities and equipment comprises the significant majority of interest expense as other interest and bank charges were negligible for both periods.

Income Tax (Recovery) Expense

Income tax expense for the third quarter, 2019 was $2.9 million (nine months - $8.6 million) compared with $2.6 million (nine months - $8.3 million) for the third quarter, 2018. The effective tax rate has remained relatively consistent year-on-year at 26.9% for nine months ended September 30, 2019 versus 27.1% for nine months ended September 30, 2018.

Operating Income and Net Income

Operating Income for the third quarter, 2019 was $11.3 million (nine months - $33.5 million), compared with $10.0 million (nine months - $32.2 million) for the third quarter, 2018, comprising an increase of $1.2 million (nine months - $1.3 million) or 12.2% (nine months – 3.9%).

Net Income for the third quarter, 2019 increased by 12.2% (nine months – 4.4%), or $0.8 million (nine months - $1.0 million), to $7.8 million (nine months - $23.3 million) from $7.0 million (nine months - $22.3 million) for the third quarter, 2018. Operating income and net income increased over the prior year due to the factors discussed above.

EBITDA

EBITDA for the third quarter, 2019 increased by 12.0% (nine months – 6.5%), or $1.9 million (nine months - $3.2 million), to $17.9 million (nine months - $52.8 million) from $15.9 million (nine months - $49.5 million) for the third quarter, 2018. EBITDA increased over the year due to the factors discussed above.

EBITDA Margin

EBITDA Margin for the third quarter, 2019 improved to 25.1% (nine months – 24.5%) from 24.0% (nine months – 24.2%) for the third quarter, 2018. Operating leverage was created for the three and nine months ended September 30, 2019 versus the prior year as increases in our two most significant operating costs (cost of transportation and services and direct operating expenses) were lower than the increases in revenue growth.

Fiscal 2018 Compared With Fiscal 2017

The following section provides an overview of our financial performance during Fiscal 2018 compared with Fiscal 2017.

Revenue

Revenue for Fiscal 2018 increased by 10.3%, or approximately $26.0 million, to $277.0 million, compared with Fiscal 2017. Revenue was primarily impacted by volume growth and price increases in ground transportation, new contracts in logistics and distribution and higher project volumes in packaging. All product lines demonstrated year-on-year growth for 2018.

Healthcare Logistics Segment

Revenue in our healthcare logistics segment for Fiscal 2018 increased by 10.8%, or approximately $10.4 million, to $106.4 million, compared with Fiscal 2017. Revenue growth in this segment was primarily driven by the factors set out below.

Logistics & Distribution

Logistics and distribution revenue for Fiscal 2018 increased by 5.2%, or approximately $4.2 million, to $85.1 million, compared with Fiscal 2017. Revenue growth was primarily driven by the full year impact of new clients on-boarded during 2017 and partial contribution of new clients implemented during 2018.

Packaging

Packaging revenue for Fiscal 2018 increased by 40.5%, or approximately $6.1 million, to $21.3 million, compared with Fiscal 2017. Revenue was primarily impacted by significantly higher project volumes from our two biggest clients. Due to operational constraints at one of our Nova Pack sites in 2017, Nova Pack's biggest client allocated some of their contract packaging projects to a competitor. In the fourth quarter of 2017 the operational constraints were resolved and all of such client's projects in 2018 were awarded to Nova Pack, contributing to the growth in revenue from 2017 to 2018.

Specialized Transportation Segment

Revenue in our specialized transportation segment for Fiscal 2018 increased by 11.4%, or approximately $19.8 million, to $193.7 million, compared with Fiscal 2017. Revenue growth in this segment was primarily driven by the factors set out below.

Air Freight Forwarding

Air freight forwarding revenue for Fiscal 2018 increased by 9.2%, or approximately $1.6 million, to $19.3 million, compared with Fiscal 2017. Revenue was primarily impacted by volume increases (8.5%), including an increase in expedited volume from a major client accessing a new market, with the remaining 0.7% attributed to price increases.

Ground Transportation

Ground transportation revenue for Fiscal 2018 increased by 11.5%, or approximately $16.6 million, to $160.5 million, compared with Fiscal 2017. Revenue was primarily impacted by continued strong demand for temperature controlled (ambient 15°C to 25°C) transportation services and revenue management activity resulting in price increases focused on Ontario shippers. Approximately half of the revenue increase was due to increased year-on-year volume from our existing client base and, to a lesser extent, the addition of new clients, with the remainder attributed to price increases.

Dedicated and Last Mile Delivery

Dedicated and last mile delivery revenue for Fiscal 2018 increased by 12.8%, or approximately $1.6 million, to $13.9 million, compared with Fiscal 2017. Year-on-year growth in revenue was driven by expansion of routes from existing clients, as certain wholesale and veterinary distributors deployed temperature controlled transportation more broadly within Canada to address increased Health Canada enforcement of GUI-0069.

Cost of Transportation and Services

Cost of transportation and services for Fiscal 2018 was $116.8 million, or 42.2% of revenue, compared with $105.2 million, or 41.9% of revenue, for Fiscal 2017. The year-over-year weakening as a percentage of revenue was primarily driven by increased costs for employee drivers and outsourced carriers as the transportation industry faced a general shortage of drivers.

Direct Operating Expenses

Direct operating expenses for Fiscal 2018 were $74.2 million, or 26.8% of revenue, compared with $67.9 million, or 27.0% of revenue, for Fiscal 2017. The slight year-over-year improvement as a percentage of revenue was primarily driven by improved efficiency through productivity gains and growth in revenue while leveraging our available facility capacity, in addition to improved utilization of our branch facilities.

Sales, General and Administrative Expenses

SG&A for Fiscal 2018 was $21.7 million, or 7.8% of revenue, compared with $20.4 million, or 8.1% of revenue, for Fiscal 2017. The year-over-year improvement as a percentage of revenue was primarily driven by growth in revenues, while our costs for commercial resources were largely unchanged; partially offset by increased investment in information technology. The Company proactively manages its overhead costs and attempts to limit increases in SG&A costs, including employee costs, to activities that will drive additional revenue.

Depreciation and Amortization

Depreciation and amortization for Fiscal 2018 was $23.5 million, compared with $23.6 million for Fiscal 2017.

Other Income

Other income for Fiscal 2018 was $0.02 million, compared with $0.4 million for Fiscal 2017, due to gains on the sale of equipment realized in Fiscal 2017 in connection with the disposal of assets from facilities that were retired when we expanded to our new facility in Brampton, Ontario in 2016.

Interest Income

Interest income for Fiscal 2018 was $0.9 million, compared with $0.4 million for Fiscal 2017, due to increased cash and cash equivalents balances throughout the year. On a pro-forma basis, our capital structure will change such that interest income, if any, will be negligible.

Interest Expense

Interest expense for Fiscal 2018 remained flat at $3.0 million, compared with $3.1 million for Fiscal 2017. Interest expense related to leased facilities and equipment comprises the significant majority of interest expense as other interest and bank charges were negligible for both years.

Income Tax Expense

Income tax expense for Fiscal 2018 was $10.5 million, compared with $8.5 million for Fiscal 2017. The effective tax rate has remained relatively consistent year-on-year at 27.2% for Fiscal 2018 versus 26.9% for Fiscal 2017.

Operating Income and Net Income

Operating income for Fiscal 2018 was $40.9 million, compared with $34.0 million for Fiscal 2017, comprising an increase of $6.9 million or 20.2%. Net Income for Fiscal 2018 increased by 21.6%, or $5.0 million, to $28.2 million from $23.2 million in Fiscal 2017. Operating income and net income increased over the prior year due to the factors discussed above.

EBITDA

EBITDA for Fiscal 2018 increased by 10.9%, or $6.3 million, to $64.4 million from $58.1 million in Fiscal 2017. EBITDA increased over the year due to the factors discussed above.

EBITDA Margin

EBITDA Margin for Fiscal 2018 improved slightly to 23.2% from 23.1% in Fiscal 2017. Improvements in SG&A and direct operating expenses more than offset the slight deterioration of the cost of transportation and services as a percentage of revenue.

Fiscal 2017 Compared With Fiscal 2016

The following section provides an overview of our financial performance during Fiscal 2017 compared with Fiscal 2016.

Revenue

Revenue for Fiscal 2017 increased by 12.3% to $251.0 million, compared with Fiscal 2016. Revenue was primarily impacted by continued volume growth in ground transportation and by new contracts in logistics and distribution and dedicated and last mile delivery, resulting in approximately $27.4 million of incremental revenue. All product lines demonstrated year-on-year growth for 2017.

Healthcare Logistics Segment

Revenue in our healthcare logistics segment for Fiscal 2017 increased by 12.6%, or approximately $10.8 million, to $96.1 million, compared with Fiscal 2016. Revenue growth in this segment was primarily driven by the factors set out below.

Logistics & Distribution

Logistics and distribution revenue for Fiscal 2017 increased by 11.8%, or approximately $8.5 million, to $80.9 million, compared with Fiscal 2016. Revenue growth was driven primarily by the full year impact of new clients implemented during 2016, and new clients partially implemented during 2017. Our logistics and distribution product line expanded its distribution capacity substantially in 2016 with the addition of a new 267,000 square foot facility in Brampton, Ontario to support the implementation of a major new client. This increase represented a net new increase to distribution capacity of 6.3% in 2016, allowing for future growth which began to materialize in 2017.

Packaging

Packaging revenue for Fiscal 2017 increased by 17.5%, or approximately $2.3 million, to $15.2 million, compared with Fiscal 2016. Revenue growth was primarily attributed to the full year impact of the addition of a new contract packaging client in 2016, in addition to increased Crēdo® Cube sales. This increase was partially offset by reduced contract packaging projects from other clients.

Specialized Transportation Segment

Revenue in our specialized transportation segment for Fiscal 2017 increased by 12.8%, or approximately $19.8 million, to $173.9 million, compared with Fiscal 2016. Revenue growth in this segment was primarily driven by the factors set out below.

Air Freight Forwarding

Air freight forwarding revenue for Fiscal 2017 increased by 1.3%, or approximately $0.2 million, to $17.7 million, compared with Fiscal 2016. Revenue was primarily impacted by modest price increases partially offset by clients moving shipments to lower-cost ground service as year-on-year volume was slightly lower (-0.7%).

Ground Transportation

Ground transportation revenue for Fiscal 2017 increased by 10.2%, or approximately $13.3 million, to $143.9 million, compared with Fiscal 2016. Revenue was primarily impacted by improved revenue management focused on Eastern Canadian shippers, increased volume due to organic growth of existing clients, and new clients. Approximately two-thirds of the increase in revenue is attributed to revenue management, while the remaining one-third of the increase was related to volume growth.

Dedicated and Last Mile Delivery

Dedicated and last mile delivery revenue for Fiscal 2017 increased by 102.8%, or approximately $6.2 million, to $12.3 million, compared with Fiscal 2016. Revenue was primarily impacted by geographical expansion from existing clients and by winning a significant new client contract. Dedicated and last mile delivery growth is expected to continue as Health Canada expands its enforcement of GUI-0069 in connection with temperature controlled transportation.

Cost of Transportation and Services

Cost of Transportation and Services for Fiscal 2017 was $105.2 million, or 41.9% of revenue, compared with $89.9 million, or 40.2% of revenue, for Fiscal 2016. The year-over-year increase as a percentage of revenue was primarily driven by volume increases and the expansion of our dedicated and last mile delivery product line.

Direct Operating Expenses

Direct Operating Expenses for Fiscal 2017 were $67.9 million, or 27.0% of revenue, compared with $60.6 million, or 27.1% of revenue, for Fiscal 2016. The year-over-year improvement as a percentage of revenue is attributed to greater utilization of the transportation network partially offset by the productivity ramp-up of new logistics and distribution clients and an expanded logistics footprint to support growth.

Sales, General and Administrative Expenses

SG&A for Fiscal 2017 was $20.4 million, or 8.1% of revenue, compared with $20.7 million, or 9.3% of revenue, for Fiscal 2016. The year-over-year improvement as a percentage of revenue was achieved by growing revenue while leveraging fixed overhead in the business.

Depreciation and Amortization

Depreciation and Amortization for Fiscal 2017 was $23.6 million compared with $22.0 million for Fiscal 2016. The majority of the increase in Depreciation ($0.9 million) was driven by the addition of the new Brampton distribution centre in our healthcare logistics segment that opened in mid-2016 to support a significant new client and provide growth capacity in the business.

Other Income

Other income for Fiscal 2017 was $0.4 million, compared with $0.2 million for Fiscal 2016, due to gains on the sale of equipment realized in Fiscal 2017 in connection with the disposal of assets from facilities that were retired when we expanded to our new facility in Brampton, Ontario in 2016.

Interest Income

Interest income for Fiscal 2017 was $0.4 million, compared with $0.3 million for Fiscal 2016. On a pro-forma basis, our capital structure will change such that interest income, if any, will be negligible.

Interest Expense

Interest expense for Fiscal 2017 was $3.1 million compared with $3.0 million for Fiscal 2016. Interest expense related to leased facilities and equipment comprises the significant majority of interest expense as other interest and bank charges were negligible for both years.

Income Tax Expense

Income tax expense for Fiscal 2017 was $8.5 million compared with $7.4 million for Fiscal 2016. The effective tax rate has remained relatively consistent year-on-year at 26.9% for Fiscal 2017 versus 26.6% for Fiscal 2016.

Operating Income and Net Income

Operating Income for Fiscal 2017 was $34.0 million, compared with $30.4 million for Fiscal 2016, comprising an increase of $3.6 million or 11.7%. Net Income for Fiscal 2017 increased by 13.2%, or $2.7 million, to $23.2 million from $20.5 million in Fiscal 2016. Operating income and net income increased over the prior year due to the factors discussed above.

EBITDA

EBITDA for Fiscal 2017 increased by 10.3%, or $5.4 million, to $58.1 million from $52.6 million in Fiscal 2016. EBITDA increased over the year due to the factors discussed above.

EBITDA Margin

EBITDA Margin for Fiscal 2017 declined slightly to 23.1% from 23.5% in Fiscal 2016. Improvements in SG&A and direct operating expenses did not wholly offset the deterioration of the cost of transportation and services as a percentage of revenue.

Financial Outlook

We have demonstrated a long track record of growth by focusing on the growing and specialized needs of the healthcare industry. We are targeting growth at a rate faster than the healthcare logistics and transportation market as a whole. Our revenue has grown at a CAGR of approximately 10% since 2010 and at a CAGR of approximately 11% since 2016. While we expect there will be years where we deliver significant growth and years in which growth will be lower than historical levels, we are targeting mid-single digit to high-single digit revenue growth for each of the fiscal years comprising 2020 through 2022. In setting this target, we have made certain assumptions. See “Cautionary Note Regarding Forward-Looking Information”. Although management believes this target to be reasonable, there are many factors that could cause actual future results to differ materially from target results. See “Risk Factors”.

Over the next three years, we expect to continue driving long-term growth and value creation by: (i) capitalizing on the strong industry fundamentals of the healthcare sector (e.g., aging population, increasing regulatory requirements, increasing number of healthcare products requiring unique logistics needs, and increasing demand for ancillary healthcare services); (ii) continuing to strengthen our clients' connection to our growing platform; (iii) acquiring new clients and expanding our capacity; and (iv) expanding and strengthening our platform through acquisitions.

Liquidity & Capital Resources

Overview

Our principal uses of funds are for operating expenses, taxes, interest, capital expenditures, lease payments, and distributions to related parties. We believe that cash generated from our operations, together with amounts available under the Credit Facilities (which we expect to enter into in connection with Closing) will be sufficient to meet our future operating expenses, taxes, interest, capital expenditures, lease payments and any further distributions to related parties. In addition, we believe that our EBITDA less Leases and CAPEX provides us with significant financial flexibility to service our debt and to pursue our future growth strategies. However, our ability to fund operating expenses, taxes, interest, capital expenditures, future lease payments, and distributions to related parties will depend on, among other things, our future operating performance, which will be affected by general economic, financial and other factors, including factors beyond our control. See "Accounting Classifications, Fair Values and Risk Factors" as well as the "Summary of Factors Affecting Performance" in this MD&A as well as "Risk Factors". We review potential acquisitions and investment opportunities in the normal course of our business and may make select acquisitions and investments to implement our growth strategy when suitable opportunities arise.

Working Capital

The following table presents our working capital position as at September 30, 2019 and 2018; and as at the end of Fiscal 2018, Fiscal 2017 and Fiscal 2016:

($CAD 000s)	As At September 30,		As At December 31,		
	2019	2018	2018	2017	2016
Cash and cash equivalents(1)	36,193	47,134	53,657	50,148	34,542
Accounts receivable	50,627	44,500	48,430	44,983	41,659
Inventories	954	905	1,366	1,162	370
Prepaid expenses and other	5,070	3,901	1,448	1,294	1,372
Due from related parties(1)	59,670	55,214	54,957	51,245	45,727
Accounts payable and accrued liabilities	(21,573)	(20,868)	(27,096)	(22,965)	(21,639)
Current portion of lease liabilities	(17,272)	(17,244)	(17,940)	(16,700)	(16,160)
Income taxes payable	(3,437)	(2,169)	(41)	(28)	(155)
Working Capital	110,232	111,373	114,781	109,139	85,716

(1) Non-trade related amounts due from related parties and significant cash and cash equivalents balances will be eliminated from our working capital balances on Closing.

As at September 30, 2019 we had $110 million of working capital compared to $111 million of working capital as at September 30, 2018. We made distributions to related parties of $30 million during the nine months ended September 30, 2019 versus $25 million for the same period in 2018, which reduced our cash and total working capital balances slightly, after reflecting year-to-date growth through working capital balances.

As at December 31, 2018 we had $115 million of working capital compared to $109 million of working capital as at December 31, 2017; and $86 million as at December 31, 2016. These increases in working capital (2018 - $5.6 million, or 5.2%; 2017 - $23.4 million, or 27.3%), were driven by our growth. We made distributions to related parties and paid dividends to non-controlling interests of $26 million in 2018 (2017 - $1 million; 2016 - $16 million) which reduced our cash and total working capital balances.

Credit Facilities

We expect to enter into Credit Facilities with affiliates of RBC and CIBC at Closing, comprised of a Revolving Facility in the aggregate principal amount of up to $75 million and a Term Facility in the aggregate principal amount of up to $25 million. The Revolving Facility will be available to be drawn in Canadian dollars by way of prime rate loans, bankers' acceptances and letters of credit, and in U.S. dollars by way of base rate loans, LIBOR based loans and letters of credit, in each case, plus the applicable margin in effect from time to time. The Term Facility will be available to be drawn in a single Canadian dollar advance on Closing by way of prime rate loans and bankers' acceptances. If the Over-Allotment Option is exercised following Closing, we intend to use the aggregate net proceeds received, after deducting the Underwriters' Fee, to reduce our outstanding indebtedness under the Revolving Facility. In order to support future potential growth through acquisitions, these Credit Facilities are also expected to include an accordion feature to allow us to increase the commitment under one or both of the Credit Facilities in an aggregate principal amount of up to $100 million, such that any amounts drawn under the accordion feature would be in addition to the amounts available at Closing, provided certain conditions are met and subject to the agreement of participating lenders. As of the date of this prospectus, this accordion feature remains uncommitted. See "Description of Material Indebtedness".

Certain of our subsidiaries are party to Existing Credit Facilities with the Royal Bank of Canada. Under the terms of an existing joint credit facility agreement, one of our subsidiaries has available a revolving demand facility in the aggregate principal amount of up to $6 million, and a revolving term facility in the aggregate principal amount of up to $6 million. A separate revolving demand facility in the aggregate principal amount of up to $1 million is also available to another of our subsidiaries. In addition, pursuant to the terms of a second credit facility agreement with Royal Bank of Canada, another of our subsidiaries has available a non-revolving demand facility in the aggregate principal amount of $0.2 million. As of December 31, 2018, $nil (2017 - $nil; 2016 - $nil) has been drawn on the Existing Credit Facilities and outstanding letters of guarantee totaling $0.07 million were issued (2017 - $0.07 million; 2016 - $0.07 million). On Closing, any indebtedness outstanding under the Existing Credit Facilities will be repaid, the outstanding letters of guarantee will continue to be outstanding under the Credit Facilities, and the balance, if any, of the Existing Credit Facilities will be terminated.

Capital Expenditures

Capital expenditures for the first nine months of 2019 were $2.6 million and in Fiscal 2018 were $2.5 million (Fiscal 2017 - $2.4 million; Fiscal 2016 - $10.9 million). Capital expenditures have historically been funded through cash flows from operations. Management has traditionally divided its capital expenditures into two subcategories, Capital Expenditures (Maintenance) and Capital Expenditures (Growth), which are further detailed below.

Capital Expenditures (Maintenance)

Maintenance CAPEX refers to capital expenditures necessary for us to sustain our assets in order to continue operating in our current form. We generally seek to maintain our facilities and equipment at a level consistent with the needs of the sector we operate within and ensure that preventative maintenance programs are in place to achieve the performance expected from our facilities and equipment. Outlays for maintenance capital expenditures for the first nine months of 2019 were $1.0 million and in Fiscal 2018 were $1.2 million (Fiscal 2017 - $0.8 million; Fiscal 2016 - $1.5 million). These capital expenditures have historically been funded through cash flows from operations.

Capital Expenditures (Growth)

Growth CAPEX comprises expenditures on new assets that are intended to grow our productive capacity. These capital expenditures are made to acquire or expand leasehold improvements, transportation and logistics equipment (including pick-up and delivery equipment, warehouse racking, material handling equipment, warehouse automation equipment and specialized logistics equipment such as coolers or vaults, among others), furniture and fixtures, computer equipment to support new contracts or additional volume from new business. Outlays for growth capital expenditures for the first nine months of 2019 were $1.6 million and in Fiscal 2018 were $1.3 million (Fiscal 2017 - $1.6 million; Fiscal 2016 - $9.4 million) and can range from $1 million up to $10 million in any given year, depending on the underlying expansion need. Growth CAPEX has also historically been funded through cash flows from operations.

Cash Flows

The following table presents cash flows for the three and nine months ended September 30, 2019 and 2018; and Fiscal 2018, Fiscal 2017, and Fiscal 2016:

($CAD 000s)	Three Months Ended September 30,		Nine Months Ended September 30,		Year Ended December 31,		
	2019	**2018**	**2019**	**2018**	**2018**	**2017**	**2016**
Cash flows							
Cash from Operating Activities	10,444	12,981	34,420	38,178	52,338	42,644	29,510
Cash used in Investing Activities	(1,802)	(321)	(2,768)	(1,241)	(2,497)	(3,700)	(11,053)
Cash used in Financing Activities	(5,620)	(31,369)	(49,116)	(39,951)	(46,332)	(23,338)	(28,490)
Net change in cash	**3,022**	**(18,709)**	**(17,464)**	**(3,014)**	**3,509**	**15,606**	**(10,033)**
Select cash flow data							
Capital expenditures	(1,801)	(286)	(2,649)	(1,198)	(2,508)	(2,419)	(10,890)
Lease payments	(5,497)	(5,004)	(16,451)	(14,495)	(19,733)	(19,263)	(17,384)
Select financial metrics							
EBITDA less Leases and CAPEX(1)	10,559	10,657	33,652	33,833	42,135	36,379	24,352
EBITDA less Leases and CAPEX Conversion(1)	59.1%	66.8%	63.8%	68.3%	65.5%	62.7%	46.3%
EBITDA less Leases and CAPEX Margin(1)	14.9%	16.0%	15.6%	16.5%	15.2%	14.5%	10.9%

(1) Does not include estimated public company costs that we will incur after Closing.

EBITDA less Leases and CAPEX and EBITDA less Leases and CAPEX Conversion

Our EBITDA less Leases and CAPEX, which represents the earnings we generate after cash outflows to support operations and maintain our capital assets, was $10.6 million (nine months - $33.7 million) for the third quarter, 2019 compared to $10.7 million (nine months - $33.8 million) for the third quarter, 2018.

Our EBITDA less Leases and CAPEX increased to $42.1 million in 2018 from $36.4 million in 2017 and $24.4 million in 2016. The EBITDA less Leases and CAPEX generated in 2018 represented a 65.5% EBITDA less Leases and CAPEX Conversion (2017 – 62.7%; 2016 – 46.3%) representing our increasing ability to finance our ongoing growth and provide related parties and non-controlling interests with the opportunity for distributions and dividends. EBITDA less Leases and CAPEX in 2016 reflected increased expenditures associated with the opening of the facility in Brampton-Mississauga.

Cash Flow Generated From Operating Activities

Cash flows generated from operating activities for the three and nine months ended September 30, 2019 totaled $10.4 million and $34.4 million versus $13.0 million and $38.2 million, respectively, for the same periods in 2018. The decreases in cash flows generated from operating activities relate principally to normal fluctuations in trade accounts receivable and trade accounts payable balances.

Cash flows generated from operating activities in Fiscal 2018 totaled $52.3 million (2017 – $42.6 million; 2016 – $29.5 million). The increase in cash flow from operations is the result of strong and stable margins fueled by organic growth, generated from a mix of new clients, increased pricing and increased volumes, across our five product lines.

Cash Flow (Used In) Investing Activities

Our maintenance capital expenditures between 2016 and 2018 ranged between $0.8 million and $1.5 million per year, which was generally allocated to refreshing our transportation and logistics equipment. Our principal logistics and distribution subsidiary, Accuristix, signed a new contract with a major pharmaceutical company in Canada and opened a 267,000 square foot facility in Brampton, Ontario while reducing its footprint in Oakville, Ontario to accommodate new business. This new facility required significant capital expenditures to accommodate hazardous materials, coolers, demising walls, and aerosol containment measures. The majority of our growth capital expenditures in 2016 were spent on the expansion of the Brampton-Mississauga campus.

Cash flows used in investing activities for the three and nine months ended September 30, 2019 reflect growth-based capital expenditures of $1.4 million in connection with the expansion to two facilities in Calgary.

Cash Flow (Used In) Financing Activities

We operate our business by utilizing leases to primarily finance our vehicles and facilities, resulting in significant lease payments on an annual basis. We paid $19.7 million for leases, including interest expense, in 2018 (2017 - $19.3 million; 2016 - $17.4 million). Further, we made distributions to related parties in 2018 of $25.9 million and paid dividends to non-controlling interests of $0.2 million (2017 – $0.7 million to related parties and $0.3 million to non-controlling interests; 2016 – $15.7 million to related parties and $0.3 million to non-controlling interests).

Lease payments for the first nine months of 2019 were $16,451 and distributions to related parties were $30,000.

Full year cash flow metrics differ from quarterly and year-to-date September 30 measures as dividends and distributions were made in the second and third quarters in 2019 and 2018, respectively.

Contractual Obligations

As at September 30, 2019 and December 31, 2018, we did not have any material contractual obligations to make payments other than our lease obligations. There are no purchase orders or commitments or other liabilities other than those undertaken through the ordinary course of business – all of which have maturities of less than one year through typical commercial terms and conditions.

Leases

We lease buildings and equipment in the operation of our healthcare logistics and specialized transportation business. Building lease terms range from five to ten years, with many leases including optional extension periods. Building lease liabilities are calculated using our average incremental borrowing rate of 3.77%. Equipment lease terms range from one to five years. For the nine months ended September 30, 2019, equipment lease liabilities are calculated using our incremental borrowing rate of 4.08% (2018 – 4.66%; 2017 - 3.6%; 2016 - 2.86%).

The following table summarizes our lease obligations as at September 30, 2019, as well as December 31, 2018, 2017, and 2016, based on undiscounted cash flows:

($CAD 000s)	**September 30, 2019**	**December 31, 2018**	**December 31, 2017**	**December 31, 2016**
Less than one year	20,137	20,798	18,343	18,661
One to 5 years	49,253	51,003	48,235	55,267
More than 5 years	14,963	19,120	21,366	26,975
Total undiscounted lease liabilities	**84,353**	**90,921**	**87,944**	**100,903**

Off-Balance Sheet Arrangements

We have no off-balance sheet arrangements that have or are reasonably expected to have a current or future material impact on our financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources.

Seasonality

There is no significant seasonality to our business.

Financial Instruments

Financial assets

Accounts receivable are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when we become a party to the contractual provisions of the instrument.

A financial asset (unless it is an account receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit and loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. An account receivable without a significant financing component is initially measured at the transaction price.

Our financial assets are comprised of cash and cash equivalents, accounts receivable, due from related parties, and long-term deposits. On initial recognition, we classify these financial assets as measured at amortized cost, when both of the following conditions are met:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These financial assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been decreased.

For accounts receivable, we apply a simplified approach in calculating expected credit losses ("**ECLs**"). Therefore we do not track changes in credit risk, but instead recognize a loss allowance based on lifetime ECLs at each reporting date. We have established a provision matrix that is based on our historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

When an account receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are offset against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

Financial liabilities

Our financial liabilities are comprised of accounts payable and accrued liabilities, lease liabilities, income taxes payable and amounts due from related parties. Our financial liabilities are measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

Share Information

Our financial statements have been prepared on a combined basis. Accordingly, it is not meaningful to show share capital or to provide an analysis of reserves. Therefore, amounts which reflect the carrying value of investments in the combined entities are disclosed as "Total net parent investment", while carrying value of net assets attributable to shareholders other than Andlauer Healthcare Group Inc. are presented as "Non-controlling interests" (NCI). The amounts reflected in Distributions to Parent in the combined statements of changes in equity refer to dividends or distributions paid to the parent. In addition, Andlauer Healthcare Group Inc. was not an existing legal entity during the periods presented and therefore the combined entities have no historical capital structure. Additionally, as of the date of this MD&A, Andlauer Healthcare Group Inc. does not have any share capital outstanding. Consequently, historical earnings per share as required by IAS 33 Earnings per share has not been presented.

On December 4, 2019 we entered into the Underwriting Agreement and filed a long form prospectus for the purpose of completing an initial public offering, which is expected to close on or about December 11, 2019. We expect to raise gross proceeds of $150,000,000 through the issuance of 10,000,000 Subordinate Voting Shares at a price of $15.00 per Subordinate Voting Share (excluding any Subordinate Voting Shares that may be issued pursuant to the Over-Allotment Option). In the event the Over-Allotment Option is exercised in full, we will expect to raise gross proceeds of $172,500,000 through the issuance of 11,500,000 Subordinate Voting Shares at a price of $15.00 per Subordinate Voting Share. In connection with Closing we will issue 25,175,000 Multiple Voting Shares to AMG as partial consideration for the acquisition of the AHG Entities (valued at $15.00 per Multiple Voting Share, 75,000 of which will be converted into Subordinate Voting Shares at Closing, to be held by AMG and subsequently transferred (after 180 days following Closing) to select independent owner-operators engaged by the Company). In connection with Closing, AMG will also transfer 925,000 Subordinate Voting Shares to the Employee Trust for the benefit of current executive officers and employees of the Company and the AHG Entities. See "The Acquisition".

On Closing, we will have no preferred shares issued and outstanding.

Related Party Transactions

Intersegment balances and transactions have been eliminated in our combined financial statements.

During the year, we entered into transactions with related parties that were incurred in the normal course of business. Our policy is to conduct all transactions and settle all balances with related parties on market terms and conditions. All outstanding balances with these related parties are measured at amortized cost and are to be settled in cash within two months of the reporting date. None of the balances are secured. No expense has been recognized in the current year or prior year for bad or doubtful debts in respect of amounts owed by related parties.

Certain of our operating units provide services to other operating units outside of their reportable segment. Billings for such services are based on negotiated rates, which approximate fair value, and are reflected as revenues of the billing segment. These rates are adjusted from time to time based on market conditions. Such intersegment revenues and expenses are eliminated in our combined results. Michael Andlauer, our Chief Executive Officer, is also our Chief Operating Decision Maker ("**CODM**"). The CODM regularly reviews financial information at the operating segment level in order to make decisions about resources to be allocated to the segments and to assess their performance. Segment results that are reported to the CODM include items directly attributable to a segment, as well as those that can be allocated on a reasonable basis. We evaluate performance based on the various financial measures of our two operating segments.

The amounts below are expressed in thousands of Canadian dollars, unless otherwise specified.

Andlauer Management Group Inc.

AMG is the direct or indirect parent company of each of the AHG Entities. AMG has multiple interests and is owned directly by Michael Andlauer, our Chief Executive Officer.

AMG provides key management personnel to us for which it receives management fees. We paid management fees of $531 for the first nine months of 2019 (Fiscal 2018 - $576; Fiscal 2017 – $612; Fiscal 2016 – $588) to AMG in connection with compensation for key management personnel. We do not expect to continue purchasing key management personnel services from AMG following Closing. On or prior to Closing, all employees involved in the AHG business currently employed by AMG will become our employees.

In 2019 we began to recover facility lease costs from AMG. For the first nine months of 2019 we recovered $240 of facility lease costs from AMG. We expect to continue to incur and recover facility lease costs in connection with AMG.

Andlauer Properties and Leasing Inc.

Andlauer Properties and Leasing Inc. ("**APLI**") is a subsidiary of AMG and leases certain facilities and logistics and transportation equipment to us. We also lease facilities and logistics and transportation equipment from arm's length providers. During the nine months ended September 30, 2019, we expensed $940 (Fiscal 2018 - $1,046; Fiscal 2017 – $1,212; Fiscal 2016 – $1,287) for leases of logistics and transportation equipment; and $332 (Fiscal 2018 - $345; Fiscal 2017 – $339; Fiscal 2016 – $338) for leases of facilities from APLI. The specific facilities that we lease from APLI are located at: 881 Bell Blvd. W, Belleville, Ontario; 80 – 14th Avenue, Hanover, Ontario; 465 Ofield Road South, Dundas, Ontario; 605 Max Brose Drive, London, Ontario; and 5480 61 Avenue SE, Calgary, Alberta. We expect to continue leasing properties and equipment from APLI.

9143-5271 Québec Inc.

9143-5271 Québec Inc. is a subsidiary of AMG and leases a facility located at 655 Desserte E. Hwy 13, Laval Québec to the Company. We also lease facilities from arm's length providers. During the nine months ended September 30, 2019, we expensed $862 (Fiscal 2018 - $1,109; Fiscal 2017 – $1,109; Fiscal 2016 – $1,109) for this building. We expect to continue leasing this property.

Ready Staffing Solutions Inc.

Ready Staffing Solutions Inc. ("**RSS**"), a company owned by Mr. Andlauer's spouse, provides us with temporary agency employee services – providing hourly dock labour for our handling operations, principally in the GTA. We also purchase temporary agency employee services from arm's length providers. During the nine months ended September 30, 2019, we expensed $3,066 (Fiscal 2018 - $4,176; Fiscal 2017 – $3,557; Fiscal 2016 – $2,710) for purchases of temporary agency employee services from RSS. These expenses primarily relate to the cost of the labour provided through RSS. We expect to continue purchasing temporary agency services from RSS.

1708998 Ontario Limited (Medical Courier Services)

Medical Courier Services ("**MCS**") is a subsidiary owned 80% by AMG and provides transportation services to us, providing extended reach for shipments where we do not have our own facilities or equipment. During the nine months ended September 30, 2019, we expensed $192 (Fiscal 2018 - $236; Fiscal 2017 – $278; Fiscal 2016 – $371) for deliveries subcontracted to MCS. We expect to continue subcontracting deliveries to MCS.

McAlister Courier Inc.

McAlister Courier Inc. ("**MCI**") is a subsidiary owned 50% by AMG and provides transportation services to us, providing extended reach for shipments where we do not have our own facilities or equipment. During the nine months ended September 30, 2019, we expensed $693 (Fiscal 2018 - $1,053; Fiscal 2017 – $780; Fiscal 2016 – $526) for deliveries subcontracted to MCI. We expect to continue subcontracting deliveries to MCI.

TDS Logistics Ltd.

TDS Logistics Ltd. ("**TDS**") is a subsidiary owned 50% by AMG and subcontracts deliveries to us, to take advantage of efficiencies gained through coincidences of delivery. During the nine months ended September 30, 2019, we charged $539 (Fiscal 2018 - $100; Fiscal 2017 – $nil; Fiscal 2016 – $nil) for deliveries subcontracted to us by TDS. We also provide TDS with certain shared services, comprising administrative and information technology services. During the nine months ended September 30, 2019, we charged TDS $189 (Fiscal 2018 - $283; Fiscal 2017 - $nil; Fiscal 2016 - $nil) for shared services. We expect to continue providing delivery services on behalf of TDS and shared services to TDS. In 2019, TDS began to provide transportation services to us, offering us additional capacity where we can sub-contract deliveries to take advantage of coincidences of delivery. During the nine months ended September 30, 2019, TDS charged us $352 (Fiscal 2018 – nil; Fiscal 2017 – nil; Fiscal 2016 – nil) for deliveries subcontracted to it by AHG. We expect to continue to subcontract deliveries to TDS.

In 2019 we provided TDS with facility and equipment leases, which are cost recoveries. For the nine months ended September 30, 2019 we recovered $492 of facility lease costs and $273 of equipment lease costs from TDS. We expect to continue to incur and recover these costs in connection with TDS.

Bourbon Street Enterprises Inc.

Bourbon Street Enterprises Inc. ("**BSE**") is owned directly by Cameron Joyce, one of our directors. On July 19, 2018, AMG acquired 15% of the non-controlling equity interest held by BSE in Associated Logistics Solutions Inc. and on June 13, 2019, purchased the remaining 15% equity interest in ALS from BSE.

D.C. Racking & Maintenance Inc.

D.C. Racking & Maintenance Inc. ("**DCR**") is a subsidiary of BSE and provides warehouse racking installation, maintenance and repairs for our healthcare logistics segment. We also purchase warehouse racking installation, maintenance and repairs from arm's length providers. During the nine months ended September 30, 2019, we expensed $36 (Fiscal 2018 - $64; Fiscal 2017 – $60; Fiscal 2016 – $102) for warehouse racking installation, maintenance and repair services provided by DCR. We expect to continue to purchase warehouse racking installation, maintenance and repair services from DCR.

Logiserv

Logiserv Inc. ("**Logiserv**") is a subsidiary of BSE and provides us with warehouse racking and racking components. We also purchase warehouse racking and racking components from arm's length providers. During the nine months ended September 30, 2019, we capitalized $259 (Fiscal 2018 - $177; Fiscal 2017 – $268; Fiscal 2016 – $1,275) for purchases of warehouse racking. We expect to continue to purchase warehouse racking and racking components from Logiserv.

C-GHBS Inc.

C-GHBS Inc. ("**C-GHBS**") is a subsidiary of AMG and provides air travel services to us. We also purchase air travel services from arm's length providers. During the nine months ended September 30, 2019, we purchased $127 (Fiscal 2018 – $nil; Fiscal 2017 – $nil; Fiscal 2016 – $nil) from C-GHBS. We expect to continue to purchase air travel services from C-GHBS.

Bulldog Hockey Inc.

Bulldog Hockey Inc. ("**BHI**") is a subsidiary of AMG and provides sports and entertainment services to us. During the nine months ended September 30, 2019, we purchased $nil of sports and entertainment services from BHI (Fiscal 2018 - $28; Fiscal 2017 - $nil; Fiscal 2016 - $nil) on terms which we believe to be arm's length. We also purchase sports and entertainment services from arm's length providers. We expect to continue to purchase sports and entertainment services from BHI. During 2016, we purchased information technology equipment on behalf of BHI totaling $81 and were subsequently reimbursed.

Due from/to related parties

The chart below summarizes amounts due to or from related parties. These amounts are unsecured, have no specific terms of repayment and are non-interest bearing. In connection with the Offering, other than amounts included in accounts receivable and accounts payable and accrued liabilities (which are ordinary trade balances and are not loans), these amounts will be discharged entirely.

($CAD 000s)	**September 30, 2019**	**December 31, 2018**	**December 31, 2017**	**December 31, 2016**
Accounts receivable				
Andlauer Management Group Inc.	60	7	-	-
TDS Logistics Ltd.	538	263	-	-
Andlauer Properties and Leasing Inc.	17	113	-	-
9143-5271 Quebec Inc.	10	-	-	-
Bulldog Hockey Inc.	-	-	-	81
1708998 Ontario Limited (Medical Courier Services)	1	-	-	-
Trade receivables due from related parties	626	383	-	81
Due from related parties				
Andlauer Management Group Inc.	55,930	52,603	51,009	45,475
C-GHBS Inc.	-	1,405	-	-
Andlauer Properties and Leasing Inc.	2,723	685	-	-
Habdog Investments Inc.	236	236	236	233
TDS Logistics Ltd.	674	28	-	-
M. Andlauer	107	-	-	-
9143-5271 Quebec Inc.	-	-	-	16

($CAD 000s)	September 30, 2019	December 31, 2018	December 31, 2017	December 31, 2016
3618358 Canada Inc.	-	-	-	3
	59,670	54,957	51,245	45,727
Total due from related parties	**60,296**	**55,340**	**51,245**	**45,808**
Accounts payable and accrued liabilities				
Ready Staffing Solutions Inc.	345	330	222	338
1708998 Ontario Limited (Medical Courier Services)	-	24	33	34
McAlister Courier Inc.	47	92	74	46
TDS Logistics Ltd.	52	-	-	-
Andlauer Properties and Leasing Inc.	-	32	121	-
Andlauer Management Group Inc.	130	-	-	-
D.C. Racking & Maintenance Inc.	-	1	1	1
Logiserv Inc.	125	70	4	308
Bulldog Hockey Inc.	-	28	-	-
Trade payables due to related parties	699	577	455	727
Due to related parties				
M. Andlauer	-	20	123	280
Bourbon Street Enterprises Inc.	-	-	-	500
Andlauer Management Group Inc.	-	300	-	-
	-	320	123	780
Total due to related parties	**699**	**897**	**578**	**1,507**

Critical Accounting Judgements and Estimates

The preparation of the combined financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions about future events. These estimates and the underlying assumptions affect the reported amounts of assets and liabilities, the disclosures about contingent assets and liabilities, and the reported amounts of revenues and expenses and apply equally to both our healthcare logistics segment and our specialized transportation segment. Such estimates include the expected credit losses, the useful life of long-lived assets, our incremental borrowing rate, valuation of goodwill and intangible assets, the measurement of identified assets and liabilities acquired in business combinations, the provision for income taxes and other provisions and contingencies. These estimates and assumptions are based on management's best estimates and judgments. Management evaluates its estimates and assumptions on an ongoing basis using historical experience and other factors, including the current economic environment, which management believes to be reasonable under the circumstances. Management adjusts such estimates and assumptions when facts and circumstances dictate. Actual results could differ from these estimates. Changes in those estimates and assumptions resulting from changes in the economic environment will be reflected in the combined financial statements of future periods. Information about critical judgments, assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year include the following:

- Determining the expected credit losses related to trade accounts receivable;
- Estimating the useful life of our property, plant and equipment and determining estimates and assumptions related to impairment tests for long-lived assets;
- Estimating the useful life of our intangible assets and determining estimates and assumptions related to impairment tests for intangibles and goodwill;
- Determining estimates and assumptions in measuring deferred tax assets and liabilities;
- Estimating our incremental borrowing rate in connection with measuring lease liabilities; and
- Recognition and measurement of provisions and contingencies.

Significant New Accounting Standards Adopted

We prepared our combined financial statements in accordance with IFRS as issued by the International Accounting Standards Board ("**IASB**"). These are our first financial statements reported under IFRS. Accordingly, IFRS 1, First-time Adoption of IFRS ("**IFRS 1**"), has been applied. We have never presented financial statements as at January 1, 2016 or at any period thereafter and therefore an opening balance sheet as at January 1, 2016 has been included. Since we did not previously prepare combined financial statements, and accordingly do not have any previous GAAP for purposes of the combined financial statements, we are not required to present reconciliations as per IFRS 1.

As a part of adoption of IFRS 1, we applied IFRS 9, Financial instruments ("**IFRS 9**"), IFRS 15, Revenue from clients ("**IFRS 15**") and IFRS 16, Leases ("**IFRS 16**") in accordance with the transitional provisions of IFRS 1.

IFRS 1 allows first-time adopters certain optional exemptions and mandatory exceptions from the general requirements contained in IFRS. We elected to apply the following optional exemptions and required exception in our opening IFRS combined balance sheet as at January 1, 2016, our transition date:

Business combinations exemption:

IFRS 1 allowed us to adopt IFRS 3, Business Combinations, on a prospective basis rather than retrospectively restating all prior business combinations. We elected not to retrospectively apply IFRS 3 to business combinations that occurred prior to January 1, 2016 and such business combinations have not been restated.

We valued goodwill as a first-time adopter under IFRS 1.C4(j). We determined the net book value of all assets and liabilities on the IFRS-adjusted January 1, 2016 opening balance sheet of the cash-generating unit (CGU), now called Accuristix, fairly represents the underlying assets and liabilities fair market value. We calculated the deemed cost of goodwill as the difference, at the date of transition to IFRS, between our interest in those adjusted carrying amounts and the cost of our investment in the subsidiary.

Significant New Accounting Standards Not Yet Adopted

Certain new accounting standards and interpretations have been published that are not mandatory for December 31, 2018 reporting periods and that we did not adopt early. Our assessment of the impact of these new standards and interpretations is set out below:

(a) Amendments to IFRS 3, Business Combinations – Change in definition of business

In October 2018, the IASB issued amendments to IFRS 3 Business Combinations that seek to clarify whether a transaction results in an asset or a business acquisition.

The amendments include an election to use a concentration test. This is a simplified assessment that results in an asset acquisition if substantially all of the fair value of the gross assets is concentrated in a single identifiable asset or a group of similar identifiable assets. If a preparer chooses not to apply the concentration test, or the test is failed, then the assessment focuses on the existence of a substantive process.

The amendment applies to businesses acquired in annual reporting periods beginning on or after January 1, 2020. Earlier application is permitted. The application of this amendment is not expected to have a material impact on our combined financial statements.

(b) Amendments to IFRS 9, Financial Instruments - Prepayment Features with Negative Compensation

In October 2017, the IASB issued amendments to IFRS 9 Financial Instruments clarifying how certain financial instruments with prepayment features are classified according to IFRS 9.

The amendment is effective for annual periods beginning on or after January 1, 2019 with early adoption permitted. Retrospective application is required, subject to relevant transitional reliefs. The application of this amendment is not expected to have a material impact on our combined financial statements.

(c) Uncertainty over Income Tax Treatments (IFRIC Interpretation 23)

In June 2017, the IASB issued IFRIC Interpretation 23 Uncertainty over Income Tax Treatments which requires:

- determining if it is probable that the tax authorities will accept the uncertain tax treatment;
- measuring the tax uncertainty based on the most likely amount or expected value if it is not probable that the uncertain tax treatment will be accepted;
- reassessing the judgements and estimates applied if facts and circumstances change; and
- considering whether uncertain tax treatments should be considered separately, or together as a group, based on which approach provides better predictions of the resolution.

The Interpretation may be adopted on a fully retrospective basis, if this is possible without the use of hindsight, or on a modified retrospective basis, with an adjustment to equity on initial application. The application of this interpretation is not expected to have a material impact on our combined financial statements.

(d) Amendments to IAS 1 and IAS 8 - Definition of 'Material'

In October 2018, the IASB refined its definition of material to make it easier to understand. In the amendment, IASB promoted the concept of 'obscuring' to the definition, alongside the existing references to 'omitting' and 'misstating'. Additionally, the IASB increased the threshold of 'could influence' to 'could reasonably be expected to influence'. The amendments are effective from January 1, 2020 but may be applied earlier. The application of this amendment is not expected to have a material impact on our combined financial statements.

(e) Annual Improvements to IFRS 2015 - 2017 Cycle

In December 2017, the IASB issued narrow-scope amendments to IFRS 3 Business Combinations and IFRS 11 Joint Arrangements, IAS 12 Income Taxes and IAS 23 Borrowing Costs. Each of the amendments has its own specific transition requirements. The application of these amendments is not expected to have a material impact on our combined financial statements.

Accounting Classifications, Fair Values and Risk Factors

Accounting classifications and fair values

Our financial instruments consist of cash and cash equivalents, accounts receivable, deposits, accounts payable and accrued liabilities, and lease liabilities. We believe that the carrying amount of each of these items is a reasonable approximation of fair value.

Financial risk factors

In addition to the other risks that we face, which are detailed in this prospectus under the heading "Risk Factors", we have exposure, through our financial assets and liabilities, to the following risks from our use of financial instruments: credit risk, liquidity risk, interest rate risk, and currency risk. Senior management monitors risk levels and reviews risk management activities as they determine to be necessary.

Credit risk

We are exposed to credit risk in the event of non-performance by counterparties in connection with our financial assets, namely cash and cash equivalents, accounts receivable and long-term deposits. We do not typically obtain collateral or other security to support the accounts receivable subject to credit risk but mitigate this risk by performing credit check procedures for new clients and monitoring credit limits for existing clients. Thereby, we deal only with what management believes to be financially sound counterparties and, accordingly, do not anticipate significant loss for non-performance.

The maximum exposure to credit risk for cash and cash equivalents, accounts receivable and long-term deposits approximate the amount recorded on the combined balance sheets.

Liquidity risk

Liquidity risk is the risk that we will encounter difficulty in meeting the obligations associated with our financial liabilities that are settled by delivering cash or another financial asset. Our approach to managing liquidity is to ensure, as far as possible, that we will have sufficient liquidity to meet our liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to our reputation.

Our exposure to liquidity risk is dependent on the collection of accounts receivable, or raising of funds to meet commitments and sustain operations. We control liquidity risk by management of working capital, cash flows and the availability of borrowing facilities.

We expect to enter into Credit Facilities with affiliates of RBC and CIBC at Closing, comprised of a Revolving Facility in the aggregate principal amount of up to $75 million and a Term Facility in the aggregate principal amount of up to $25 million. The Revolving Facility will be available to be drawn in Canadian dollars by way of prime rate loans, bankers' acceptances and letters of credit, and in U.S. dollars by way of base rate loans, LIBOR based loans and letters of credit, in each case, plus the applicable margin in effect from time to time. The Term Facility will be available to be drawn in a single Canadian dollar advance on Closing by way of prime rate loans and bankers' acceptances. In order to support future potential growth through acquisitions, these Credit Facilities are also expected to include an accordion feature to allow us to increase the commitment under one or both of the Credit Facilities in an aggregate principal amount of up to $100 million, such that any amounts drawn under the accordion feature would be in addition to the amounts available at Closing, provided certain conditions are met and subject to the agreement of participating lenders. As of the date of this prospectus, this accordion feature remains uncommitted. See "Description of Material Indebtedness".

Certain of our subsidiaries are party to Existing Credit Facilities with the Royal Bank of Canada. Under the terms of an existing joint credit facility agreement, one of our subsidiaries has available a revolving demand facility in the aggregate principal amount of up to $6 million, and a revolving term facility in the aggregate principal amount of up to $6 million. A separate revolving demand facility in the aggregate principal amount of up to $1 million is also available to another of our subsidiaries. In addition, pursuant to the terms of a second credit facility agreement with Royal Bank of Canada, another of our subsidiaries has available a non-revolving demand facility in the aggregate principal amount of $0.2 million. As of December 31, 2018, $nil (2017 - $nil; 2016 - $nil) has been drawn on the Existing Credit Facilities and outstanding letters of guarantee totaling $0.07 million were issued (2017 - $0.07 million; 2016 - $0.07 million). On Closing, any indebtedness outstanding under the Existing Credit Facilities will be repaid, the outstanding letters of guarantee will continue to be outstanding under the Credit Facilities, and the balance, if any, of the Existing Credit Facilities will be terminated.

Our accounts payable and accrued liabilities are due and payable in the short-term.

Interest rate risk

We have a revolving demand credit facility that bears interest at a floating rate subject to fluctuations in the bank prime rate. Changes in the bank prime lending rate can cause fluctuations in interest payments and cash flows. We do not use derivative financial instruments to mitigate the effect of this risk. The facilities under our joint credit facility agreement bear interest at prime plus 0.5% per annum. On Closing, we will replace our joint credit facility with the Credit Facilities described above.

For the nine months ended September 30, 2019 and for the year ended December 31, 2018, since no amount was drawn on the Existing Credit Facilities, fluctuations in the interest rate during the year did not have an impact on net income.

We enter into foreign currency purchase and sale transactions and have assets and liabilities that are denominated in foreign currencies and thus are exposed to the financial risk of earnings fluctuations arising from changes in foreign exchange rates and the degree of volatility of these rates. We not currently use derivative instruments to reduce our exposure to foreign currency risk.

THE ACQUISITION

Overview

In connection with the closing of the Offering, we will acquire a 100%, direct or indirect, ownership interest in the AHG Entities, a group of 14 entities that are currently owned, or will be owned following certain of the transactions detailed below, by AMG (the "**Acquisition**"). Collectively, the AHG Entities operate the healthcare supply chain management business described in this prospectus under the heading "Business of AHG".

Principal Transaction Steps

The following is a summary of the principal transactions that have taken place or will take place prior to or in connection with the closing of the Offering:

Prior to Filing of the final Prospectus:

(i) AMG incorporated AHG pursuant to the laws of the Province of Ontario;

(ii) AMG, its affiliates, and the AHG Entities completed a series of reorganization transactions, including the creation of a new Ontario corporation, 2721275 Ontario Limited ("**272**"), and the settlement of certain outstanding related party balances, following which AMG came to acquire, directly or indirectly, 100% ownership of the AHG Entities (together the "**Reorganization**"); and

(iii) We entered into a share purchase agreement with AMG (the "**Purchase Agreement**") pursuant to which AMG agreed to complete the Acquisition and sell to us all of the issued and outstanding shares of 2186940 Ontario Inc. ("**218**"), Credo Systems Canada Inc. ("**CSC**") and ALS (which, together with their subsidiaries, comprise all of the AHG Entities) in consideration for the issuance of 25,175,000 Multiple Voting Shares (valued at the same price per share as the Offering Price, 75,000 of which will be converted into Subordinate Voting Shares at Closing), a non-interest bearing promissory note in the aggregate principal amount of $186,125,000 ("**Acquisition Note 1**") and a non-interest bearing convertible promissory note in the principal amount of $13,875,000, which shall be convertible into 925,000 Subordinate Voting Shares (valued at the same price per share as the Offering Price) at the option of the holder ("**Acquisition Note 2**").

Immediately Prior to Closing:

(iv) ATS Andlauer will distribute a receivable owing by AMG to ATS Andlauer (the "**AMG Receivable**") and excess working capital to 272 and ATS Andlauer GP as a partnership distribution;

(v) 272 will undertake a return of capital in respect of the Class A common shares of 218 to be satisfied by the transfer of cash and the AMG Receivable;

(vi) 218 will pay dividends on its Class A common shares (all of which will be held by AMG) to be satisfied by the issuance of a promissory note in the principal amount of $59,670,000 equal to the AMG Receivable, $10,100,359 in cash and the issuance of a non-interest bearing convertible promissory note in the principal amount of $76,397,710, which shall be convertible into Class A common shares of 218 at the option of the holder (the "**218 Convertible Note**");

(vii) The receivable and payable between AMG and 218 will be settled by offset;

(viii) AMG will convert the 218 Convertible Note into Class A common shares of 218;

(ix) ALS will pay a dividend on its common shares (all of which will be held by AMG) to be satisfied by the distribution of $2,864,000 in cash and the issuance of a non-interest bearing convertible promissory note in the principal amount of $44,679,766, which shall be convertible into common shares of ALS at the option of the holder (the "**ALS Convertible Note**");

(x) AMG will convert the ALS Convertible Note into common shares of ALS;

(xi) CSC will pay a dividend on its Class A common shares (all of which will be held by AMG) to be satisfied by the issuance of a non-interest bearing convertible promissory note in the principal amount of $512,385, which shall be convertible into Class A common shares of CSC at the option of the holder (the "**CSC Convertible Note**");

(xii) AMG will convert the CSC Convertible Note into Class A common shares of CSC; and

(xiii) The Company will settle an employee trust (the "**Employee Trust**"), the beneficiaries of which will be current executive officers and employees of the Company and the AHG Entities. The trustees of the Employee Trust (the "**Trustees**") will be appointed by the Company and will consist of Mr. Andlauer and two other individuals. Decisions of the Trustees, including voting rights in respect of any securities held in trust and the timing and amount of any distributions to selected beneficiaries, will be made at the sole and absolute discretion of the Trustees, to be determined based on majority vote. Unless otherwise determined by the Trustees, in their sole and absolute discretion, any securities allocated to an employee that remain in trust at the time the employment relationship between the Company and/or the applicable AHG Entity and such employee is terminated, regardless of the reason for termination, will be reallocated at the discretion of the Trustees in consultation with the Company.

Upon Closing:

(xiv) We will complete the Acquisition;

(xv) We will complete the Offering;

(xvi) We will enter into the Credit Facilities;

(xvii) We will use the aggregate net proceeds from the Offering, together with the aggregate net proceeds received from the exercise of the Over-Allotment Option, to the extent it is exercised on Closing, and will draw $50,000,000 from the Term Facility and/or Revolving Facility (or $28,850,000 in the event the Over-Allotment Option is exercised in full on Closing) to (A) repay $186,125,000 principal amount of Acquisition Note 1 and (B) make a non-interest-bearing loan to the Employee Trust in the principal amount of $13,875,000 (the "**Employee Trust Loan**");

(xviii) AMG will convert Acquisition Note 2 into Subordinate Voting Shares;

(xix) The Employee Trust will borrow $13,875,000 from AHG and use the proceeds to acquire 925,000 Subordinate Voting Shares from AMG in consideration for $13,875,000. As Subordinate Voting Shares are allocated and/or distributed to beneficiaries of the Employee Trust, in such amounts and at such times as will be determined by the Trustees in their sole and absolute discretion, contributions will be made by the respective employer of any such beneficiary to the Employee Trust equal to the Offering Price per Subordinate Voting Share allocated and/or distributed to such beneficiary, and used by the Employee Trust to repay the Employee Trust Loan. While these contributions will result in a future expense (expected to be equal to $13,875,000 in the aggregate) for the employer of any such beneficiary (being either AHG or an AHG Entity), the obligation to make these contributions is effectively offset by the Employee Trust Loan, which will exist as a receivable on our balance sheet on Closing; and

(xx) AMG will convert 75,000 Multiple Voting Shares into 75,000 Subordinate Voting Shares, which AMG intends to transfer (after 180 days following Closing) to select independent owner-operators engaged by the Company.

Upon Closing of the Over-Allotment Option

(xxi) If the Over-Allotment Option is exercised after Closing, we will use the aggregate net proceeds received, after deducting the Underwriters' Fee, to reduce our outstanding indebtedness under the Revolving Facility.

As a result of the steps outlined above, and assuming no exercise of the Over-Allotment Option, AMG will receive, directly or indirectly, $212,964,359 in cash (through a combination of dividends, repayment of Acquisition Note 1 and from proceeds from the transfer of the Subordinate Voting Shares to the Employee Trust), 25,100,000 Multiple Voting Shares, representing 69.5% of the outstanding Shares (66.8% if the Over-Allotment Option is exercised in full), and 75,000 Subordinate Voting Shares, which AMG intends to transfer (after 180 days following Closing) to select independent owner-operators engaged by the Company. The foregoing steps are expected to result in us incurring approximately $9,378,641 of incremental tax liabilities. An amount of cash equal to the amount required to pay these expected liabilities will be retained in the Company to pay such liabilities.

Immediately following the completion of the Offering and the Acquisition, we will own all of the issued and outstanding securities of the AHG Entities. For an illustration of our corporate structure upon completion of the Offering and the above transactions, see "Post-Closing Structure".

Purchase Agreement

The following is a summary of certain provisions of the Purchase Agreement, which is a material contract and is qualified in its entirety by reference to the provisions of that agreement. The Purchase Agreement will be filed with the Canadian securities regulatory authorities and made available on SEDAR at www.sedar.com.

The Purchase Agreement contains covenants and closing conditions customarily included in agreements for transactions of similar size and nature.

Without limiting the generality of the foregoing, Closing is subject to the following conditions precedent:

1. completion of the Reorganization;
2. all related party indebtedness (including any related party receivables) and related security having been repaid, terminated and discharged, other than ordinary course arrangements on market terms which are expected to continue post-closing (e.g., payables in respect of leases, etc.);
3. all conditions precedent to the closing of the Offering under the Underwriting Agreement having been satisfied (other than those conditions which by their nature may only be satisfied on Closing); and
4. all conditions precedent to the closing of the Credit Facilities having been satisfied (other than those conditions which by their nature may only be satisfied on Closing).

In addition, the Purchase Agreement contains appropriate covenants and conditions to ensure that sufficient cash will be retained in the Company to satisfy any tax liabilities that are expected to arise as a result of the transactions contemplated by the Purchase Agreement and Reorganization.

No terms or conditions of the Purchase Agreement may be amended or waived, as applicable, without the written consent of the Underwriters.

The Purchase Agreement contains representations and warranties typical of those contained in share purchase agreements negotiated between sophisticated purchasers and vendors acting at arm's length, including customary fundamental representations. Certain of the representations and warranties are qualified as to knowledge (after reasonable inquiry), materiality and disclosure. In addition to the customary representations and warranties that AMG provides in favour of us relating to AMG and the AHG Entities, AMG also provides a representation and warranty that this prospectus contains full, true and plain disclosure of all material facts relating to AMG and the AHG Entities and does not contain a misrepresentation (as defined in applicable Canadian securities legislation), subject to exceptions for portions of the prospectus containing extracts or summaries of expert reports. Such representations and warranties will survive for a period of 18 months following Closing; however, (i) fundamental representations and warranties (including, but not limited to, representations and warranties regarding formation and status, power and due authorization, title to securities and related party matters) will survive indefinitely, (ii) the representations and warranties regarding tax and environmental matters will survive until 90 days after the relevant reassessment or limitation periods have expired, and (iii) the representation and warranty regarding the prospectus will survive for three years from the Closing.

The Purchase Agreement contains indemnities and other protections in our favour that are usual and customary for arm's length transactions of similar size and complexity, including indemnifications by AMG in our favour for breaches of AMG's covenants, representations and warranties and certain tax matters. Other than in respect of indemnities for (i) breach of fundamental representations and warranties, (ii) breach of covenants, (iii) pre-closing tax amounts (including any taxes related to the Reorganization or the transactions contemplated by the Purchase Agreement) to the extent not accrued or otherwise provided for in the AHG Entities' combined financial statements, and (iv) fraud, each of which would not be subject to any basket, as well as indemnities for fraud, which would also not be subject to any cap, indemnities related to breaches of representations and warranties are subject to a cap equal to the Offering proceeds (with any amounts paid by AMG under its indemnity in the Underwriting Agreement operating to reduce the maximum liability of AMG under the Purchase Agreement on a dollar-for-dollar basis), provided that no claim under the indemnity may be made until the aggregate of all claims exceeds $750,000, at which point we may claim back to the first dollar.

Notwithstanding the foregoing, we will obtain a six-year prospectus liability insurance policy providing coverage to our directors and officers, AHG and AMG (in such order of priority), subject to certain limits, deductibles and other terms and conditions.

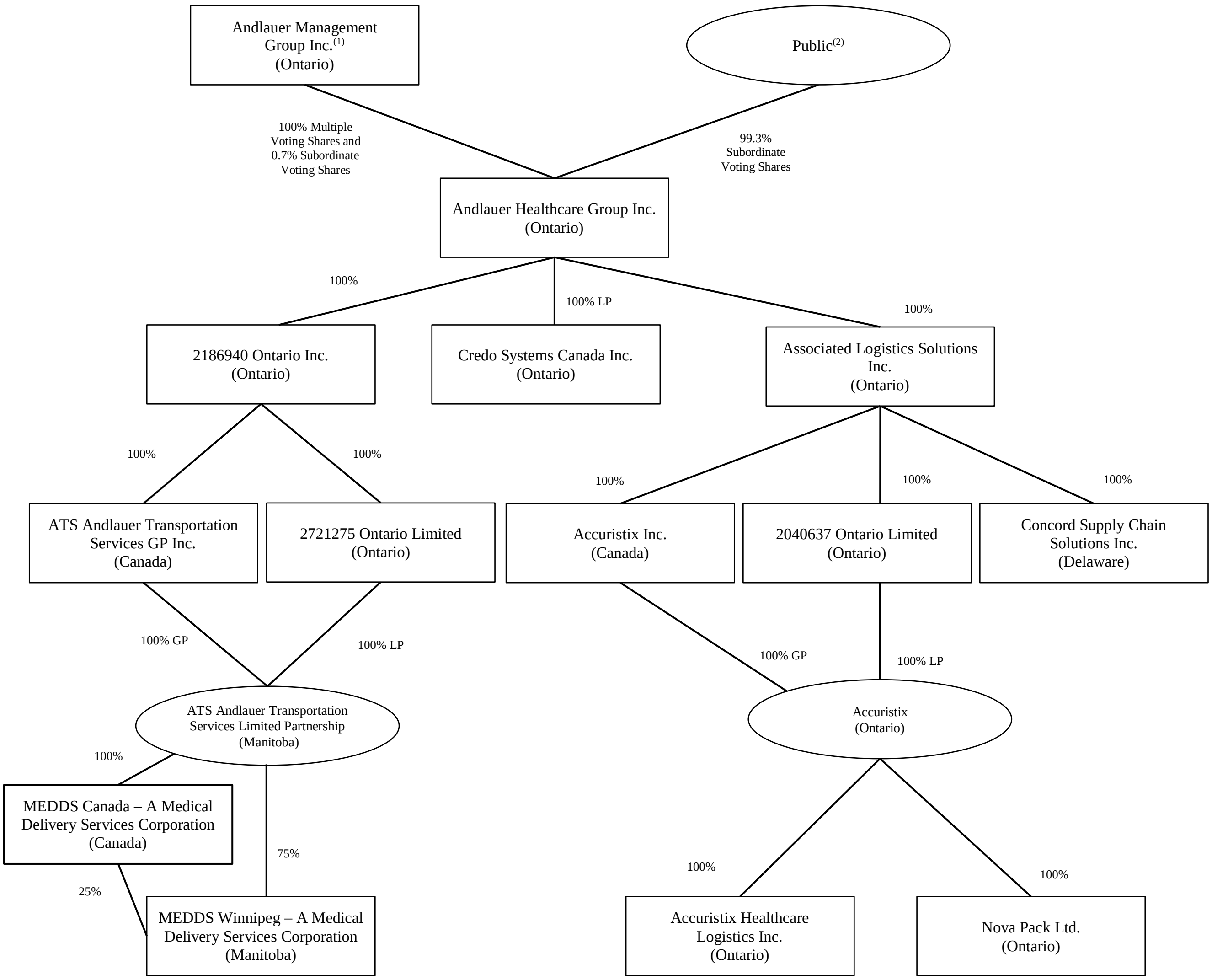
The representations and warranties, the indemnities and the contractual limits on the liability of AMG contained in the Purchase Agreement were negotiated by us, the Underwriters and AMG.

There can be no assurance of recovery by us from AMG for breach of the covenants, representations and warranties provided under the Purchase Agreement, as there can be no assurance that its assets will be sufficient to satisfy such obligations. Only we will be entitled to bring a claim or action against AMG for misrepresentation or breach of contract under the Purchase Agreement and purchasers of Subordinate Voting Shares under this prospectus will not have any contractual rights or remedies under the Purchase Agreement. Purchasers of Subordinate Voting Shares will, however, have certain statutory rights against us and AMG, as Promoter, under applicable securities laws. See "Promoter", "Risk Factors" and "Purchasers' Statutory Rights".

A purchaser of Subordinate Voting Shares should refer to the terms of the Purchase Agreement for a complete description of the representations, warranties and indemnities being provided in favour of us, and related limitations thereunder. For an illustration of our corporate structure upon completion of the Offering and the above transactions, see "Post-Closing Structure".

POST-CLOSING STRUCTURE

The following chart sets out our organizational structure immediately following Closing and the completion of the transactions described under the heading “The Acquisition” and identifies our material subsidiaries (including jurisdiction of formation, incorporation or continuance of the various entities).



Notes:

(1) It is anticipated that upon Closing, AMG will own and control all of the issued and outstanding Multiple Voting Shares and 75,000 Subordinate Voting Shares, representing approximately 69.7% of the issued and outstanding Shares (representing its non-diluted equity interest) and approximately 90.2% of the voting power attached to all of the Shares (approximately 67.0% and 89.0% respectively, if the Over-Allotment Option is exercised in full).

(2) It is anticipated that upon Closing, the public will hold all of the issued and outstanding Subordinate Voting Shares (including the 925,000 Subordinate Voting Shares held by the Employee Trust on Closing) other than the 75,000 Subordinate Voting Shares held by AMG, representing approximately 30.3% of the issued and outstanding Shares (representing a non-diluted equity interest) and approximately 9.8% of the voting power attached to all of the Shares (approximately 33.0% and 11.0% respectively, if the Over-Allotment Option is exercised in full).

USE OF PROCEEDS

The aggregate net proceeds of the Offering are estimated to be approximately $136,150,000 ($157,300,000, assuming the exercise of the Over-Allotment Option in full), after deducting $13,850,000 for the Underwriters' fee and the estimated expenses of the Offering ($15,200,000, assuming the exercise of the Over-Allotment Option in full). We intend to use the aggregate net proceeds of the Offering, as well as the net proceeds from the Credit Facilities, and a portion of the cash currently represented on the financial statements of the AHG Entities as at September 30, 2019, to make the Employee Trust Loan equal to $13,875,000, repay $186,125,000 of the principal amount of Acquisition Note 1 issued to AMG in connection with our acquisition of the AHG Entities and to pay the Underwriters' Fee and the estimated expenses of the Offering.

If the Over-Allotment Option is exercised after Closing, we intend to use the aggregate net proceeds received, after deducting the Underwriters' Fee, to reduce our outstanding indebtedness under the Revolving Facility by $21,150,000. See "The Acquisition" and "Description of Material Indebtedness".

DESCRIPTION OF SHARE CAPITAL

The following describes material terms of our share capital upon Closing. The following description may not be complete and is subject to, and qualified in its entirety by reference to, the terms and provisions of our articles ("**Articles**").

The Subordinate Voting Shares are "restricted securities" within the meaning of such term under applicable securities laws in Canada. We are exempt from the requirements of Section 12.3 of National Instrument 41-101 – *General Prospectus Requirements* on the basis that we were a private issuer (within the meaning of such term under applicable Canadian securities laws) immediately before filing this prospectus.

Authorized Share Capital upon Closing

Our authorized share capital will consist of (i) an unlimited number of Subordinate Voting Shares, (ii) an unlimited number of Multiple Voting Shares and (iii) an unlimited number of preferred shares, issuable in series.

Upon Closing, an aggregate of 11,000,000 Subordinate Voting Shares, 25,100,000 Multiple Voting Shares (12,500,000 Subordinate Voting Shares and 25,100,000 Multiple Voting Shares if the Over-Allotment Option is exercised in full) and no preferred shares will be issued and outstanding. All of the issued and outstanding Multiple Voting Shares will be held and controlled by AMG on Closing.

Subordinate Voting Shares and Multiple Voting Shares

Rank

The Subordinate Voting Shares and Multiple Voting Shares rank *pari passu* with respect to the payment of dividends, return of capital and distribution of assets in the event of our liquidation, dissolution or winding-up.

Dividend Rights

Holders of Subordinate Voting Shares and Multiple Voting Shares are entitled to receive dividends on a *pari passu* basis out of our assets legally available for the payment of dividends at such times and in such amount and form as our Board may from time to time determine, subject to any preferential rights of the holders of any outstanding preferred shares. In the event of the payment of a dividend in the form of Shares, holders of Subordinate Voting Shares will receive Subordinate Voting Shares and holders of Multiple Voting Shares will receive Subordinate Voting Shares.

Voting Rights

Holders of Multiple Voting Shares are entitled to four votes per Multiple Voting Share, and holders of Subordinate Voting Shares are entitled to one vote per Subordinate Voting Share on all matters upon which holders of Shares are entitled to vote. See also "– Certain Amendments". On Closing, the Subordinate Voting Shares will represent 30.5%

of our total issued and outstanding Shares and 9.9% of the voting power attached to all of our Shares (33.2% of our total issued and outstanding Shares and 11.1% of the voting power attached to all of our Shares if the Over-Allotment Option is exercised in full).

Conversion

The Subordinate Voting Shares are not convertible into any other class of shares. Each outstanding Multiple Voting Share may at any time, at the option of the holder, be converted into one Subordinate Voting Share. Upon the first date that any Multiple Voting Share is Transferred to a Person other than a Permitted Holder (as defined below), the Permitted Holder which held such Multiple Voting Share until such date, without any further action, shall automatically be deemed to have exercised his, her or its rights to convert such Multiple Voting Share into a fully paid and non-assessable Subordinate Voting Share.

In addition, all the Multiple Voting Shares will convert automatically into Subordinate Voting Shares at such time that is the earlier to occur of the following (i) the date on which the outstanding Multiple Voting Shares represent, at the close of business, less than 20% of the issued and outstanding Shares, and (ii) Michael Andlauer is no longer serving as a director or in a senior management position of the Company.

For the purposes of the foregoing:

"**Affiliate**" means, with respect to any specified Person, any other Person which directly or indirectly through one or more intermediaries controls, is controlled by, or is under common control with such specified Person.

"**Members of the Immediate Family**" means with respect to any individual, each parent (whether by birth or adoption), spouse, or child (including any step-child) or other descendants (whether by birth or adoption) of such individual, each spouse of any of the aforementioned Persons, each trust created solely for the benefit of such individual and/or one or more of the aforementioned Persons and each legal representative of such individual or of any aforementioned Persons (including without limitation a tutor, curator, mandatary due to incapacity, custodian, guardian or testamentary executor), acting in such capacity under the authority of the law, an order from a competent tribunal, a will or a mandate in case of incapacity or similar instrument. For the purposes of this definition, a Person shall be considered the spouse of an individual if such Person is legally married to such individual, lives in a civil union with such individual or is the common law partner (as defined in the Tax Act as amended from time to time) of such individual. A Person who was the spouse of an individual within the meaning of this paragraph immediately before the death of such individual shall continue to be considered a spouse of such individual after the death of such individual.

"**Permitted Holders**" means any one of (i) AMG, (ii) Michael Andlauer and any Members of the Immediate Family of Michael Andlauer (iii) any trust(s) whose beneficiaries include any one or more of the Persons referred to in clauses (i) and/or (ii) above, and (iv) any Person controlled, directly or indirectly by one or more of the Persons referred to in clause (ii) above.

"**Person**" means any individual, partnership, corporation, company, association, trust, joint venture or limited liability company.

"**Transfer**" of a Multiple Voting Share shall mean any sale, assignment, transfer, conveyance, hypothecation or other transfer or disposition of such share or any legal or beneficial interest in such share, whether or not for value and whether voluntary or involuntary or by operation of law. A "Transfer" shall include, without limitation, the transfer of or entering into a binding agreement with respect to, Voting Control over a Multiple Voting Share by proxy or otherwise, provided, however, that the following shall not be considered a "Transfer": (i) the grant of a proxy to the Corporation's officers or directors at the request of Board of Directors of the Corporation in connection with actions to be taken at an annual or special meeting of shareholders; or (ii) the pledge of a Multiple Voting Share that creates a mere security interest in such share pursuant to a bona fide loan or indebtedness transaction so long as the holder of the Multiple Voting Share continues to exercise Voting Control over such pledged shares; provided, however, that a foreclosure on such Multiple Voting Share or other similar action by the pledgee shall constitute a "Transfer".

"**Voting Control"** with respect to a Multiple Voting Share means the exclusive power (whether directly or indirectly) to vote or direct the voting of such Multiple Voting Share by proxy, voting agreement or otherwise.

A Person is "**controlled**" by another Person or other Persons if: (i) in the case of a company or other body corporate wherever or however incorporated: (A) securities entitled to vote in the election of directors carrying in the aggregate at least a majority of the votes for the election of directors and representing in the aggregate at least a majority of the participating (equity) securities are held, other than by way of security only, directly or indirectly, by or solely for the benefit of the other Person or Persons; and (B) the votes carried in the aggregate by such securities are entitled, if exercised, to elect a majority of the board of directors of such company or other body corporate; or (ii) in the case of a Person that is not a company or other body corporate, at least a majority of the participating (equity) and voting interests of such Person are held, directly or indirectly, by or solely for the benefit of the other Person or Persons; and "controls", "controlling" and "under common control with" shall be interpreted accordingly.

Meetings of Shareholders

Holders of Multiple Voting Shares and Subordinate Voting Shares will be entitled to receive notice of any meeting of our shareholders ("**Shareholders**") and may attend and vote at such meetings, except those meetings where only the holders of shares of another class or of a particular series are entitled to vote. A quorum for the transaction of business at a meeting of Shareholders is present if two or more Shareholders who, together, hold not less than 25% of the votes attaching to our outstanding voting shares entitled to vote at the meeting are present in person or represented by proxy.

Pre-Emptive and Redemption Rights

Holders of Subordinate Voting Shares will have no pre-emptive or redemption rights. Holders of Multiple Voting Shares will have no pre-emptive or redemption rights under our Articles, however AMG will be entitled to certain pre-emptive rights to subscribe for additional Shares provided for in the Investor Rights Agreement. See "Agreements with AMG – Investor Rights Agreement – Pre-Emptive Rights".

Liquidation Rights

Upon our liquidation, dissolution or winding-up, whether voluntary or involuntary, the holders of Subordinate Voting Shares and Multiple Voting Shares, without preference or distinction, will be entitled to receive rateably all of our assets remaining after payment of all debts and other liabilities, subject to any preferential rights of the holders of any outstanding preferred shares.

Subdivision, Consolidation and Issuance of Rights

No subdivision or consolidation of the Subordinate Voting Shares or Multiple Voting Shares may occur unless the shares of both classes are concurrently subdivided or consolidated and in the same manner and proportion. Other than as described in this prospectus, no new rights to acquire additional shares or other securities or property of ours will be issued to holders of Subordinate Voting Shares or Multiple Voting Shares unless the same rights are concurrently issued to the holders of shares of both classes.

Certain Amendments

In addition to any other voting right or power to which the holders of Subordinate Voting Shares shall be entitled by law or regulation or other provisions of our Articles from time to time in effect, but subject to the provisions of our Articles, holders of Subordinate Voting Shares shall be entitled to vote separately as a class, in addition to any other vote of Shareholders that may be required, in respect of any alteration, repeal or amendment of our Articles which would adversely affect the rights or special rights of the holders of Subordinate Voting Shares or affect the holders of Subordinate Voting Shares and Multiple Voting Shares differently, on a per share basis, including an amendment to the terms of our Articles that provide that any Multiple Voting Shares sold or transferred to a Person that is not a Permitted Holder shall be automatically converted into Subordinate Voting Shares.

Pursuant to our Articles, holders of Subordinate Voting Shares and Multiple Voting Shares will be treated equally and identically, on a per share basis, in certain change of control transactions that require approval of our Shareholders under the OBCA, unless different treatment of the shares of each such class is approved by a majority of the votes cast by the holders of our Subordinate Voting Shares and Multiple Voting Shares, each voting separately as a class.

Issuance of Additional Multiple Voting Shares

We may not issue Multiple Voting Shares without the approval of at least two-thirds of the votes cast at a meeting of the holders of Subordinate Voting Shares duly held for that purpose. However, approval is not required in connection with a subdivision or consolidation on a pro rata basis as between the Subordinate Voting Shares and the Multiple Voting Shares. In all cases, the issuance of additional Multiple Voting Shares will be subject to the approval of any stock exchange upon which the Subordinate Voting Shares trade. Any further issuances of Subordinate Voting Shares or Multiple Voting Shares will result in immediate dilution to existing Shareholders and may have an adverse effect on the value of their shareholdings. See "Risk Factors".

Take-Over Bid Protection

Under applicable securities laws in Canada, an offer to purchase Multiple Voting Shares would not necessarily require that an offer be made to purchase Subordinate Voting Shares. In accordance with the rules of the TSX designed to ensure that, in the event of a take-over bid, the holders of Subordinate Voting Shares will be entitled to participate on an equal footing with holders of Multiple Voting Shares, on completion of the Offering AMG will enter into a customary coattail agreement with us and a trustee (the "**Coattail Agreement**"). The Coattail Agreement will contain provisions customary for dual class, TSX-listed corporations designed to prevent transactions that otherwise would deprive the holders of Subordinate Voting Shares of rights under applicable securities laws in Canada to which they would have been entitled if the Multiple Voting Shares had been Subordinate Voting Shares.

The undertakings in the Coattail Agreement will not apply to prevent a sale by the holders of Multiple Voting Shares or their Permitted Holders of Multiple Voting Shares if concurrently an offer is made to purchase Subordinate Voting Shares that: (a) offers a price per Subordinate Voting Share at least as high as the highest price per share to be paid pursuant to the take-over bid for the Multiple Voting Shares; (b) provides that the percentage of outstanding Subordinate Voting Shares to be taken up (exclusive of shares owned immediately prior to the offer by the offeror or persons acting jointly or in concert with the offeror) is at least as high as the percentage of Multiple Voting Shares to be sold (exclusive of Multiple Voting Shares owned immediately prior to the offer by the offeror and persons acting jointly or in concert with the offeror); (c) has no condition attached other than the right not to take up and pay for Subordinate Voting Shares tendered if no shares are purchased pursuant to the offer for Multiple Voting Shares; and (d) is in all other material respects identical to the offer for Multiple Voting Shares.

In addition, the Coattail Agreement will not prevent the transfer of Multiple Voting Shares by AMG to Permitted Holders, provided such transfer is not or would not have been subject to the requirements to make a take-over bid (if the vendor or transferee were in Canada) or constitutes or would be exempt from certain requirements applicable to take-over bids under applicable securities laws in Canada. The conversion of Multiple Voting Shares into Subordinate Voting Shares, whether or not such Subordinate Voting Shares are subsequently sold, would not constitute a disposition of Multiple Voting Shares for the purposes of the Coattail Agreement.

Under the Coattail Agreement, any sale of Multiple Voting Shares (including a transfer to a pledgee as security) by a holder of Multiple Voting Shares party to the Coattail Agreement will be conditional upon the transferee or pledgee becoming a party to the Coattail Agreement, to the extent such transferred Multiple Voting Shares are not automatically converted into Subordinate Voting Shares in accordance with our Articles.

The Coattail Agreement will contain provisions for authorizing action by the trustee to enforce the rights under the Coattail Agreement on behalf of the holders of the Subordinate Voting Shares. The obligation of the trustee to take such action will be conditional on us or holders of the Subordinate Voting Shares providing such funds and indemnity as the trustee may reasonably require. No holder of Subordinate Voting Shares will have the right, other than through the trustee, to institute any action or proceeding or to exercise any other remedy to enforce any rights arising under the Coattail Agreement unless the trustee fails to act on a request authorized by holders of not less than 10% of the outstanding Subordinate Voting Shares and reasonable funds and indemnity have been provided to the trustee.

Other than in respect of non-material amendments and waivers that do not adversely affect the interests of holders of Subordinate Voting Shares, the Coattail Agreement will provide that, among other things, it may not be amended, and no provision thereof may be waived, unless, prior to giving effect to such amendment or waiver, the following have been obtained: (a) the consent of the TSX and any other applicable securities regulatory authority in Canada; and (b) the approval of at least two-thirds of the votes cast by holders of Subordinate Voting Shares represented at a meeting duly called for the purpose of considering such amendment or waiver, excluding votes attached to Subordinate Voting Shares held by the holders of Multiple Voting Shares or their affiliates and related parties and any persons who have an agreement to purchase Multiple Voting Shares on terms which would constitute a sale or disposition for purposes of the Coattail Agreement, other than as permitted thereby.

No provision of the Coattail Agreement will limit the rights of any holders of Subordinate Voting Shares under applicable law.

Preferred Shares

The preferred shares may at any time and from time to time be issued in one or more series. Subject to the provisions of the OBCA and our Articles, our Board may, by resolution, from time to time before the issue thereof determine the maximum number of preferred shares of each series, create an identifying name for each series, attach special rights or restrictions to the preferred shares of each series including, without limitation, any right to receive dividends (which may be cumulative or non-cumulative and variable or fixed) or the means of determining such dividends, the dates of payment thereof, any terms or conditions of redemption or purchase, any conversion rights, any retraction rights, any rights on our liquidation, dissolution or winding-up and any sinking fund or other provisions, the whole to be subject to filing articles of amendment to create the series and to include the special rights or restrictions attached to the preferred shares of the series. Except as provided in any special rights or restrictions attaching to any series of preferred shares issued from time to time, the holders of preferred shares will not be entitled to receive notice of, attend or vote at any meeting of Shareholders.

Preferred shares of each series, if and when issued, will, with respect to the payment of dividends, rank *pari passu* with the preferred shares of every other series and be entitled to preference over the Subordinate Voting Shares and the Multiple Voting Shares and any other of our shares ranking junior to the preferred shares with respect to payment of dividends.

In the event of our liquidation, dissolution or winding-up, whether voluntary or involuntary, the holders of preferred shares will be entitled to preference with respect to distribution of our property or assets over the Subordinate Voting Shares and the Multiple Voting Shares and any other of our shares ranking junior to the preferred shares with respect to the repayment of capital paid up on and the payment of unpaid dividends accrued on the preferred shares. We currently anticipate that there will be no pre-emptive, subscription, redemption or conversion rights attaching to any series of preferred shares issued from time to time.

The Company will file an undertaking with the OSC pursuant to which we will agree to provide reasonable prior notice to the OSC in the event we intend to issue a series of preferred shares that: (a) carry a greater number of votes on a per share basis, irrespective of the number or percentage of preferred shares owned, than the Subordinate Voting Shares; or (b) would cause any of the factors set out in section 4.1 of OSC Rule 56-501 *Restricted Shares* to be present in relation to the Subordinate Voting Shares, regardless of any existing restrictions on the Subordinate Voting Shares due to the existence of the Multiple Voting Shares.

Advance Notice Provisions

We have included certain advance notice provisions with respect to the election of our directors in our by-laws (the "**Advance Notice Provisions**"). The Advance Notice Provisions are intended to: (i) facilitate orderly and efficient annual general meetings or, where the need arises, special meetings of our Shareholders; (ii) ensure that all Shareholders receive adequate notice of Board nominations and sufficient information with respect to all nominees; and (iii) allow Shareholders to register an informed vote. Only persons who are nominated by Shareholders in accordance with the Advance Notice Provisions will be eligible for election as directors at any annual meeting of Shareholders, or at any special meeting of Shareholders if one of the purposes for which the special meeting was called was the election of directors.

Under the Advance Notice Provisions, a Shareholder wishing to nominate a director would be required to provide us notice, in the prescribed form, within the prescribed time periods. These time periods include, (i) in the case of an annual meeting of Shareholders (including annual and special meetings), not less than 30 days prior to the date of the annual meeting of Shareholders; provided, that if the first public announcement of the date of the annual meeting of Shareholders (the "**Notice Date**") is less than 50 days before the meeting date, not later than the close of business on the 10th day following the Notice Date; and (ii) in the case of a special meeting (which is not also an annual meeting) of Shareholders called for any purpose which includes electing directors, not later than the close of business on the 15th day following the Notice Date, provided that, in either instance, if notice-and-access (as defined in National Instrument 54-101 – *Communication with Beneficial Owners of Securities of a Reporting Issuer*) is used for delivery of proxy related materials in respect of a meeting described above, and the Notice Date in respect of the meeting is not less than 50 days prior to the date of the applicable meeting, the notice must be received not later than the close of business on the 40th day before the applicable meeting.

Forum Selection

We have included a forum selection provision in our by-laws that provides that, unless we consent in writing to the selection of an alternative forum, the Superior Court of Justice of the Province of Ontario and the appellate courts therefrom, will be the sole and exclusive forum for (i) any derivative action or proceeding brought on our behalf; (ii) any action or proceeding asserting a claim of breach of a fiduciary duty owed by any of our directors, officers, or other employees to us; (iii) any action or proceeding asserting a claim arising pursuant to any provision of the OBCA or our Articles; or (iv) any action or proceeding asserting a claim otherwise related to the relationships among us, our affiliates and their respective shareholders, directors and/or officers, but excluding claims related to our business or such affiliates. The forum selection provision also provides that our securityholders are deemed to have consented to personal jurisdiction in the Province of Ontario and to service of process on their counsel in any foreign action initiated in violation of the foregoing provisions.

DIVIDEND POLICY

Subject to financial results, capital requirements, available cash flow, corporate law requirements and any other factors that our Board may consider relevant, it is the intention of our Board following Closing to declare a quarterly dividend on the Subordinate Voting Shares and Multiple Voting Shares on an ongoing basis. We anticipate paying quarterly cash dividends per Subordinate Voting Share and Multiple Voting Share equal to approximately $0.05 per share, representing an initial annual yield of approximately 1.33%. The first dividend that would be payable would be the dividend for the period beginning on the Closing Date and ending on March 31, 2020 to shareholders of record on March 31, 2020. We expect the first dividend would be equal to an aggregate amount of approximately $2,197,407 (or $0.06087 per Share). Dividends will be declared and paid in arrears. The amount and timing of the payment of any dividends are not guaranteed and are subject to the discretion of our Board. See “Risk Factors”.

PRINCIPAL SHAREHOLDERS

Upon Closing, AMG will own and control all of the issued and outstanding Multiple Voting Shares and 75,000 Subordinate Voting Shares, which AMG intends to transfer (after 180 days following Closing) to select independent owner-operators engaged by the Company. This represents approximately 69.7% of the issued and outstanding Shares and approximately 90.2% of the voting power attached to all of the Shares, on a non-diluted basis (approximately 67.0% and 89.0%, respectively, if the Over-Allotment Option is exercised in full). AMG will also be party to the Investor Rights Agreement, that among other things, gives it the right to nominate directors to our Board. As a result, AMG will have a significant influence over us and our affairs. See “Risk Factors”. The sole shareholder of AMG is Michael Andlauer. Accordingly, ultimate indirect control and direction over the Multiple Voting Shares and the 75,000 Subordinate Voting Shares is held by Mr. Andlauer.

The following table sets out certain information with respect to Shareholders who, immediately following the Closing, will, to our knowledge, beneficially own, control or direct, directly or indirectly, voting securities carrying 10% or more of the voting rights attached to any class of our voting securities.

Name of Shareholder[(1)(2)]	Type of Ownership	Immediately Following the Transactions Contemplated under "The Acquisition" and Closing of the Offering Number of Multiple Voting Shares Owned or Controlled	Number of Subordinate Voting Shares Owned or Controlled[(3)]	Percentage of Outstanding Shares[(4)]	Percentage of Voting Rights[(5)]
AMG[(6)]	Legal and beneficial	25,100,000	75,000	69.7%	90.2%

Notes:

(1) To the knowledge of the Company, none of these Shares are or will be, following the Closing, subject to any voting trust or similar agreement.

(2) The information set forth in the table assumes that the Over-Allotment Option is not exercised, in whole or in part, and that the shareholders listed above do not acquire any Shares pursuant to the Offering.

(3) AMG will own and control these Subordinate Voting Shares at Closing, with the intention to transfer such Subordinate Voting Shares (after 180 days following Closing) to select independent owner-operators engaged by the Company. In addition, Michael Andlauer, the sole shareholder of AMG, will serve as a trustee of the Employee Trust, and as a result may share control of 925,000 Subordinate Voting Shares held by the Employee Trust. See "The Acquisition".

(4) This figure represents ownership on a non-diluted basis. On a fully-diluted basis (assuming the exercise of all options outstanding immediately following Closing), AMG will own 66.9% of the issued and outstanding Shares. If the Over-Allotment Option is exercised in full, AMG will, immediately following Closing, own 64.3% of the issued and outstanding Shares on a fully-diluted basis (assuming the exercise of all options outstanding immediately following Closing).

(5) This figure represents voting rights on a non-diluted basis. On a fully-diluted basis (assuming the exercise of all options outstanding immediately following Closing), AMG will hold 89.0% of voting power attached to all of the Shares. If the Over-Allotment Option is exercised in full, AMG will, immediately following Closing, hold 87.8% of the voting power attached to all of the Shares on a fully-diluted basis (assuming the exercise of all options outstanding immediately following Closing).

(6) AMG is wholly-owned by Michael Andlauer.

Other than AMG, no person or company will own, directly or indirectly, any Multiple Voting Shares upon Closing. All of the Multiple Voting Shares held upon Closing by AMG will be subject to certain contractual lock-up agreements with the Underwriters. See "Plan of Distribution – Lock-up Arrangements".

AGREEMENTS WITH AMG

Investor Rights Agreement

Upon Closing, we will enter into an investor rights agreement (the "**Investor Rights Agreement**") with AMG and Michael Andlauer with respect to certain Shareholder rights. The following is a summary of the material attributes and characteristics of the Investor Rights Agreement. This summary is qualified in its entirety by reference to the provisions of that agreement, which contains a complete statement of those attributes and characteristics. The Investor Rights Agreement will be filed with the Canadian securities regulatory authorities and made available on SEDAR at www.sedar.com.

Nomination Rights

The Investor Rights Agreement will provide that AMG shall be entitled to nominate directors commensurate with its ownership interests in the Company, as follows (in each case with the number of nominees rounded up to the nearest whole number):

- AMG can nominate 50% of the directors so long as it holds more than 50% of the issued and outstanding Shares on a non-diluted basis;

- AMG can nominate 40% of the directors so long as it holds more than 40% of the issued and outstanding Shares on a non-diluted basis;

- AMG can nominate 30% of the directors so long as it holds more than 30% of the issued and outstanding Shares on a non-diluted basis;

- AMG can nominate 20% of the directors so long as it holds more than 20% of the issued and outstanding Shares on a non-diluted basis; and

- AMG can nominate one director so long as it holds more than 10% of the issued and outstanding Shares on a non-diluted basis.

The nominees expected to be included under the Investor Rights Agreement at the time of Closing are Michael Andlauer, Peter Jelley, Cameron Joyce and Joseph Schlett.

Registration Rights

The Investor Rights Agreement will provide that for so long as AMG holds 10% of the Shares on a non-diluted basis, AMG will have the right (the "**Demand Registration Right**"), among others, to require the Company to use reasonable commercial efforts to file on one or more prospectuses with applicable Canadian securities regulatory authorities, all or a portion of the Subordinate Voting Shares held by AMG, including those issuable upon the conversion in accordance with the Articles of any Multiple Voting Shares beneficially owned by AMG (together, the "**Registrable Securities**") for distribution to the public (a "**Demand Distribution**"), provided that the Company will not be obliged to effect (i) more than two Demand Distributions in any calendar year or (ii) any Demand Distribution where the value of the Registrable Securities offered under such demand registration is less than $20 million. The Company may also distribute Registrable Securities in connection with a Demand Distribution provided that if the Demand Distribution involves an underwriting and the lead underwriter determines that the total number of Registrable Securities to be included in such Demand Distribution should be limited for certain prescribed reasons, the Registrable Securities to be included in the Demand Distribution will first be allocated to AMG.

The Investor Rights Agreement will also provide that for so long as AMG holds 10% of the Shares on a non-diluted basis, AMG will have the right (the "**Piggy-Back Registration Right**") to require the Company to include its Registrable Securities in any future public offerings undertaken by the Company by way of prospectus that it may file with applicable Canadian securities regulatory authorities (a "**Piggy-Back Distribution**"). The Company will be required to use reasonable commercial efforts to cause to be included in the Piggy-Back Distribution all of the Registrable Securities that AMG requests to be sold, provided that if the Piggy-Back Distribution involves an underwriting and the lead underwriter determines that the total number of Registrable Securities to be included in such Piggy-Back Distribution should be limited for certain prescribed reasons, the Registrable Securities to be included in the Piggy-Back Distribution will first be allocated to the Company.

As a result of the Lock-Up Agreements described under "Plan of Distribution – Lock-up Arrangements", each of the Demand Registration Right and Piggy-Back Registration Right will not be exercisable by AMG during a period of at least 180 days after the date of Closing. The Demand Registration Right and Piggy-Back Registration Right will also be subject to various conditions and limitations, and the Company will be entitled to defer any Demand Distribution in certain circumstances for a period not exceeding 90 days. The expenses in respect of a Demand Distribution, subject to certain exceptions, will be borne by the Company and AMG on a proportionate basis according to the number of Registrable Securities distributed by each. The expenses in respect of a Piggy-Back Distribution, subject to certain exceptions, will be borne by the Company, except that any underwriting fee on the sale of Registrable Securities by AMG and the fees of their external legal counsel will be borne by AMG.

Pursuant to the Investor Rights Agreement, the Company will indemnify AMG for any misrepresentation in a prospectus under which AMG's Registrable Securities are distributed (other than in respect of any prospectus disclosure provided by AMG, in respect of AMG). AMG will indemnify the Company for any prospectus disclosure provided by the AMG in respect of AMG.

Pre-Emptive Rights

In the event that the Company or any of its subsidiaries decides to issue Shares or any type of securities convertible into or exchangeable or redeemable for Shares or an option or other right to acquire such securities (in each case, "**Offered Securities**"), AMG, for so long as it continues to own at least 10% of the issued and outstanding Shares on a non-diluted basis, shall have pre-emptive rights to purchase that number of Offered Securities so as to maintain its pro rata economic interest. Notice of exercise of such rights is to be provided in advance of the commencement of any offering of securities of the Company or such other securities as are being contemplated for issuance and otherwise in accordance with the terms and conditions to set out in the Investor Rights Agreement.

Pursuant to the Investor Rights Agreement, the pre-emptive rights will not apply to issuances in the following circumstances:

- to participants in any dividend reinvestment plan or similar plan;
- in respect of the exercise of options, warrants, rights or other securities issued under equity based compensation arrangements of the Company, which for clarity shall include any employee share purchase plan adopted by the Company;
- upon the conversion of Multiple Voting Shares into Subordinate Voting Shares;
- exercise by a holder of a conversion, exchange or other similar right pursuant to the terms of a security in respect of which AMG did not exercise, failed to exercise, or waived its pre-emptive right or in respect of which the pre-emptive right did not apply;
- pursuant to a shareholders' rights plan of the Company;
- to the Company or any subsidiary of the Company;
- pursuant to a share split, stock dividend or any similar recapitalization;
- pursuant to a bona fide arm's length acquisition by the Company of the shares, assets, properties or business of any person; and
- pursuant to the exercise of the Over-Allotment Option, if any.

DESCRIPTION OF MATERIAL INDEBTEDNESS

The Company has received a term sheet from affiliates of RBC and CIBC (the "**Lenders**") pursuant to which the Lenders will provide the Company at Closing, with (i) a revolving credit facility in the aggregate principal amount of up to $75 million (the "**Revolving Facility**"); and (ii) a term credit facility in the aggregate principal amount of up to $25 million (the "**Term Facility**" and together with the Revolving Facility, the "**Credit Facilities**").

The Revolving Facility will be available to be drawn in Canadian dollars by way of prime rate loans, bankers' acceptances and letters of credit, and in U.S. dollars by way of base rate loans, LIBOR based loans and letters of credit, in each case, plus the applicable margin in effect from time to time.

The Term Facility will be available to be drawn in a single Canadian dollar advance on Closing by way of prime rate loans and bankers' acceptances.

The Company intends to use the proceeds of the Credit Facilities (together with the aggregate net proceeds of the Offering, as well as a portion of the cash currently represented on the financial statements of the AHG Entities as at September 30, 2019), (i) to repay $186,125,000 principal amount of Acquisition Note 1 issued to AMG on Closing, (ii) to make the Employee Trust Loan of $13,875,000, (iii) to pay transaction fees and expenses, and (iv) for general corporate purposes. If the Over-Allotment Option is exercised following Closing, we intend to use the aggregate net proceeds received, after deducting the Underwriters' Fee, to reduce our outstanding indebtedness under the Revolving Facility.

The obligations of the Company under the Credit Facilities will be guaranteed by each of our material subsidiaries (collectively, the "**Guarantors**") and will be secured by: (i) a first priority lien over all of the personal property of the Company and the Guarantors, subject to certain exclusions and permitted liens, (ii) charges over certain material leased real property interests, and (iii) a first ranking pledge of 100% of the securities of any Guarantors owned by the Company or a Guarantor.

The Credit Facilities will mature and be due and payable on the date that is four years after the Closing Date (the "**Maturity Date**"). The Company will be granted an option to annually extend the Maturity Date, for one or both Credit Facilities, for an additional 365-day period, at the discretion of the Lenders, upon the Company providing written notice to the Lenders requesting such an extension. Additionally, the Company will be able to increase the commitment under one or both of the Credit Facilities, on or after the Closing Date, and prior to the Maturity Date, in an aggregate principal amount of up to $100 million, such that any amounts drawn under the accordion feature would be in addition to the amounts available at Closing, subject to the agreement of participating lenders and provided that the Company is not, or would not, be in default under the Credit Facilities or in non-compliance with any financial covenants and an event of default does not or would not exist, after giving effect thereto and provided that all representations and warranties are true and correct immediately prior to, and after giving effect to, such increase. As of the date of this prospectus, this accordion feature remains uncommitted.

The Credit Facilities will include customary negative covenants, including, without limitation, restrictions on the Company and the Guarantors, subject to certain exceptions and permitted baskets, as to: (a) indebtedness; (b) liens; (c) investments; (d) non-ordinary course asset sales or other dispositions of property; (e) acquisitions; (f) distributions; (g) mergers, consolidations or amalgamations; and (h) changes in business. In addition, the Credit Facilities will include financial covenants requiring the Company to maintain at all times a maximum net leverage ratio and a minimum interest coverage ratio, tested on a quarterly basis.

The Credit Facilities will also contain customary representations and warranties with respect to the Company and the Guarantors, subject to materiality qualifiers where customary and appropriate, including, without limitation, as to: (a) corporate existence; (b) litigation and environmental matters; (c) material adverse changes; (d) compliance with laws; and (e) ownership of intellectual property.

On Closing, the Company is expected to be in compliance with all of the terms and conditions of the Credit Facilities.

Certain of the AHG Entities are currently party to a joint credit facility agreement with the Royal Bank of Canada pursuant to which they have available a revolving term facility in the aggregate principal amount of $6 million and two revolving demand facilities in the aggregate principal amounts of $6 million and $1 million, respectively. In addition, another AHG Entity is currently party to a credit facility agreement with the Royal Bank of Canada pursuant to which it has available a non-revolving demand facility in the aggregate principal amount of $0.2 million. (the "**Existing Credit Facilities**"). As of the date of this prospectus, $nil has been drawn on the Existing Credit Facilities and outstanding letters of guarantee totaling $0.2 million were issued. On Closing, any indebtedness outstanding under the Existing Credit Facilities will be repaid, the outstanding letters of guarantee will continue to be outstanding under the Credit Facilities, and the balance, if any, of the Existing Credit Facilities will be terminated.

COMBINED CAPITALIZATION

The following table sets forth the AHG Entities' combined capitalization as at the financial period ended September 30, 2019, and the Company's *pro forma* capitalization as at September 30, 2019, after giving effect to the completion of the Offering (both with and without the exercise of the Over-Allotment Option), the transactions contemplated under "The Acquisition" and the entering into of the Credit Facilities. This table should be read in conjunction with the AHG Entities' unaudited interim condensed combined financial statements and audited annual combined financial statements and the related notes included elsewhere in this prospectus and with the information set forth under "Management's Discussion and Analysis of Financial Condition and Results of Operations", "Use of Proceeds", "The Acquisition" and "Description of Material Indebtedness".

	As at September 30, 2019		
	Actual	**After giving effect to the Offering, the transactions contemplated under the "Acquisition" and the Credit Facilities(1),(2)**	**After giving effect to the Offering, the transactions contemplated under the "Acquisition", the Credit Facilities and the exercise of the Over-allotment Option(4)**
	(in thousands of Canadian dollars)		
Cash and cash equivalents(3)	36,193	9,379	9,379
Due from related parties(5)	59,670	-	-
Due from employee trust	-	13,875	13,875
Debt			
Revolving credit facility	-	25,000	3,850
Lease liabilities	75,072	75,072	75,072
Term facility	-	25,000	25,000
Total Debt	**75,072**	**125,072**	**103,922**
Shareholders' equity			
Total net parent investment(5)(6)	162,984	-	-
Share capital(2)	-	541,500	564,000
Merger reserve(2)	-	(496,654)	(496,654)
Retained earnings (deficit)(1),(4)	-	(13,850)	(15,200)
Total Equity	**162,984**	**30,996**	**52,146**
Total Capitalization	**238,056**	**156,068**	**156,068**

Notes:

(1) After deducting expenses of the Offering of $13,850, inclusive of the Underwriters' Fee, which will be paid from pre-Closing cash and cash equivalents, assuming no exercise of the Over-Allotment Option.

(2) The Acquisition results in AHG acquiring all the issued and outstanding shares of 2186940 Ontario Inc., Associated Logistics Solutions Inc., and Credo Systems Canada Inc. from AMG in exchange for Multiple Voting Shares, Acquisition Note 1 and Acquisition Note 2. The repayment of Acquisition Note 1 will be funded by the Credit Facilities ($50,000) and the proceeds of the Offering ($150,000). AMG will retain $376,500 in Multiple Voting Shares and $1,125 in Subordinate Voting Shares and the Employee Trust will hold $13,875 in share capital upon Closing, while the remaining $150,000 of share capital will represent the Subordinate Voting Shares held by the public. A merger reserve of $496,654 arises from the Acquisition since AHG, 2186940 Ontario Inc., Associated Logistics Solutions Inc., and Credo Systems Canada Inc. are all related under the common control of AMG at the time of the Acquisition.

(3) Cash balance as of September 30, 2019 has been reduced by $12,964 to pay dividends to shareholders prior to Closing and by transaction costs. Post-Closing, cash in the amount of $9,379, representing all of AHG's cash as at September 30, 2019, will be retained to discharge income tax liabilities arising from a pre-closing capital gain crystallized between the related companies in connection with the Reorganization.

(4) Assumes the Over-Allotment Option is exercised in full and results in incremental expenses of $1,350 (including the Underwriters' Fee thereon).

(5) Amounts due from related parties will be eliminated prior to Closing.

(6) The total net parent investment will be reduced by the distribution of dividends, the incurrence of $9,379 in tax expense, the elimination of amounts due from related parties and the closing out of the remainder of the account following the Acquisition.

OPTIONS TO PURCHASE SECURITIES

The following table sets forth the aggregate number of options to purchase Subordinate Voting Shares that will be outstanding as at December 11, 2019. See "Executive Compensation – Omnibus Incentive Plan".

Category of Holder	Number of Options	Exercise Price per Option ($)(1)	Expiration Date
All of our directors and past directors, as a group (7 in total)	700,000	$15.00	December 11, 2029
All of our executive officers and past executive officers, as a group (4 in total)	400,000	$15.00	December 11, 2029
All of our other employees and past employees, as a group (10 in total)	450,000	$15.00	December 11, 2029

Notes:

(1) Represents the weighted average exercise price of outstanding options to purchase Shares, whether vested or unvested.

DIRECTORS AND EXECUTIVE OFFICERS

Directors

The following table sets forth the name, age, municipality of residence, positions held with the Company and principal occupations of directors of the Company. Each of the directors has served as a director of the Company since its incorporation on November 12, 2019, and their term will expire at the time of our next annual shareholders meeting. Additional biographical information for each individual is provided below.

Name and Municipality of Residence	Age	Position with the Company	Principal Occupation
Rona Ambrose(1)(2)(3) Calgary, Alberta, Canada	50	Director	Corporate Director
Michael Andlauer Oakville, Ontario, Canada	54	Director, Chief Executive Officer	Chief Executive Officer, AHG
Andrew Clark(1)(2) Toronto, Ontario, Canada	44	Lead Director	Chairman and Chief Executive Officer, Park Lawn Corporation
Peter Jelley East York, Ontario, Canada	47	Director	President and Chief Executive Officer, Trout River Capital
Cameron Joyce Cambridge, Ontario, Canada	63	Director	Corporate Director
Joseph Schlett Waterdown, Ontario, Canada	64	Director	Independent Financial Consultant
Evelyn Sutherland(1)(2)(3) Toronto, Ontario, Canada	46	Director	Chief Financial Officer, Staples Canada ULC
Thomas Wellner(1)(3) Toronto, Ontario, Canada	54	Director	President and Chief Executive Officer, Revera Inc.

Notes:

(1) Independent director for the purposes of NI 58-101. See "Corporate Governance – Director Independence".

(2) Member of the CNG Committee.

(3) Member of the Audit Committee.

Executive Officers

The following table sets forth the name, age, municipality of residence, position held with the Company and duration of service with AHG and its affiliates of each executive officer of the Company upon completion of the Offering. Additional biographical information for each individual is provided below.

Name and Municipality of Residence	Age	Position with the Company	Years with AHG (approx.)
Michael Andlauer .... Oakville, Ontario, Canada	54	Chief Executive Officer	28
Stephen Barr .... Burlington, Ontario, Canada	55	President, Transportation	10
Bob Brogan .... Aurora, Ontario, Canada	59	President, Specialty Solutions	18
Peter Bromley .... Carlisle, Ontario, Canada	56	Chief Financial Officer and Corporate Secretary	1
Reg Sheen .... Oakville, Ontario, Canada	56	President, Logistics	5

As a group, our directors and executive officers will beneficially own, or control or direct, directly or indirectly, a total of 75,000 Subordinate Voting Shares and 25,100,000 Multiple Voting Shares, representing approximately (i) 69.7% of the Shares (on a non-diluted basis) outstanding immediately following Closing (67.0% if the Over-Allotment Option is exercised in full) and (ii) 90.2% of the voting power attached to the Shares (on a non-diluted basis) outstanding immediately following Closing (89.0% if the Over-Allotment Option is exercised in full). The foregoing does not take into account Shares to be issued upon the potential exercise of stock options or Shares held by the Employee Trust.

Biographical Information Regarding the Directors and Executive Officers

Non-Executive Directors

<u>Rona Ambrose – Director</u>

The Honourable Ronalee Ambrose has been a corporate director since retiring as a Member of Parliament of Canada in July 2017. Ms. Ambrose is a former Leader of Canada's Official Opposition in the House of Commons and a former leader of the Conservative Party of Canada. She worked as Minister across nine Canadian government departments, and her service included the role of Vice Chair of the Treasury Board and chair of the cabinet committee for public safety, justice and aboriginal issues. In her time as health minister she worked with the World Health Organization on the global Ebola crisis and continues to promote health innovation. She also served as the Minister responsible for the Status of Women, and is a recognized champion for the rights of women and girls. Recently she was named 1 of 100 Global Innovators for Women by the United Nations. In addition to serving as a corporate director, Ms. Ambrose is a Global Fellow at the Wilson Center's Canada Institute in Washington, D.C., focusing on Canada-U.S. bilateral trade and North American competitiveness issues. She sits on the Prime Ministers panel for the NAFTA renegotiations. Ms. Ambrose also serves on the advisory board of the Canadian Global Affairs Institute, is a member of the Trilateral Commission and sits on the board of directors of TransAlta Corporation (an issuer listed on the TSX), Manulife Financial Corporation (an issuer listed on the TSX, New York Stock Exchange, Stock Exchange of Hong Kong and Philippine Stock Exchange), Plan International Canada and Coril Holdings Ltd. Ms. Ambrose holds a Bachelor of Arts from the University of Victoria and a Master of Arts from the University of Alberta and has completed the Harvard Kennedy School of Government Senior Leaders Program.

<u>Andrew Clark – Lead Director</u>

Andrew Clark has served as Chairman and Chief Executive Officer of Park Lawn Corporation, a TSX-listed issuer ("**Park Lawn**") since July 2013. In this role, he has built Park Lawn from a six-location, Toronto-based cemetery business into the second largest player in the death care industry in North America, comprising over 220 locations in five Canadian provinces and 13 U.S. states. Mr. Clark initially joined Park Lawn in 2011 as Chief Operating Officer after leading a group of investors in the acquisition of approximately 15% of the company. Prior to joining Park Lawn, Mr. Clark founded a successful tourism and hospitality business. The business was ultimately merged with Canada's largest privately held travel company in 2008 and Mr. Clark was bought out in 2011. Prior to his experience in the travel industry, Mr. Clark worked in financial analysis and relationship management roles in the mid-market commercial lending business of TD Bank. Mr. Clark holds a Honours Bachelor of Arts from Mount Allison University and a Masters of Letters in Management, Economics and Politics from the University of St. Andrews.

Peter Jelley – Director

Peter Jelley has over 20 years of experience in the investment banking and private equity industry. He is the President and Chief Executive Officer of Bulldog Capital Partners Inc., a Toronto-based merchant bank focused on private equity investments and advisory services for growth oriented businesses. In addition, Mr. Jelley is the President and Chief Executive Officer of Trout River Capital Ltd., a leading investor in amusement and hospitality businesses in Atlantic Canada with successful investments in more than a dozen operating businesses since 1999. Previously, Mr. Jelley served as an investment banker at National Bank Financial Inc. with progressively increasing responsibilities over an approximate 20 year career, serving most recently as Head of Investment Banking. Mr. Jelley holds an Honours Bachelor of Arts from the University of King's College, a Master of Science (Economics) from the London School of Economics and a Master of Business Administration from the Harvard Business School.

Cameron Joyce – Director

Cameron Joyce has over 25 years of experience in the Canadian transportation industry. Mr. Joyce co-founded ALS in 1994 (now operating as Accuristix). In 2004, ALS entered into a joint venture with McKesson Corp., operating as MLS. Between 2004 to 2009, when ALS acquired the equity stake held by McKesson Corp. in MLS and rebranded the business as Accuristix, Mr. Joyce served as President of the company. From 2009 to 2015, Mr. Joyce served as the President and Chief Executive Officer of Accuristix and from 2015 until his retirement in March of 2019, Mr. Joyce served as chairman of the board of directors of the company. Prior to co-founding ALS, Mr. Joyce had progressively senior roles with ICS Group, including working in their third-party logistics and healthcare divisions, and ultimately serving as their Director of Operations, Canada. Mr. Joyce currently serves as a director of a number of private companies, including Sheridan Nurseries and D.C. Racking and Maintenance Inc., and sits on the board of the Kid's Health Links Foundation.

Joseph Schlett CPA, CA – Director

Joseph Schlett currently practices as an independent financial consultant and has over 40 years of public accounting experience, including an initial term of five years at a national accounting firm and over 35 years involvement with SB Partners LLP ("**SB Partners**"), a regional Chartered Professional Accountants firm located in Burlington, Ontario. Before retiring from SB Partners in 2018, Mr. Schlett was a senior partner and chair of the firm's board of directors. In his role with the firm, he assisted private company entrepreneurs with assurance, taxation, corporate finance, mergers and acquisition, business consulting and financial planning services. Fostering a passion for strategic planning, business excellence and attention to detail, Mr. Schlett has been instrumental to the success of many private business entrepreneurs, and has contributed to the significant growth and development of SB Partners since 1983. During his career, Mr. Schlett has gained experience with a variety of board positions in both the private and non-profit sectors, involving various director, committee and chair positions. Mr. Schlett is a Chartered Professional Accountant and holds a Honours Bachelor of Commerce degree from McMaster University.

Evelyn Sutherland CPA, CA – Director

Evelyn Sutherland has over 15 years of experience in finance and marketing roles. Currently Ms. Sutherland serves as the Chief Financial Officer of Staples Canada ULC ("**Staples Canada**"). In this role, she is responsible for Staples Canada's overall financial strategic direction, including all aspects of financial reporting and planning, treasury and controller's operations, taxation, payroll, as well as M&A, procurement and real estate asset management. Prior to her appointment at Staples Canada in 2018, Ms. Sutherland held the position of Chief Financial Officer at Enercare Inc., helping to oversee the company's significant growth during her tenure. Prior to that role, Ms. Sutherland was the Chief Financial Officer of Key REIT, at which time the organization managed a portfolio of 220 retail properties in seven provinces across Canada. Prior to this position, Ms. Sutherland was Chief Financial Officer of the United Purchasing Group of Canada, the Canadian purchasing group for Yum! Brands. Ms. Sutherland currently sits on the board of directors and serves as Treasurer and Chair of the Audit Committee for the Canadian Mental Health Association, York Region and South Simcoe Branch, where she recently was recognized by the Province of Ontario for her years of volunteer service. In 2016, Ms. Sutherland was named one of Canada's Most Powerful Women and received the Canadian Dealmakers Award for Mid-Markets. Ms. Sutherland is a Chartered Professional Accountant and holds a Honours Bachelor of Commerce, Accounting from the University of Windsor and a Bachelor of Arts from the University of Western Ontario.

Thomas Wellner – Director

Thomas Wellner currently serves as President and Chief Executive Officer of Revera Inc. ("**Revera**"), a leading owner, operator and investor in the senior living sector. Mr. Wellner joined Revera in 2014, and since that time has led the organization through transformational change, developing the company's strategic direction to grow, innovate and lead in the sector. He has worked with a number of strategic partners in Canada, the U.S. and the U.K. to grow Revera's portfolio to more than 500 properties internationally. Mr. Wellner has extensive global experience in biotech, pharmaceuticals and health care services, previously leading a number of organizations including LifeLabs Inc., CML Healthcare Inc. and Therapure Biopharma Inc.. Mr. Wellner currently serves on the board of directors of a number of private companies, including Revera, the Atlantic Healthcare Board and FreshBooks. Mr. Wellner began his career at Eli Lilly & Company where he held a variety of global operational and leadership roles. Mr. Wellner holds an Honours Bachelor of Science degree in Life Sciences from Queen's University and has completed the Directors Education Program of the Institute of Corporate Directors at the Rotman School of Management as well as an executive education course through the Harvard Business School.

Executive Officers Who Also Serve as Directors

Michael Andlauer – Chief Executive Officer

Michael Andlauer has approximately 35 years of experience in the Canadian transportation industry, which began when he was a university student working part-time at Day and Ross Transport. He founded ATS in 1991 (now operating as ATS Healthcare) and ALS in 1994 (now operating as Accuristix). Mr. Andlauer also serves as the President and Chief Executive Officer of AMG, a company he founded in 1994 to manage and operate transportation and logistics companies in Canada that are focused in the healthcare sector. AHG was formed as a subsidiary of AMG in 2019 to bring several specialized healthcare supply chain companies together under one entity. Following the initial public offering, AMG will continue to hold a controlling interest in AHG.

Mr. Andlauer has a passion for hockey. He has been involved with the Hamilton Bulldogs, an American Hockey League franchise, since 2003, first as a co-owner, then as sole owner up until 2015. In 2015, Mr. Andlauer sold this franchise to the Montreal Canadiens, purchased the Ontario Hockey League's Belleville Bulls and relocated the club to Hamilton to play under the Hamilton Bulldogs' brand. In 2009, he purchased a share of the 24-time Stanley Cup Champion Montreal Canadiens and Bell Centre and Gillett Entertainment Group (now called evenko) as part of a group headed by Geoff Molson. Mr. Andlauer stands in as alternate governor for the Montreal Canadiens.

Executive Officers Who do Not Serve as Directors

Peter Bromley P.Log, CPA, CA – Chief Financial Officer and Corporate Secretary

Peter Bromley joined AHG in 2019 after a 25 year career with UPS Supply Chain Solutions ("**UPS**") and Livingston Inc. ("**Livingston**"). He began his career in the logistics industry in 1994 on the finance team of Livingston, a private Canadian logistics provider which was acquired by UPS in 2000. In 1997, Mr. Bromley moved to the operations team and ultimately served in the role of Vice President Operations in Canada before relocating to Switzerland in 2005 to manage UPS's logistics and distribution product in Europe, the Middle East and Africa. Mr. Bromley relocated to Brussels in 2008 when UPS's European Supply Chain Solutions headquarters moved from Switzerland to Belgium. In 2009, Mr. Bromley accepted the role to lead the logistics and distribution division's business development function and focused on the first healthcare clients to sign contracts in UPS Europe's inaugural healthcare distribution center. In 2010, he returned to the operations team and led the implementation of UPS's global healthcare strategy for logistics and distribution for the Europe Region. In 2013, Mr. Bromley relocated to The Netherlands where he continued to lead UPS's logistics and distribution healthcare strategy and was responsible for integrating the company's healthcare acquisitions in Europe. He returned to Canada in 2017 as UPS's Managing Director. Prior to joining Livingston, Inc., Mr. Bromley was an audit manager at PricewaterhouseCoopers where he managed a range of audit clients from private companies to large multinationals in the healthcare, high-tech, and consumer products sectors. Mr. Bromley is a Chartered Professional Accountant and holds a Bachelor of Commerce degree from the University of Toronto, and a Master of Business Administration from the University of Western Ontario.

Bob Brogan – President, Specialty Solutions

Bob Brogan joined ATS Healthcare in 2001 after having worked in transportation in successively senior roles since 1984. Prior to ATS Healthcare, Mr. Brogan was with the Day and Ross Transportation Group ("**Day and Ross**") where he served as Chief Information Officer and then as the President of the Sameday Right-o-Way Division. Prior to Day and Ross, Mr. Brogan worked at Canadian Pacific Limited ("**CP**"), initially serving as Operational Auditor and then as Vice President of Marketing Services for the CP Express and Transport Division of CP Trucks. Mr. Brogan started his career with Canadian National Railway as an Operations Research Analyst. Mr. Brogan holds a Bachelor of Commerce degree and a Master of Business Administration both from Dalhousie University.

Stephen Barr – President, Transportation

Stephen Barr joined ATS Healthcare in 2009 after having worked in the transportation and logistics field for 20 years. Prior to joining ATS Healthcare, Mr. Barr was with the Calyx Transportation Group (the "**Calyx Group**") where he was the President of both Muir's Cartage, a closed loop transportation provider to some of Canada's most successful retail and consumer products organizations, and Indus, an emerging supply chain management company created to deliver an expanded range of services to existing transportation clients, including cross-docking, shipment consolidation, warehousing, inventory management, freight management and a full range of pick/pack services. Prior to joining the Calyx Group, Mr. Barr was President of Concord Transportation Inc. In this role, Mr. Barr transformed the company from a general LTL carrier to an expedited carrier focused on delivering a full range of premium cross border transportation solutions. Mr. Barr began his career in transportation with Loomis Courier where he held the roles of Regional Vice President, Eastern Canada and Vice President, Sales and Marketing. Before his career in transportation, Mr. Barr was a management consultant with KPMG LLP's Strategic & Technology Services practice focusing on helping consumer products organizations improve service delivery and supply chain efficiency. Mr. Barr holds a Honours Bachelor of Science degree from the University of Guelph.

Reg Sheen CPA, CA – President, Logistics

Reg Sheen joined Accuristix in 2014 in the role of Chief Operating Officer, overseeing Operations, Finance and Information Technology of Accuristix. In 2015, Mr. Sheen was promoted to Chief Executive Officer, assuming responsibility for all aspects of Accuristix and Nova Pack. Mr. Sheen began his career at PricewaterhouseCoopers, where he gained experience in a number of different areas of public accounting. He managed a diverse group of customers of different sizes and from various industries, including manufacturing, retail, healthcare, logistics and financial services. In 1994 Mr. Sheen joined Livingston and was ultimately promoted to Vice President Finance & Administration where he was involved in many strategic initiatives including the ultimate sale of the distribution business to UPS. After the acquisition by UPS, Mr. Sheen accepted the role of Vice President, Finance for UPS and participated as a member of its executive team, responsible for establishing the strategic course of the business in Canada. Subsequent acquisitions by UPS of Fritz Starber Inc. and Menlo Worldwide Forwarding saw Mr. Sheen's role expand significantly, as he assumed responsibility for the financial management of all Canadian and U.S. northern border operating divisions. In 2003, Mr. Sheen transitioned out of finance and accepted the role of Vice President Operations - Logistics Services. Mr. Sheen's responsibilities were that of a general manager, overseeing the Canadian head office, and 14 distribution centres and over 800 operations and staff support employees, spread across Canada and the U.S. northern border. Mr. Sheen's balanced approach to management facilitated several years of success in driving top-line growth and enhanced profitability for the business in Canada. Mr. Sheen is a Chartered Professional Accountant and holds a Master of Business Administration from McMaster University and a Bachelor Science in Physics from the University of Waterloo.

Penalties or Sanctions

None of the directors or executive officers of the Company, and to the best of its knowledge, no Shareholder holding a sufficient number of securities to affect materially the control of the Company, has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority or been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor making an investment decision.

Individual Bankruptcies

None of the directors or executive officers of the Company, and to the best of its knowledge, no Shareholder holding a sufficient number of securities to affect materially the control of the Company, has, within the 10 years prior to the date of this prospectus, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of that individual.

Corporate Cease Trade Orders and Bankruptcies

None of the directors or executive officers of the Company, and to the best of our knowledge, no Shareholder holding a sufficient number of securities to affect materially the control of the Company is, as at the date of this prospectus, or has been within the 10 years before the date of this prospectus: (a) a director, chief executive officer or chief financial officer of any company that was subject to an order that was issued while the director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer; (b) was subject to an order that was issued after the director or executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer; or (c) a director or executive officer of any company that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets. For the purposes of this paragraph, “order” means a cease trade order, an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation, in each case, that was in effect for a period of more than 30 consecutive days.

Conflicts of Interest

Certain of our directors and officers are associated with other companies or entities, which may give rise to conflicts of interest. In accordance with the OBCA, directors who have a material interest in any person who is a party to a material contract or proposed material contract with the Company are required, subject to certain exceptions, to disclose that interest and abstain from voting on any resolution to approve that contract. In addition, the directors are required to act honestly and in good faith with a view to the best interests of the Company. See “Interests of Management and Others in Material Transactions” and “Risk Factors”.

CORPORATE GOVERNANCE

The Canadian Securities Administrators have issued corporate governance guidelines pursuant to NP 58-201 together with certain related disclosure requirements pursuant to NI 58-101. The corporate governance guidelines set forth in NP 58-201 are recommended as “best practices” for issuers to follow. We recognize that good corporate governance plays an important role in our overall success and in enhancing shareholder value and, accordingly, we will be adopting upon Closing, certain corporate governance policies and practices. The disclosure set out below describes our approach to corporate governance.

Composition of the Board and Board Committees

Under our Articles, the Board is to consist of a minimum of one and a maximum of ten directors as determined from time to time by the directors. The Board currently consists of eight directors: Rona Ambrose, Michael Andlauer, Andrew Clark, Peter Jelley, Cameron Joyce, Joseph Schlett, Evelyn Sutherland and Thomas Wellner. Under the OBCA, a director may be removed with or without cause by a resolution passed by a majority of the votes cast by Shareholders present in person or by proxy at a meeting and who are entitled to vote. The directors are appointed at the annual general meeting of Shareholders and the term of office for each of the directors will expire at the time of our next annual Shareholders meeting. Under the OBCA, at least one quarter of our directors must be resident Canadians as defined in the OBCA. Our Articles provide that, between annual general meetings of Shareholders, the directors may appoint one or more additional directors so appointed, but the number of additional directors may not at any time exceed one-third of the number of current directors who were elected or appointed other than as additional directors.

Nomination of Directors and Majority Voting Policy

Our CNG Committee is responsible for, annually or as required, recruiting and identifying, and recommending to the Board for nomination, individuals qualified to become new Board members, as well as recommending individual directors to serve on the various Board committees. In making its recommendations, the CNG Committee shall consider the competencies that the Board considers to be necessary and desirable for the Board as a whole, and Board committees, to possess, the competencies and skills that the Board considers each existing director to possess, and the competencies and skills each new nominee will bring to the boardroom. The CNG Committee shall also consider the amount of time and resources that nominees have available to fulfill their duties as a Board member.

The process of identifying new potential directors (other than the AMG nominees) will involve the CNG Committee completing an annual review of the competencies, skills and personal qualities of Board members followed by a committee meeting to discuss such review, the need to ensure that Board meets the applicable regulatory, stock exchange and securities law independence requirements or guidelines, and any policies of the Board with respect to diversity, tenure, retirement and succession. The CNG Committee may also, at its discretion, appoint and/or terminate any search firm or compensation consultant to be used to assist in the evaluation and nomination process.

The CNG Committee is composed of independent directors within the meaning of NI 58-101. The chair of the CNG Committee will lead the nominating process in accordance with and pursuant to the criteria for Board membership as set forth in the Charter of the CNG Committee. See “Committees of the Board – Compensation, Nominating and Governance Committee”.

In accordance with the requirements of the TSX, the Board will adopt a “Majority Voting Policy” to the effect that a nominee for election as a director who does not receive a greater number of votes “for” than votes “withheld” with respect to the election of directors by Shareholders shall tender his or her resignation to the Chair of the Board promptly following the meeting of Shareholders at which the director was elected. The CNG Committee will consider such offer and make a recommendation to the Board whether to accept it or not. The Board will promptly accept the resignation unless it determines that there are exceptional circumstances that should delay the acceptance of the resignation or justify rejecting it. The Board will make its decision and announce it in a press release within 90 days following the meeting of Shareholders. A director who tenders a resignation pursuant to the Majority Voting Policy will not participate in any meeting of the Board or the CNG Committee at which the resignation is considered.

Director Nomination Rights

Under the Investor Rights Agreement, AMG will be entitled to certain director nomination rights. See “Agreements with AMG – Investor Rights Agreement”.

Chair of the Board and Lead Director

Peter Jelley, a non-independent director within the meaning of NI 58-101, is the Chair of the Board, and in such role, is principally responsible for overseeing the operations and affairs of the Board. Andrew Clark**,** an independent director within the meaning of NI 58-101, is the lead director, and in such role is principally responsible for ensuring that the directors who are independent of management have opportunities to meet without management present, as required.

Director Independence

Under NI 58-101, a director is considered to be independent if he or she is independent within the meaning of certain provisions of NI 52-110. Pursuant to NI 52-110, an independent director is a director who is free from any direct or indirect relationship which could, in the view of the Board, be reasonably expected to interfere with a director's independent judgment. Based on information provided by each director concerning his or her background, employment and affiliations, the Board has determined that four directors on the Board, will not be considered independent as a result of his relationship with the Company. Michael Andlauer will not be considered independent under NI 58-101 because he is the Chief Executive Officer of the Company. Peter Jelley will not be considered independent under NI 58-101 because he is expected to enter into future commercial arrangements with AMG pursuant to which he will earn fees. Joseph Schlett will not be considered independent under NI 58-101 because he was formerly a partner of SB Partners, which served as auditor of Accuristix prior to the Offering. Cameron Joyce will not be considered independent under NI 58-101 because he is a former officer of ALS. Four of the eight members of the Board are independent for the purposes of NI 58-101. See "Directors and Executive Officers – Biographical Information Regarding the Directors and Executive Officers".

Certain members of the Board are also members of the board of directors of other public companies. See "Directors and Executive Officers – Biographical Information Regarding the Directors and Executive Officers". The Board has not adopted a director interlock policy, but is keeping informed of other public directorships held by its members.

Independent Functioning of the Board

Since there will not be a majority of independent directors on the Board and the Chair of the Board is not independent, the Board will take several steps to facilitate independent judgment in carrying out its responsibilities.

Andrew Clark has been appointed as lead director. In such capacity, Mr. Clark will be responsible for ensuring the independent functioning of the Board, including establishing, in consultation with the Chair, the agenda for each Board meeting, acting as spokesperson for the independent directors collectively in communications with the Chair and presiding over meetings of the independent directors.

The Board will hold regularly-scheduled quarterly meetings as well as ad hoc meetings from time to time. The agenda for each such Board meeting will provide for all directors to meet without management present, and then the independent directors to meet without management and the non-independent directors present. All such discussions will be led by the lead director who will, as appropriate, provide feedback subsequently to the Chair.

If a director or officer has an interest in a transaction or agreement under consideration at a Board meeting or a Board committee meeting, that director or officer shall not be present at the time the Board or Board committee deliberates such transaction or agreement and shall abstain from voting on the matter, subject to certain limited exceptions provided for in the OBCA.

Director Term Limits and Other Mechanisms of Board Renewal

The Board has not adopted director term limits or other automatic mechanisms of board renewal. Rather than adopting formal term limits, mandatory age-related retirement policies and other mechanisms of board renewal, the CNG Committee will seek to maintain the composition of the Board in a way that provides, in the judgment of the Board, the best mix of skills and experience to provide for our overall stewardship. The CNG Committee also is expected to conduct an annual process for the assessment of the Board, each Board committee and each director regarding his, her or its effectiveness and performance, and to report evaluation results to the Board. See also "Directors and Executive Officers – Committees of the Board – Compensation, Nominating and Governance Committee".

Charter of the Board

The Board has adopted a written charter (the "**Board Charter**") describing, *inter alia*, the Board's role and overall responsibility to supervise the management of the business and affairs of the Company. The Board, directly and through its Board committees and the Chair of the Board, shall provide direction to the executive officers of the Company, generally through the Chief Executive Officer. The Board has overall responsibility for the Company's strategic planning, compliance and risk management (including crisis preparedness, information system controls, business continuity, cybersecurity and disaster recovery), matters relating to the Chief Executive Officer and other executive officers, corporate governance, and communications with the Shareholders and other stakeholders. The text of the Board Charter is reproduced in its entirety in Appendix A.

Orientation and Continuing Education

Following Closing, we will implement an orientation program for new directors under which a new director will meet with the Chair of the Board, the lead director and our executive officers. It is anticipated that new directors will be provided with comprehensive orientation and education as to the nature and operation of the Company and our business, the role of the Board and Board committees, and the contribution that an individual director is expected to make. The CNG Committee will be responsible for overseeing director continuing education designed to maintain or enhance the skills and abilities of the directors and to ensure that their knowledge and understanding of our business remains current. The chair of each Board committee will be responsible for coordinating orientation and continuing director development programs relating to the committee's mandate.

Ethical Business Conduct

We will adopt a written code of business conduct and ethics (the "**Code of Ethics**") that applies to all of our directors, managers, officers and employees. The objective of the Code of Ethics is to provide guidelines for maintaining the integrity, reputation, honesty, objectivity and impartiality of the Company and its subsidiaries. The Code of Ethics will address conflicts of interest, protecting the Company's assets, confidentiality, fair dealing with security holders, competitors and employees, insider trading, compliance with laws and reporting any illegal or unethical behaviours. As part of the Code of Ethics, any person subject to the Code of Ethics will be required to avoid or fully disclose interests or relationships that are harmful or detrimental to the Company's best interests or that may give rise to real, potential or the appearance of conflicts of interest. The Board will have the ultimate responsibility for the stewardship of the Code of Ethics. The Code of Ethics will also be filed with the Canadian securities regulatory authorities and made available on SEDAR at www.sedar.com.

In order to ensure compliance with the Code of Ethics, Company personnel are encouraged to talk to supervisors, managers or other appropriate personnel about observed illegal or unethical behavior and when in doubt about the best course of action in a particular situation. If required, employees may report violations of the Code of Ethics anonymously. It is the policy of the Company not to allow retaliation for reports of misconduct by others made in good faith. It is, at the same time, unacceptable to file a report knowing it is false. In addition, to foster a strong culture of ethical business conduct, the Company will implement several other policies discussed in further detail in this Prospectus. See "Corporate Governance - Charter of the Board", "Corporate Governance - Diversity" and "Corporate Governance - Position Descriptions."

If a director or officer holds an interest in a transaction or agreement under consideration at a Board meeting or a Board committee meeting, that director or officer shall not be present at the time the Board or Board committee deliberates such transaction or agreement and shall abstain from voting on the matter, subject to certain limited exceptions provided for in the OBCA.

Diversity

We are committed to fostering an open and inclusive workplace culture. Our Code of Ethics will underscore a commitment to diversity and recognizes it as an important asset. The Code of Ethics explicitly states that AHG and its affiliates are firmly committed to providing equal opportunity in all aspects of employment.

The CNG Committee values and considers diversity as part of its overall annual evaluation of Board nominees for election or re-election, as well as candidates for management positions. Gender is of particular importance to us in ensuring diversity within the Board and management. Recommendations concerning Board nominees are, foremost, based on merit and performance, but diversity is taken into consideration, as it is beneficial that a diversity of backgrounds, views and experiences be present at the Board and management levels.

In furtherance of our commitment to diversity at the Board level, following Closing, the Board will adopt a diversity policy (the "**Diversity Policy**"). In accordance with the Diversity Policy, the CNG Committee will consider a number of factors, including gender, ethnic and geographic diversity, as well as age, business experience, professional expertise, personal skills and perspectives, when seeking and considering new directors for nomination to the Board or evaluating Board nominees for re-election. The Board will ensure compliance with the Diversity Policy by requiring that the CNG Committee conduct annual assessments to consider the level of representation on the Board of the various attributes enumerated in the Diversity Policy, including the number of women on the Board.

The Diversity Policy will not specify a numerical target for women directors on the Board, nor will we maintain a specific numerical target in making executive officer appointments. However, as specified in the Diversity Policy, the level of representation of women will be considered by AHG, the Board and the CNG Committee in the identification and nomination of directors.

The level of representation of women has been, and will continue to be, considered by us, the Board and the CNG Committee in the making of executive officer appointments. In searches for new executive officers, the CNG Committee will consider the level of female representation and diversity in management as one of several factors used in its search process. This will be achieved through continuously monitoring the level of female representation in senior management positions and, where appropriate, recruiting qualified female candidates as part of our overall recruitment and selection process to fill senior management positions, as the need arises, through vacancies, growth or otherwise.

In addition, the CNG Committee will annually review the effectiveness of the Diversity Policy. The CNG Committee will solicit feedback from members of the Board and senior management with respect to the functioning of the policy, and implement any appropriate changes or new initiatives resulting from such feedback. Further, the CNG Committee will maintain a list of candidates considered or proposed by the CNG Committee as new directors, and track the actual nomination and appointment of said nominees to the Board. At the time of each annual review, the CNG Committee will re-evaluate the appropriateness of adopting numerical targets.

Following completion of the Offering, none of our executive officers will be women and two women will sit on the Board, representing approximately 25% of all directors.

Directors' and Officers' Liability Insurance

Our directors and officers are covered under our directors' and officers' liability insurance. Under this insurance coverage, we will be reimbursed for insured claims where payments have been made under indemnity provisions on behalf of our directors and officers, subject to a deductible for each loss, which will be paid by us. Our individual directors and officers will also be reimbursed for insured claims arising during the performance of their duties for which they are not indemnified by us. Excluded from insurance coverage are illegal acts, acts which result in personal profit and certain other acts.

Committees of the Board

The Board has two standing committees: the Audit Committee, which is required by Canadian securities laws for all reporting issuers and the CNG Committee.

Audit Committee

The Audit Committee consists of a minimum of three directors, all of whom are persons determined by the Board to be both independent directors and financially literate within the meaning of NI 52-110. The Audit Committee is comprised of Thomas Wellner, who will act as chair of this committee, Rona Ambrose and Evelyn Sutherland. Thomas Wellner is the current President and Chief Executive Officer of Revera Inc., a private company with financial reporting framework similar to that of a reporting issuer and the former Chief Executive Officer of CML Healthcare Inc., a TSX listed company. Rona Ambrose currently sits on the Audit Committee of Manulife Financial Corporation, an issuer listed on the TSX, New York Stock Exchange, Stock Exchange of Hong Kong and Philippine Stock Exchange, formerly sat on the Audit and Risk Committee of TransAlta Corporation, an issuer listed on the TSX, and formerly served as vice-chair of Treasury Board for the Federal Government. Evelyn Sutherland currently serves as the Chief Financial Officer of Staples Canada ULC and is the former Chief Financial Officer of Enercare Inc. and Key REIT, each TSX-listed issuers. Each of the Audit Committee members has an understanding of the accounting principles used to prepare financial statements and varied experience as to the general application of such accounting principles, as well as an understanding of the internal controls and procedures necessary for financial reporting. For additional details regarding the relevant education and experience of each member of the Audit Committee, see “Directors and Executive Officers – Biographical Information Regarding the Directors and Executive Officers”.

The Board has adopted a written charter, the text of which is reproduced in its entirety in Appendix B, setting forth the purpose, composition, authority and responsibility of the Audit Committee, consistent with NI 52-110. The Audit Committee will assist the Board in fulfilling its oversight of, among other things:

- the quality and integrity of the Company’s financial statements and related information;
- the qualifications, independence, appointment and performance of the external auditor;
- the accounting and financial reporting policies, practices and procedures of the Company and its subsidiaries and affiliates;
- the Company’s risk management practices and legal and regulatory compliance;
- management’s design, implementation and effective conduct of internal controls over financial reporting and disclosure controls and procedures;
- the performance of the Company’s external auditor;
- the performance of the Company’s internal audit function, if applicable; and
- preparation of disclosures and reports required to be prepared by the Audit Committee by any law, regulation, rule or listing standard.

It will be the responsibility of the Audit Committee to maintain free and open means of communication between the Audit Committee, the external auditor and management of the Company. The Audit Committee will be given full access to the Company’s management and records and external auditor as necessary to carry out these responsibilities. The Audit Committee will have the authority to carry out such special investigations as it sees fit in respect of any matters within its various roles and responsibilities. The Company shall provide appropriate funding, as determined by the Audit Committee, for the payment of compensation to the external auditor for the purpose of rendering or issuing an audit report and to any advisors employed by the Audit Committee.

External Auditor Service Fee

The external auditor of the Company, KPMG LLP, reports directly to the Audit Committee. The following table presents, by category, the fees billed by KPMG LLP as external auditor of, and for other services provided to, us in connection with our formation and organization:

	2019[(5)]	**2018**
Audit fees[(1)]	$1,013,450	$-
Audit related fees[(2)]	$241,820	$-
Tax fees[(3)]	$130,000	$-
All other fees[(4)]	$-	$-
Total fees billed	$1,385,270	$-

Notes:

(1) “Audit fees” relate to the audit of financial statements included in this prospectus, the review of interim financial statements included in this prospectus and procedures performed in connection with the Offering.

(2) Fees for assurance and related services not included in audit service above, including consultation concerning financial accounting and reporting standards on transition to IFRS and French translation services.

(3) Fees for tax compliance, tax advice and tax planning.

(4) All other fees not included above, including certain advisory services provided to management in connection with the Acquisition and Offering.

(5) Amounts disclosed in the 2019 column represent fees expensed during the 2019 fiscal year and are related to the preparation of the audited and unaudited combined financial statements appended to this prospectus. No external auditor fees were billed to the Company in the 2018 and 2017 fiscal years.

Compensation, Nominating and Governance Committee

The CNG Committee consists of a minimum of three directors, all of whom are independent directors within the meaning of NI 58-101 and will be charged with overseeing executive compensation, management development and succession, director compensation and executive compensation disclosure. It shall also assist the Board in overseeing corporate governance, the composition of the Board and its committees, and the effectiveness of the Board, its committees and the directors themselves. The CNG Committee is comprised of Andrew Clark who will chair the CNG Committee, Rona Ambrose and Evelyn Sutherland.

For additional details regarding the relevant education and experience of each member of the CNG Committee, including the direct experience that is relevant to each committee member's responsibilities in executive compensation, see "Directors and Executive Officers – Biographical Information Regarding the Directors and Executive Officers".

The Board has adopted a written charter setting forth the purpose, composition, authority and responsibility of the CNG Committee. The CNG Committee will be responsible for, among other things:

- assessing the effectiveness of the Board, each of its committees and individual directors;
- overseeing the recruitment and selection of director candidates to be nominated by the Company;
- organizing an orientation and education program for new directors;
- considering and approving proposals by the directors to engage outside advisors on behalf of the Board as a whole or on behalf of the independent directors;
- reviewing and making recommendations to the Board concerning the size, composition and structure of the Board and its committees;
- overseeing management succession;
- administering any securities-based compensation plans of the Company;
- assessing the performance of management of the Company;
- reviewing and approving the compensation paid by the Company, if any, to the officers of the Company; and
- reviewing and making recommendations to the Board concerning the level and nature of the compensation payable to directors and officers of the Company.

The CNG Committee will be responsible for reviewing and assessing at least annually the performance, effectiveness and contribution of the Board, Board committees and the directors themselves and reporting on such review and assessment to the Board. This shall include a review of the Board's mandate and the charters of each committee thereof. The CNG Committee will also be responsible for overseeing the onboarding of new directors and continuing education programs for our directors. See also "Orientation and Continuing Education".

Further particulars of the process by which compensation for our executive officers is determined is provided under "Executive Compensation".

Position Descriptions

Chair of the Board and Lead Director

The Board will adopt written position descriptions for the Chair of the Board and the lead director, which will set out each individual's key responsibilities, including, as applicable, duties relating to setting Board meeting agendas, chairing Board and shareholder meetings, managing in camera sessions, director development and communicating with shareholders and regulators.

Committees

The Board will adopt a written position description for each of the committee chairs which will set out each of the committee chair's key responsibilities, including duties relating to setting committee meeting agendas, chairing committee meetings and working with the respective committee and management to ensure, to the greatest extent possible, the effective functioning of the committee.

Chief Executive Officer

The Board will adopt a written position description and mandate for the Chief Executive Officer, which will set out the key responsibilities of the Chief Executive Officer. The primary functions of the Chief Executive Officer will be to lead management of the business and affairs of the Company, to lead the implementation of the resolutions and the policies of the Board, to supervise day to day management of the Company and to communicate with shareholders and regulators.

EXECUTIVE COMPENSATION

Introduction

The following discussion describes the significant elements of the compensation of our Chief Executive Officer; Chief Financial Officer; President, Logistics; President, Specialty Solutions; and President, Transportation (collectively, the "**named executive officers**" or "**NEOs**"), namely:

- Michael Andlauer, *Chief Executive Officer*;
- Peter Bromley, *Chief Financial Officer and Corporate Secretary*;
- Reg Sheen, *President, Logistics*;
- Bob Brogan, *President, Specialty Solutions*; and
- Stephen Barr, *President, Transportation*.

Overview

To achieve our business and financial objectives, we need to attract, retain and motivate a highly talented team of executive officers. We expect our team to possess and demonstrate strong leadership and management capabilities, as well as foster our culture, which is at the foundation of our success and remains a pivotal part of our everyday operations.

We have designed our executive officer compensation program to achieve the following objectives:

- provide compensation opportunities in order to attract and retain talented, high-performing and experienced executive officers, whose knowledge, skills and performance are critical to our success;
- motivate our executive officers to achieve our business and financial objectives;
- align the interests of our executive officers with those of our Shareholders by tying a meaningful portion of compensation directly to the long-term value and growth of our business; and
- provide incentives that encourage appropriate levels of risk-taking by our executive officers and provide a strong pay-for-performance relationship.

As we transition from being a privately-held company to a publicly-traded company, we will continue to evaluate our philosophy and compensation program as circumstances require and plan to continue to review compensation on an annual basis. As part of this review process, we expect to be guided by the philosophy and objectives outlined above, as well as other factors which may become relevant, such as the cost to us if we were required to find a replacement for a key employee.

Compensation Discussion and Analysis

Compensation Objectives and Philosophy

Our compensation practices are designed to retain, motivate and reward our executive officers for their performance and contribution to our short- and long-term success. The Board seeks to compensate executive officers by combining short-term cash and long-term cash and equity incentives. It also seeks to reward the achievement of corporate and individual performance objectives, and to align executive officers' incentives with the Company's performance. The Company's philosophy is to pay fair, reasonable and competitive compensation with a significant equity-based component in order to align the interest of the Company's executive officers with those of Shareholders.

Compensation Governance

Hedging Prohibition

The Company's insider trading policy will provide that all directors, officers and employees of AHG and their respective associates (including immediate family members who reside in the same home as that person) are prohibited from (i) selling "short" any of the Company's securities; (ii) purchasing or selling puts, calls or other derivative securities, on an exchange or in any other organized market; (iii) engaging in hedging or monetization transactions that allow an individual to continue to own the covered securities, but without the full risks and rewards of ownership; or (iv) purchasing financial instruments, such as prepaid variable forward contracts, equity swaps, collars or common shares of exchange funds that are designed to hedge or offset a decrease in the market value of equity securities granted to such person as compensation or held directly or indirectly by such person.

Clawback Policy

The Company intends to implement a formal clawback policy as an additional approach to mitigate compensation risk. The clawback policy will enable the Board to require reimbursement of all or a portion of compensation received by an executive officer pursuant to awards made under the Company's short-term and long- term incentive plans upon material financial restatements due to an executive officer engaging in prohibited conduct causing, in whole or in part, the need for the restatement.

Equity Ownership Policy

The Company will establish equity ownership guidelines for the directors and executive officers of the Company to further align the interests of directors and executive officers with those of the Shareholders. The ownership guidelines will establish minimum equity ownership levels for each director and executive officer over a specified time period. These levels will be determined by the CNG Committee following Closing. Each director and executive officer will be required to continue to hold such minimum ownership levels for as long as they serve as a director or executive officer of the Company. Awards granted under the Omnibus Incentive Plan will be included in determining an individual's equity ownership value.

Compensation-Setting Process

The CNG Committee will be responsible for assisting the Board in fulfilling its governance and supervisory responsibilities, and overseeing our human resources, succession planning and compensation policies, processes and practices. The CNG Committee will also ensure that compensation policies and practices provide an appropriate balance of risk and reward consistent with our risk profile. The Board will establish a written charter for the CNG Committee setting out its responsibilities for administering our compensation programs and reviewing and making recommendations to the Board concerning the level and nature of the compensation payable to our directors and executive officers. The CNG Committee's oversight will include setting objectives, evaluating performance and ensuring that total compensation paid to our NEOs and various other key executive officers and key managers is fair, reasonable and consistent with the objectives of our philosophy and compensation program. See also "Directors and Executive Officers – Committees of the Board – Compensation, Nomination and Governance Committee".

The compensation expected to be paid to our NEOs for Fiscal 2019, which will be our first year as a public company, is summarized below under "Summary Compensation Table".

Principal Elements of Compensation

Upon completion of the Offering, the compensation of our executive officers is expected to include three major elements: (i) base salary; (ii) short-term incentives, consisting of annual bonuses or, for certain employment categories, commission-based payments; and (iii) long-term equity incentives, consisting of option awards under our Omnibus Incentive Plan. Perquisites and personal benefits are not a significant element of compensation of our executive officers.

Base Salaries

Base salary is provided as a fixed source of compensation for our executive officers. Base salaries for executive officers are established based on the scope of their responsibilities, competencies and their prior relevant experience, taking into account compensation paid in the market for similar positions and the market demand for such executive officers. An executive officer's base salary is determined by taking into consideration the executive officer's total compensation package and the Company's overall compensation philosophy.

Adjustments to base salaries will be determined annually and may be increased based on factors such as the executive officer's success in meeting or exceeding individual objectives and an assessment of the competitiveness of the then current compensation. Additionally, base salaries can be adjusted as warranted throughout the year to reflect promotions or other changes in the scope or breadth of an executive officer's role or responsibilities, as well as to maintain market competitiveness.

Short-Term Incentive Compensation

Our NEOs and other executive officers are entitled to annual bonuses, depending on employee function. Annual bonuses are designed to motivate our executive officers to meet our business and financial objectives generally and our annual financial performance targets in particular.

Long-Term Incentive Compensation

Equity-based awards are a variable element of compensation that allows us to incentivize and retain our executive officers for their sustained contributions to the Company. Equity awards reward performance and continued employment by an executive officer, with associated benefits to us of attracting and retaining employees. We believe that options, restricted share units ("**RSUs**"), performance share units ("**PSUs**") and deferred share units ("**DSUs**") may provide executive officers with a strong link to long-term corporate performance and the creation of Shareholder value. In connection with the grants of equity-based awards, the CNG Committee determines the grant size and terms to be recommended to the Board. As part of their ongoing review of the Company's compensation practices as we transition into a publicly-listed issuer, the CNG Committee and the Board will be determining the precise go-forward structure of long-term incentive compensation both in terms of quantum and instrument mix.

Omnibus Incentive Plan

In connection with the Offering, we will adopt an omnibus incentive plan (the "**Omnibus Incentive Plan**") which will allow our Board to grant long-term equity-based awards, including options, RSUs, PSUs and DSUs to eligible participants.

Purpose

The purpose of the Omnibus Incentive Plan will be to, among other things: (a) provide the Company with a mechanism to attract, retain and motivate qualified directors, officers, employees and consultants of the Company, including its subsidiaries, (b) reward directors, officers, employees and consultants that have been granted awards under the Omnibus Incentive Plan for their contributions toward the long-term goals and success of the Company, and (c) enable and encourage such directors, officers, employees and consultants to acquire Subordinate Voting Shares as long-term investments and proprietary interests in the Company.

The Omnibus Incentive Plan will provide flexibility to the Company to grant equity-based incentive awards in the form of options, RSUs, PSUs and DSUs, as described in further detail below. The following is a summary of the Omnibus Incentive Plan, which is qualified in its entirety by the full text of the Omnibus Incentive Plan.

Shares Subject to the Omnibus Incentive Plan

The Omnibus Incentive Plan will be a "fixed" plan in that, subject to the adjustment provisions provided for therein (including a subdivision or consolidation of Shares), it will provide that the aggregate maximum number of Subordinate Voting Shares that may be issued upon the settlement of awards granted under the Omnibus Incentive Plan shall not exceed 3,610,000 Subordinate Voting Shares, representing approximately 10% of the Company's issued and outstanding Shares as at the date of Closing (the "**Reserved Shares**"), assuming no exercise of the Over-Allotment Option (3,760,000 Subordinate Voting Shares if the Over-Allotment Option is exercised in full prior to Closing).

As of the date of Closing, there are expected to be 1,550,000 options outstanding under the Omnibus Incentive Plan, each of which could be exercised or settled for one Subordinate Voting Share, which represents 4.3% of the Company's issued and outstanding Shares as at the date of Closing, assuming no exercise of the Over-Allotment Option (4.1% if the Over-Allotment Option is exercised in full prior to Closing). The options outstanding under the Omnibus Incentive Plan will have an exercise price equal to the Offering Price and will have a term of 10 years, with 350,000 of such options vesting immediately on Closing and 1,200,000 vesting in equal tranches over four years. As a result, there is expected to remain 2,060,000 Subordinate Voting Shares (plus any awards forfeited or cancelled) available for issuance under the Omnibus Incentive Plan, representing approximately 5.7% of the Company's issued and outstanding Shares as at the date of Closing, assuming no exercise of the Over-Allotment Option (2,210,000 Subordinate Voting Shares, representing 5.9%, if the Over-Allotment Option is exercised in full prior to Closing).

To the extent any awards under the Omnibus Incentive Plan are terminated or cancelled for any reason prior to exercise in full, the Subordinate Voting Shares subject to such awards (or any portion(s) thereof) shall be added back to the number of Subordinate Voting Shares reserved for issuance under the Omnibus Incentive Plan.

Insider Participation Limit

The Omnibus Incentive Plan will also provide that the aggregate number of Subordinate Voting Shares (a) issuable to insiders at any time (under all of the Company's security-based compensation arrangements) cannot exceed 10% of the Company's issued and outstanding Shares and (b) issued to insiders within any one-year period (under all of the Company's security-based compensation arrangements) cannot exceed 10% of the Company's issued and outstanding Shares.

Furthermore, the Omnibus Incentive Plan will provide that within any one financial year of the Company, the aggregate fair market value on the date of grant of all awards granted to any one non-employee director under all of the Company's security-based compensation arrangements shall not exceed $150,000 (with no more than $100,000 in options), provided that such limits shall not apply to (i) awards taken in lieu of any cash retainer or other director fees, (ii) a one-time initial grant to a non-employee director upon such director joining the Board, and (iii) awards granted on or in connection with Closing.

Any Subordinate Voting Shares issued by the Company through the assumption or substitution of outstanding stock options or other equity-based awards from an acquired company shall not reduce the number of Subordinate Voting Shares available for issuance pursuant to the exercise of awards granted under the Omnibus Incentive Plan.

Administration of the Omnibus Incentive Plan

The Plan Administrator (as defined in the Omnibus Incentive Plan) will be determined by the Board, and will initially be the CNG Committee. The Omnibus Incentive Plan may in the future be administered by the Board itself or delegated to a committee of the Board. The Plan Administrator will determine which directors, officers, consultants and employees are eligible to receive awards under the Omnibus Incentive Plan, the time or times at which awards may be granted, the conditions under which awards may be granted or forfeited to the Company, the exercise price of any award, whether restrictions or limitations are to be imposed on the Subordinate Voting Shares issuable pursuant to grants of any award, and the nature of any such restrictions or limitations, any acceleration of exercisability or vesting, or waiver of termination regarding any award, based on such factors as the Plan Administrator may determine.

In addition, the Plan Administrator shall interpret the Omnibus Incentive Plan and may adopt administrative rules, regulations, procedures and guidelines governing the Omnibus Incentive Plan or any awards granted under the Omnibus Incentive Plan as it deems appropriate.

Eligibility

All directors, officers, consultants and employees are eligible to participate in the Omnibus Incentive Plan. The extent to which any such individual is entitled to receive a grant of an award pursuant to the Omnibus Incentive Plan will be determined in the discretion of the Plan Administrator.

Types of Awards

Awards of options, RSUs, PSUs and DSUs may be made under the Omnibus Incentive Plan. All of the awards described below will be subject to the conditions, limitations, restrictions, exercise price, vesting, settlement and forfeiture provisions determined by the Plan Administrator, in its sole discretion, subject to such limitations provided in the Omnibus Incentive Plan, and will generally be evidenced by an award agreement. In addition, subject to the limitations provided in the Omnibus Incentive Plan and in accordance with applicable law, the Plan Administrator may accelerate or defer the vesting or payment of awards, cancel or modify outstanding awards, and waive any condition imposed with respect to awards or Subordinate Voting Shares issued pursuant to awards.

<u>Options</u>

An option entitles a holder thereof to purchase a prescribed number of treasury Subordinate Voting Shares at an exercise price set at the time of the grant. The Plan Administrator will establish the exercise price at the time each option is granted, which exercise price must in all cases be not less than the volume weighted average closing price of the Subordinate Voting Shares on the TSX for the five trading days immediately preceding the date of grant (the "**Market Price**") on the date of grant. Subject to any accelerated termination as set forth in the Omnibus Incentive Plan, each option expires on its respective expiry date. The Plan Administrator will have the authority to determine the vesting terms applicable to grants of options. Once an option becomes vested, it shall remain vested and shall be exercisable until expiration or termination of the option, unless otherwise specified by the Plan Administrator, or as otherwise set forth in any written employment agreement, award agreement or other written agreement between the Company or a subsidiary of the Company and the participant. The Plan Administrator will have the right to accelerate the date upon which any option becomes exercisable. The Plan Administrator may provide at the time of granting an option that the exercise of that option is subject to restrictions, in addition to those specified in the Omnibus Incentive Plan, such as vesting conditions relating to the attainment of specified performance goals.

Unless otherwise specified by the Plan Administrator at the time of granting an option and set forth in the particular award agreement, an exercise notice must be accompanied by payment of the exercise price. A participant may, in lieu of exercising an option pursuant to an exercise notice, elect to surrender such option to the Company (a "**Cashless Exercise**") in consideration for an amount from the Company equal to (i) the Market Price of the Subordinate Voting Shares issuable on the exercise of such option (or portion thereof) as of the date such option (or portion thereof) is exercised, less (ii) the aggregate exercise price of the option (or portion thereof) surrendered relating to such Subordinate Voting Shares (the "**In-the-Money Amount**") by written notice to the Company indicating the number of options such participant wishes to exercise using the Cashless Exercise, and such other information that the Company may require. Subject to the provisions of the Omnibus Incentive Plan, the Company will satisfy payment of the In-the-Money Amount by delivering to the participant such number of Subordinate Voting Shares having an aggregate fair market value equal to the In-the-Money Amount. Any options surrendered in connection with a Cashless Exercise will not be added back to the number of Subordinate Voting Shares reserved for issuance under the Omnibus Incentive Plan.

Restricted Share Units

A RSU is a unit equivalent in value to a Subordinate Voting Share credited by means of a bookkeeping entry in the books of the Company which entitles the holder to receive one Subordinate Voting Share (or the value thereof) for each RSU after a specified vesting period. The Plan Administrator may, from time to time, subject to the provisions of the Omnibus Incentive Plan and such other terms and conditions as the Plan Administrator may prescribe, grant RSUs to any participant in respect of a bonus or similar payment in respect of services rendered by the applicable participant in a taxation year (the "**RSU Service Year**").

The number of RSUs (including fractional RSUs) granted at any particular time under the Omnibus Incentive Plan will be calculated by dividing (a) the amount of any bonus or similar payment that is to be paid in RSUs (including the elected amount, as applicable), as determined by the Plan Administrator, by (b) the greater of (i) the Market Price of a Subordinate Voting Share on the date of grant and (ii) such amount as determined by the Plan Administrator in its sole discretion. The Plan Administrator shall have the authority to determine any vesting terms applicable to the grant of RSUs, provided that the terms comply with Section 409A of the *U.S. Internal Revenue Code of 1986*, to the extent applicable.

Upon settlement, holders will receive (a) one fully paid and non-assessable Subordinate Voting Share in respect of each vested RSU, (b) a cash payment or (c) a combination of Subordinate Voting Shares and cash, in each case as determined by the Plan Administrator. Any such cash payments made by the Company shall be calculated by multiplying the number of RSUs to be redeemed for cash by the Market Price per Subordinate Voting Share as at the settlement date. Subject to the provisions of the Omnibus Incentive Plan and except as otherwise provided in an award agreement, no settlement date for any RSU shall occur, and no Subordinate Voting Share shall be issued or cash payment shall be made in respect of any RSU any later than the final business day of the third calendar year following the applicable RSU Service Year.

Performance Share Units

A PSU is a unit equivalent in value to a Subordinate Voting Share credited by means of a bookkeeping entry in the books of the Company which entitles the holder to receive one Subordinate Voting Share (or the value thereof) for each PSU after specific performance-based vesting criteria determined by the Plan Administrator, in its sole discretion, have been satisfied. The performance goals to be achieved during any performance period, the length of any performance period, the amount of any PSUs granted, the termination of a participant's employment and the amount of any payment or transfer to be made pursuant to any PSU will be determined by the Plan Administrator and by the other terms and conditions of any PSU, all as set forth in the applicable award agreement. The Plan Administrator may, from time to time, subject to the provisions of the Omnibus Incentive Plan and such other terms and conditions as the Plan Administrator may prescribe, grant PSUs to any participant in respect of a bonus or similar payment in respect of services rendered by the applicable participant in a taxation year (the "**PSU Service Year**").

The Plan Administrator shall have the authority to determine any vesting terms applicable to the grant of PSUs. Upon settlement, holders will receive (a) one fully paid and non-assessable Subordinate Voting Share in respect of each vested PSU, (b) a cash payment, or (c) a combination of Subordinate Voting Shares and cash, in each case as determined by the Plan Administrator in its discretion. Any such cash payments made by the Company to a participant shall be calculated by multiplying the number of PSUs to be redeemed for cash by the Market Price per Subordinate Voting Share as at the settlement date. Subject to the provisions of the Omnibus Incentive Plan and except as otherwise provided in an award agreement, no settlement date for any PSU shall occur, and no Subordinate Voting Share shall be issued or cash payment shall be made in respect of any PSU any later than the final business day of the third calendar year following the applicable PSU Service Year.

Deferred Share Units

A DSU is a unit equivalent in value to a Subordinate Voting Share credited by means of a bookkeeping entry in the books of the Company which entitles the holder to receive one Subordinate Voting Share, the cash value thereof, or a combination of Subordinate Voting Shares and cash (as determined by the Plan Administrator in its sole discretion) for each DSU on a future date. The Board may fix from time to time a portion of the total compensation (including annual retainer) paid by the Company to a director in a calendar year for service on the Board (the "**Director Fees**") that is to be payable in the form of DSUs. In addition, each director will be given, subject to the provisions of the Omnibus Incentive Plan, the right to elect to receive a portion of the cash Director Fees owing to them in the form of DSUs.

Except as otherwise determined by the Plan Administrator, DSUs shall vest immediately upon grant. The number of DSUs (including fractional DSUs) granted at any particular time will be calculated by dividing (a) the amount of any Director Fees that are paid in DSUs (including any elected amount), by (b) the Market Price of a Subordinate Voting Share on the date of grant. Upon settlement, holders will receive (a) one fully paid and non-assessable Subordinate Voting Share in respect of each vested DSU, (b) a cash payment, or (c) a combination of Subordinate Voting Shares and cash as contemplated by (a) and (b) above, as determined by the Plan Administrator in its sole discretion. Any cash payments made under the Omnibus Incentive Plan by the Company to a participant in respect of DSUs to be redeemed for cash shall be calculated by multiplying the number of DSUs to be redeemed for cash by the Market Price per Subordinate Voting Share as at the settlement date. Subject to the provisions of the Omnibus Incentive Plan and except as otherwise provided in an award agreement, the settlement date shall be no earlier than the date on which the participant ceases to be a director and no later than the last business day of the immediately following calendar year.

Dividend Equivalents

RSUs, PSUs and DSUs shall be credited with dividend equivalents in the form of additional RSUs, PSUs and DSUs, as applicable. Dividend equivalents shall vest in proportion to, and settle in the same manner as, the awards to which they relate. Such dividend equivalents shall be computed by dividing: (a) the amount obtained by multiplying the amount of the dividend declared and paid per Subordinate Voting Share by the number of RSUs, PSUs and DSUs, as applicable, held by the participant on the record date for the payment of such dividend, by (b) the Market Value at the close of the first business day immediately following the dividend record date, with fractions computed to three decimal places.

Black-out Periods

If an award expires during, or within five business days after, a routine or special trading black-out period imposed by the Company to restrict trades in the Company's securities, then, notwithstanding any other provision of the Omnibus Incentive Plan, unless the delayed expiration would result in negative tax consequences to the holder of the award, the award shall expire five business days after the trading black-out period is lifted by the Company.

Term

While the Omnibus Incentive Plan will not stipulate a specific term for awards granted thereunder, as discussed below, shareholder approval shall be required to permit an award to be exercisable beyond 10 years from its date of grant, except where an expiry date would have fallen within a blackout period of the Company. All awards must vest and settle in accordance with the provisions of the Omnibus Incentive Plan and any applicable award agreement, which award agreement may include an expiry date for a specific award.

Termination of Employment or Services

The following table describes the impact of certain events upon the participants under the Omnibus Incentive Plan, including termination for cause, resignation, termination without cause, disability, death or retirement, subject, in each case, to the terms of a participant's applicable employment agreement, award agreement or other written agreement and subject to applicable employment standards legislation or regulations applicable to the participant's employment or other engagement with the Company or any of its subsidiaries:

<table>
<tr><th>Event</th><th>Provisions</th></tr>
<tr><td>Termination for Cause</td><td rowspan="3">• Any unvested awards held that have not been exercised, settled or surrendered as of the Termination Date (as defined in the Omnibus Incentive Plan) shall be forfeited and cancelled.
• Any vested awards may be exercised, settled or surrendered to the Company by the participant at any time during the period that terminates on the earlier of: (a) the expiry date of such award, and (b) the date that is 90 days after the Termination Date, with any award that has not been exercised, settled or surrendered at the end of such period being immediately forfeited and cancelled.</td></tr>
<tr><td>Resignation</td></tr>
<tr><td>Termination without Cause</td></tr>
<tr><td>Disability</td><td>• Any award held by the participant that has not vested as of the date of the Disability (as defined in the Omnibus Incentive Plan) of such participant shall vest on such date and may be exercised or surrendered to the Company by the participant at any time until the expiry date of such award.</td></tr>
<tr><td>Death</td><td>• Any award held by the participant that has not vested as of the date of the death of such participant shall vest on such date and may be exercised, settled or surrendered to the Company by the participant at any time during the period that terminates on the earlier of: (a) the expiry date of such award, and (b) the first anniversary of the date of the death of such participant, with any award that has not been exercised, settled or surrendered at the end of such period being immediately forfeited and cancelled.</td></tr>
</table>

Change in Control

Under the Omnibus Incentive Plan, except as may be set forth in an employment agreement, award agreement or other written agreement between the Company or a subsidiary of the Company and a participant:

(a) If within 12 months following the completion of a transaction resulting in a Change in Control (as defined below), a participant's employment is terminated without Cause (as defined in the Omnibus Incentive Plan), without any action by the Plan Administrator:

(i) any unvested awards held by the participant that have not been exercised, settled or surrendered as of the Termination Date shall immediately vest; and

(ii) any vested awards may be exercised, settled or surrendered to the Company by the participant at any time during the period that terminates on the earlier of: (A) the expiry date of such award; and (B) the date that is 90 days after the Termination Date, with any award that has not been exercised, settled or surrendered at the end of such period being immediately forfeited and cancelled.

(b) Unless otherwise determined by the Plan Administrator, if, as a result of a Change in Control, the Subordinate Voting Shares will cease trading on the TSX, the Company may terminate all of the awards, other than an option held by a participant that is a resident of Canada for the purposes of the Tax Act, granted under the Omnibus Incentive Plan at the time of, and subject to the completion of, the Change in Control transaction by paying to each holder an amount equal to the fair market value of his or her respective award (as determined by the Plan Administrator, acting reasonably) at or within a reasonable period of time following completion of such Change in Control transaction.

Subject to certain exceptions (including with respect to transactions with affiliates and AMG), a "**Change in Control**" includes (a) any transaction pursuant to which a person or group acquires more than 50% of the outstanding Shares, (b) the sale of all or substantially all of the Company's assets, (c) the dissolution or liquidation of the Company, (d) the acquisition of the Company via consolidation, merger, exchange of securities, purchase of assets, amalgamation, statutory arrangement or otherwise, or (e) individuals who comprise the Board at the last annual meeting of Shareholders (the "**Incumbent Board**") cease to constitute at least a majority of the Board, unless the election, or nomination for election by the Shareholders, of any new director was approved by a vote of at least a majority of the Incumbent Board, in which case such new director shall be considered as a member of the Incumbent Board.

Non-Transferability of Awards

Unless otherwise provided by the Plan Administrator, and except to the extent that certain rights may pass to a beneficiary or legal representative upon the death of a participant by will or as required by law, no assignment or transfer of awards granted under the Omnibus Incentive Plan, whether voluntary, involuntary, by operation of law or otherwise, shall be permitted.

Amendments to the Omnibus Incentive Plan

The Plan Administrator may also from time to time, without notice and without approval of the holders of voting shares, amend, modify, change, suspend or terminate the Omnibus Incentive Plan or any awards granted pursuant thereto as it, in its discretion, determines appropriate, provided that (a) no such amendment, modification, change, suspension or termination of the Omnibus Incentive Plan or any award granted pursuant thereto may materially impair any rights of a participant or materially increase any obligations of a participant under the Omnibus Incentive Plan without the consent of such participant, unless the Plan Administrator determines such adjustment is required or desirable in order to comply with any applicable securities laws or stock exchange requirements, and (b) any amendment that would cause an award held by a U.S. Taxpayer (as such term is defined in the Omnibus Incentive Plan) to be subject to the additional tax penalty under Section 409A(1)(b)(i)(II) of the *U.S Internal Revenue Code of 1986*, as amended, shall be null and void *ab initio*.

Notwithstanding the above, and subject to the rules of the TSX (which may require approval of disinterested shareholders), the approval of Shareholders will be required to effect any of the following amendments to the Omnibus Incentive Plan:

(a) increasing the number of Subordinate Voting Shares reserved for issuance under the Omnibus Incentive Plan, except pursuant to the provisions in the Omnibus Incentive Plan which permit the Plan Administrator to make equitable adjustments in the event of transactions affecting the Company or its capital;

(b) increasing or removing the 10% limits on Subordinate Voting Shares issuable or issued to insiders;

(c) reducing the exercise price of an option award (for this purpose, a cancellation or termination of an award of a participant prior to its expiry date for the purpose of reissuing an award to the same participant with a lower exercise price shall be treated as an amendment to reduce the exercise price of an award) except pursuant to the provisions in the Omnibus Incentive Plan which permit the Plan Administrator to make equitable adjustments in the event of transactions affecting the Company or its capital;

(d) extending the term of an option award beyond the original expiry date (except where an expiry date would have fallen within a blackout period applicable to the participant or within five business days following the expiry of such a blackout period);

(e) permitting an option award to be exercisable beyond 10 years from its date of grant (except where an expiry date would have fallen within a blackout period);

(f) increasing or removing the limits on the participation of non-employee directors;

(g) permitting awards to be transferred to a person;

(h) changing the eligible participants; and

(i) deleting or otherwise limiting the amendments which require approval of the Shareholders.

Except for the items listed above, amendments to the Omnibus Incentive Plan will not require Shareholder approval. Such amendments include (but are not limited to): (a) amending the general vesting provisions of an award, (b) amending the provisions for early termination of awards in connection with a termination of employment or service, (c) adding covenants of the Company for the protection of the participants, (d) amendments that are desirable as a result of changes in law in any jurisdiction where a participant resides, and (e) curing or correcting any ambiguity or defect or inconsistent provision or clerical omission or mistake or manifest error.

Anti-Hedging Policy

Participants are restricted from purchasing financial instruments such as prepaid variable forward contracts, equity swaps, collars, or units of exchange funds that are designed to hedge or offset a decrease in market value of awards granted to them.

Summary Compensation Table

The following table sets out information concerning the expected Fiscal 2019 compensation to be earned by, paid to, or awarded to the NEOs:

					Non-equity incentive plan compensation				
Name and Principal Position	**Fiscal year**	**Salary ($)(1)**	**Share-based awards ($)**	**Option-based awards ($) (2)**	**Annual incentive plan(3)**	**Long-term incentive plans**	**Pension value ($)**	**All other compensation ($) (4)**	**Total compensation ($)**
Michael Andlauer(5) .... *Chief Executive Officer*	2019	360,000	-	-	252,000	-	-	-	612,000
Peter Bromley.................... *Chief Financial Officer and Corporate Secretary*	2019	360,000	-	484,000	252,000	-	-	-	1,096,000
Reg Sheen.......................... *President, Logistics*	2019	360,000	-	484,000	252,000	-	-	-	1,096,000
Bob Brogan .... *President, Specialty Solutions*	2019	360,000	-	484,000	252,000	-	-	-	1,096,000
Stephen Barr...................... *President, Transportation*	2019	360,000	-	484,000	252,000	-	-	-	1,096,000

Notes:

(1) Represents the annualized base salary expected to be paid in Fiscal 2019.

(2) Represents grants of options made under the Omnibus Incentive Plan. Amounts shown in this column represent the grant date fair value of options, which has been calculated using the Black-Scholes method. The grant date fair value for these options is the same as the fair value determined for accounting purposes.

(3) Represents target bonuses payable under the NEO employment agreements, which for each NEO is up to 70% of base salary.

(4) None of the NEOs are entitled to perquisites or other personal benefits which, in the aggregate, are worth over $50,000 or over 10% of their base salary.

(5) Michael Andlauer also serves as a director of the Company, and will not receive any compensation in his capacity as a director.

Employment Agreements, Termination and Change of Control Benefits

On or following Closing, we expect to enter into new written employment agreements with each of the NEOs pursuant to which each executive will be entitled to receive compensation established by us, as well as other benefits in accordance with plans available to the most senior employees.

Under their employment agreements, our NEOs, will each also become entitled to certain contractual benefits in connection with a termination of their employment in certain circumstances. For example, if any NEO is terminated without cause (each term as defined in his employee contract), he will be entitled to a severance payment in an amount equal to (i) his then annual base salary, plus (ii) his target annual short term incentive bonus for the year in which the termination occurred, with benefits to continue through the severance period. No incremental payments are due on a termination following a change of control.

The table below shows the estimated incremental payments that would be made to our NEOs upon the occurrence of certain events, assuming the completion of the Offering. See "Principal Elements of Compensation".

Name and Principal Position	**Event**	Severance **($)**	**Acceleration of Unvested Options ($)**	**Total ($)**
Michael Andlauer *Chief Executive Officer*	Termination without cause	612,000	-	612,000
Peter Bromley *Chief Financial Officer and Corporate Secretary*	Termination without cause	612,000	484,000	1,096,000
Reg Sheen *President, Logistics*	Termination without cause	612,000	484,000	1,096,000
Bob Brogan *President, Specialty Solutions*	Termination without cause	612,000	484,000	1,096,000
Stephen Barr *President, Transportation*	Termination without cause	612,000	484,000	1,096,000

Outstanding Option-Based Awards and Share-Based Awards

The following table sets out information concerning the option-based and share-based awards granted to our NEOs that we expect to be outstanding upon completion of the Offering:

	Option-based Awards				**Share-based Awards**		
Name and Principal Position	**Number of Subordinate Voting Shares underlying unexercised options(1)**	**Option exercise price**	**Option expiration date**	**Value of unexercised in-the-money options(2)**	**Number of Subordinate Voting Shares that have not vested**	**Market or payout value of share-based awards that have not vested**	**Market or payout value of vested share-based awards not paid out or distributed**
Michael Andlauer *Chief Executive Officer*	-	$-	-	$-	-	$-	$-
Peter Bromley *Chief Financial Officer and Corporate Secretary*	100,000	$15.00	December 11, 2029	$-	-	$-	$-
Reg Sheen *President, Logistics*	100,000	$15.00	December 11, 2029	$-	-	$-	$-
Bob Brogan *President, Specialty Solutions*	100,000	$15.00	December 11, 2029	$-	-	$-	$-
Stephen Barr *President, Transportation*	100,000	$15.00	December 11, 2029	$-	-	$-	$-

Notes:

(1) Represents options anticipated to be granted under the Omnibus Incentive Plan on Closing. All options granted to directors on Closing will vest immediately, other than 350,000 options granted to Peter Jelley, which will vest in equal tranches over four years.

(2) Based on an Offering Price of $15.00 per Subordinate Voting Share.

(3) Represents the weighted average exercise price of outstanding options to purchase Subordinate Voting Shares, whether vested or unvested.

Incentive Plan Awards – Value Vested or Earned During the Year

The following table indicates, for each of our NEOs, a summary of the value of the option-based and share-based awards expected to be vested in accordance with their terms during Fiscal 2019 (assuming the continued employment of each NEO):

Name and Principal Position	Option-Based Awards – Value Expected to be Vested During the Year(1)	Share-Based Awards – Value Expected to be Vested During the Year	Non-Equity Incentive Plan Compensation – Value Expected to be Earned During the Year
Michael Andlauer .... *Chief Executive Officer*	$-	$-	$252,000
Peter Bromley.. *Chief Financial Officer and Corporate Secretary*	$-	$-	$252,000
Reg Sheen .... *President, Logistics*	$-	$-	$252,000
Bob Brogan.. *President, Specialty Solutions*	$-	$-	$252,000
Stephen Barr.. *President, Transportation*	$-	$-	$252,000

Note:

(1) Based on an Offering Price of $15.00 per Subordinate Voting Share.

DIRECTOR COMPENSATION

Director Compensation

Our directors' compensation program is designed to attract and retain the most qualified individuals to serve on the Board. The Board, through the CNG Committee, will be responsible for reviewing and approving any changes to the directors' compensation arrangements. In consideration for serving on the Board, each director that is not an employee will be paid an annual cash retainer and an annual equity retainer, and will be reimbursed for their reasonable out-of-pocket expenses incurred while serving as directors.

Following Closing, it is expected that the non-employee directors of the Company will be entitled to be paid as members of the Board, and, if applicable, as members of any committee of the Board, the following annual retainer:

Position	Amount Per Year
Member of the Board	$75,000
Chair of the Board	$25,000
Lead Director	$15,000
Audit Committee Chair	$15,000
CNG Committee Chair	$10,000
Member of a committee of the Board	$7,500

In addition to the foregoing, on Closing, each non-employee director will receive 50,000 options exercisable for Subordinate Voting Shares at the Offering Price.

We will not provide a meeting fee for Board members. The total retainer is deemed to be full payment for the role of Director. An exception to this approach would be made in the event of a special transaction or other special circumstance that would require more meetings than are typically required.

Board compensation will be payable quarterly in arrears. A minimum of 50% of a director's compensation will be payable in DSUs, while directors can elect to receive DSUs for the remaining 50%. The equity retainers will be paid in DSUs on an annual basis and will vest immediately. The cash retainers will be paid on a quarterly basis. The number of DSUs to be issued as the equity retainer or upon a director electing to receive their cash retainers in DSUs will be based on the volume weighted average trading price on the TSX for the five trading days prior to such issuance.

Outstanding Share-Based Awards and Option-Based Awards

The following table sets out information concerning the option-based and share-based awards granted to our non-employee directors that we expect to be outstanding upon completion of the Offering:

	Option-based Awards				Share-based Awards		
Name	**Number of Shares underlying unexercised options**	**Option exercise price**	**Option expiration date**	**Value of unexercised in-the-money options(1)**	**Number of Shares that have not vested**	**Market or payout value of share-based awards that have not vested**	**Market or payout value of vested share-based awards not paid out or distributed**
Rona Ambrose	50,000	$15.00	December 11, 2029	$-	-	$-	$-
Andrew Clark	50,000	$15.00	December 11, 2029	$-	-	$-	$-
Peter Jelley	400,000	$15.00	December 11, 2029	$-	-	$-	$-
Cameron Joyce	50,000	$15.00	December 11, 2029	$-	-	$-	$-
Joseph Schlett	50,000	$15.00	December 11, 2029	$-	-	$-	$-
Evelyn Sutherland	50,000	$15.00	December 11, 2029	$-	-	$-	$-
Thomas Wellner	50,000	$15.00	December 11, 2029	$-	-	$-	$-

Notes:

(1) Based on Offering Price of $15.00 per Subordinate Voting Share.

(2) The options reflected in this column represent grants of options under our Omnibus Incentive Plan. For a description of the terms of the options granted under our Omnibus Incentive Plan see "Executive Compensation – Omnibus Incentive Plan".

INDEBTEDNESS OF DIRECTORS AND OFFICERS

Except in connection with the transactions described in this prospectus under the heading "The Acquisition", none of our directors, executive officers, employees, former directors, former executive officers or former employees or any of our subsidiaries, and none of their respective associates, is or has within 30 days before the date of this prospectus or at any time since the beginning of the most recently completed financial year been indebted to us or any of our subsidiaries or another entity whose indebtedness is the subject of a guarantee, support agreement, letter of credit or other similar agreement or understanding provided to us or any of our subsidiaries.

PLAN OF DISTRIBUTION

General

Pursuant to the Underwriting Agreement dated December 4, 2019 among us, AMG and the Underwriters (the "**Underwriting Agreement**"), the Company has agreed to sell and the Underwriters have severally agreed to purchase on Closing an aggregate of 10,000,000 Subordinate Voting Shares at a price of $15.00 per Subordinate Voting Share for aggregate gross proceeds of $150,000,000 against delivery of the Subordinate Voting Shares on the Closing Date or such later date as the Company and the Underwriters agree, but no later than January 13, 2020, subject to and in compliance with all of the necessary legal requirements and conditions contained in the Underwriting Agreement. In consideration for their services in connection with the Offering, the Company has agreed to pay the Underwriters a fee equal to $0.90 per Subordinate Voting Share (being 6% of the Offering Price), including any Subordinate Voting Shares forming part of the Over-Allotment Option. It is estimated that the total expenses of the Offering, not including the Underwriters' Fee, will be approximately $4,850,000. All such expenses of the Offering will be paid by the Company.

The Offering Price of $15.00 per Subordinate Voting Share was determined by negotiation among the Company**,** AMG and the Underwriters, and the Underwriters propose to offer the Subordinate Voting Shares initially at the Offering Price. After the Underwriters have made a reasonable effort to sell all of the Subordinate Voting Shares at the price specified on the cover page of this prospectus, the Offering Price may be decreased and may be further changed from time to time to an amount not greater than that set out on the cover page of this prospectus, and the compensation realized by the Underwriters will be decreased by the amount that the aggregate price paid by the purchasers for the Subordinate Voting Shares is less than the price paid by the Underwriters to us. Any such reduction will not affect the net proceeds received by us. The Underwriters may form a selling group including other qualified investment dealers and determine the fee payable to the members of such group, which fee will be paid by the Underwriters out of their fees. The obligation to pay the sub-underwriting fee is an obligation of the Underwriters and the Company shall not be responsible for ensuring that any dealer receives this payment from the Underwriters.

Pursuant to the Underwriting Agreement, we have granted to the Underwriters the Over-Allotment Option, which is exercisable, in whole or in part, at any time for a period of 30 days after Closing to purchase up to an additional 1,500,000 Subordinate Voting Shares (representing 15% of the aggregate number of Subordinate Voting Shares sold in the base Offering) on the same terms as set forth above for the purpose of covering the Underwriters' over-allocation position, if any, and for market stabilization purposes. This prospectus also qualifies the grant of the Over-Allotment Option. A purchaser who acquires Subordinate Voting Shares forming part of the Underwriters' over-allocation position acquires such Subordinate Voting Shares under this prospectus, regardless of whether the Underwriters' over-allocation position is ultimately filled through the exercise of the Over-Allotment Option or secondary market purchases.

Under the terms of the Underwriting Agreement, the Underwriters may terminate the Underwriting Agreement upon the occurrence of certain events, including "material change out", "disaster out", "proceedings to restrict distribution out" and "market out" clauses. Additionally, the Underwriters may terminate the Offering if the event the terms and conditions of the Purchase Agreement are amended or waived, as applicable, without the prior written consent of the Underwriters. The Underwriters are, however, severally obligated to take up and pay for all of the Subordinate Voting Shares that they have agreed to purchase if any of the Subordinate Voting Shares are purchased under the Underwriting Agreement.

Under applicable securities laws in Canada, certain persons and individuals, including us and the Underwriters, have statutory liability for any misrepresentation in this prospectus, subject to available defences. Pursuant to the Underwriting Agreement, the Company and AMG have agreed to indemnify the Underwriters and their directors, officers, employees and agents against certain liabilities, including, without restriction, civil liabilities under securities legislation in Canada, and to contribute to any payments that the Underwriters may be required to make in respect thereof.

There is currently no market through which the Subordinate Voting Shares may be sold. This may affect the pricing of the Subordinate Voting Shares in the secondary market, the transparency and availability of trading prices, the liquidity of the Subordinate Voting Shares and the extent of issuer regulation. See "Risk Factors".

Subscriptions for Subordinate Voting Shares will be received subject to rejection or allocation in whole or in part and the right is reserved to close the subscription books at any time without notice.

The Closing is expected to occur on December 11, 2019 or such other date as we and the Underwriters may agree, but in any event not later than January 13, 2020.

The TSX has conditionally approved the listing of the Subordinate Voting Shares under the symbol "AND". Listing is subject to us fulfilling all of the listing requirements of the TSX.

The Subordinate Voting Shares have not been, and will not be, registered under the U.S. Securities Act or the securities laws of any state of the United States and may not be offered, sold or delivered, directly or indirectly, in the United States, except pursuant to an exemption from the registration requirements of the U.S. Securities Act and applicable state securities laws. Each Underwriter has agreed that it will not offer or sell Subordinate Voting Shares within the United States, except in transactions exempt from the registration requirements of the U.S. Securities Act and applicable state securities laws. The Underwriting Agreement provides that the Underwriters may re-offer and re-sell the Subordinate Voting Shares that they have acquired pursuant to the Underwriting Agreement in the United States to "qualified institutional buyers" (as defined in Rule 144A under the U.S. Securities Act) in accordance with Rule 144A under the U.S. Securities Act. The Underwriting Agreement also provides that the Underwriters may offer and sell the Subordinate Voting Shares outside the United States in accordance with Rule 903 of Regulation S under the U.S. Securities Act. In addition, until 40 days after the commencement of the Offering, an offer or sale of the Subordinate Voting Shares within the United States by any dealer (whether or not participating in the Offering) may violate the registration requirements of the U.S. Securities Act if such offer or sale is made otherwise than in accordance with an exemption from registration under the U.S. Securities Act.

Price Stabilization, Short Positions and Passive Market Making

In connection with the Offering, the Underwriters may, subject to applicable law, over-allocate or effect transactions which stabilize or maintain the market price of the Subordinate Voting Shares at levels other than those which otherwise might prevail on the open market, including stabilizing transactions, short sales, purchases to cover positions created by short sales, imposition of penalty bids, and syndicate covering transactions.

Stabilizing transactions consist of bids or purchases made for the purpose of preventing or retarding a decline in the market price of the Subordinate Voting Shares while the Offering is in progress. These transactions may also include over-allocating or making short sales of the Subordinate Voting Shares, which involves the sale by the Underwriters of a greater number of Subordinate Voting Shares than they are required to purchase in the Offering. Short sales may be "covered short sales", which are short positions in an amount not greater than the Over-Allotment Option, or may be "naked short sales", which are short positions in excess of that amount.

The Underwriters may close out any covered short position either by exercising the Over-Allotment Option, in whole or in part, or by purchasing Subordinate Voting Shares in the open market. In making this determination, the Underwriters will consider, among other things, the price of Subordinate Voting Shares available for purchase in the open market compared with the Offering Price at which they may purchase Subordinate Voting Shares through the Over-Allotment Option.

The Underwriters must close out any naked short position by purchasing Subordinate Voting Shares in the open market. A naked short position is more likely to be created if the Underwriters are concerned that there may be downward pressure on the price of the Subordinate Voting Shares in the open market. Any naked short sales will form part of the Underwriters' over-allocation position. A purchaser who acquires Subordinate Voting Shares forming part of the Underwriters' over-allocation position resulting from any covered short sales or naked short sales will, in each case, acquire such Subordinate Voting Shares under this prospectus, regardless of whether the Underwriters' over-allocation position is ultimately filled through the exercise of the Over-Allotment Option or secondary market purchases.

In addition, in accordance with rules and policy statements of certain Canadian securities regulatory authorities and the Universal Market Integrity Rules for Canadian Marketplaces ("**UMIR**"), the Underwriters may not, at any time during the period of distribution, bid for or purchase Subordinate Voting Shares. The foregoing restriction is, however, subject to exceptions where the bid or purchase is not made for the purpose of creating actual or apparent active trading in, or raising the price of, the Subordinate Voting Shares. These exceptions include a bid or purchase permitted under the by-laws and rules of applicable regulatory authorities and the TSX, including UMIR, relating to market stabilization and passive market making activities and a bid or purchase made for and on behalf of a customer where the order was not solicited during the period of distribution.

As a result of these activities, the price of the Subordinate Voting Shares may be higher than the price that otherwise might exist in the open market. If these activities are commenced, they may be discontinued by the Underwriters at any time. The Underwriters may carry out these transactions on any stock exchange on which the Subordinate Voting Shares are listed, in the over-the-counter market, or otherwise.

Relationships Between the Company and Certain of the Underwriters

Each of RBC and CIBC is an affiliate of a Canadian chartered bank that has committed to provide us with the Credit Facilities at Closing, which will be available to us for up to a maximum of $100 million and will replace the Existing Credit Facilities we maintain with an affiliate of RBC. Additionally, RBC, CIBC and their respective affiliates have provided from time to time, and may provide in the future, commercial banking, investment and financial advisory services to us and our affiliates in the ordinary course of business for which they have received and may continue to receive customary fees and commissions. See "Description of Material Indebtedness". Accordingly, we may be considered a "connected issuer", as such term is defined in National Instrument 33-105 – *Underwriting Conflicts*, of either, or both, of RBC and CIBC.

The decision to distribute the Subordinate Voting Shares pursuant to the Offering was made by us alone and the determination of the terms of the Offering was made through negotiations between us, AMG and the Underwriters. The Offering was not required, suggested or consented to by any of RBC, CIBC or their respective affiliates, in connection with their capacity under the Credit Facilities. The Underwriters will not receive any benefit in connection with the Offering other than the applicable Underwriters' Fee payable to the Underwriters pursuant to the Underwriting Agreement.

If the Over-Allotment Option is exercised following Closing, we intend to use the aggregate net proceeds received, after deducting the Underwriters' Fee, to reduce our outstanding indebtedness under the Revolving Facility. See "Use of Proceeds" and "Description of Material Indebtedness".

Lock-Up Arrangements

Pursuant to the Underwriting Agreement, each of the Company, AMG, the Trustees and our directors and executive officers have agreed that he, she or it will not, directly or indirectly, without the prior written consent of the Joint Bookrunners, on behalf of the Underwriters, such consent not to be unreasonably withheld, issue, offer or sell or grant any option, warrant or other right to purchase or agree to issue or sell or otherwise lend, transfer, assign or dispose of any of our equity securities held on Closing or other securities convertible or exchangeable into or otherwise exercisable into our equity securities or enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of our equity securities, or agree or publicly announce any intention to do any of the foregoing for a period commencing on the Closing Date and ending 180 days after the Closing Date, subject to certain limited exceptions. Holders of 100% of the Company's issued and outstanding shares on a non-diluted basis immediately prior to the completion of the Offering will be subject to these lock-up arrangements.

Non-Certificated Inventory System

No certificates representing the Subordinate Voting Shares to be sold in the Offering will be issued to purchasers under this prospectus. Registration will be made in the depository service of CDS, or to its nominee, and electronically deposited with CDS on the Closing Date. Each purchaser of Subordinate Voting Shares will typically only receive a customer confirmation of purchase from the participants in the CDS depository service ("**CDS Participants**") from or through which such Subordinate Voting Shares are purchased, in accordance with the practices and procedures of such CDS Participant. Transfers of ownership of Subordinate Voting Shares will be effected through records maintained by the CDS Participants, which include securities brokers and dealers, banks and trust companies. Indirect access to the CDS book-entry system is also available to other institutions that maintain custodial relationships with a CDS Participant, either directly or indirectly.

The terms of the Offering, including the Offering Price, were determined by negotiation between the Underwriters, on their own behalf and on behalf of each of the other Underwriters**,** AMG and the Company. None of the banks of which any of the Underwriters are affiliates were involved in the determination of the terms of the Offering. As a consequence of the Offering, each of such Underwriters will receive its proportionate share of the Underwriters' Fee.

CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

In the opinion of Goodmans LLP, counsel to the Company, and Stikeman Elliott LLP, counsel to the Underwriters, the following is a general summary, as of the date hereof, of the principal Canadian federal income tax considerations under the Tax Act generally applicable to a holder who acquires as beneficial owner Subordinate Voting Shares pursuant to the Offering and who, for the purposes of the Tax Act and at all relevant times, holds Subordinate Voting Shares as capital property, deals at arm's length with the Company and the Underwriters, is not affiliated with the Company or the Underwriters, has not entered into, with respect to their Subordinate Voting Shares, a "derivative forward agreement" or a "synthetic disposition arrangement", each as defined under the Tax Act (a "**Holder**"). A Subordinate Voting Share will generally be capital property to a Holder provided the Holder does not acquire or hold such Subordinate Voting Share in the course of carrying on a business or as part of an adventure or concern in the nature of trade.

This summary is based upon the current provisions of the Tax Act and counsel's understanding of the current published administrative and assessing policies and practices of the Canada Revenue Agency. The summary also takes into account all specific proposals to amend the Tax Act that have been publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof (the "**Tax Proposals**"), and assumes that all such Tax Proposals will be enacted in the form proposed. No assurance can be given that the Tax Proposals will be enacted in the form proposed or at all. This summary does not otherwise take into account or anticipate any changes in law, whether by way of legislative, judicial or administrative action or interpretation, nor does it address any provincial, territorial or foreign tax considerations.

This summary is of a general nature only and is not intended to be, nor should it be construed to be, legal or tax advice to any particular Holder. Accordingly, Holders are urged to consult their own tax advisors about the specific tax consequences to them of acquiring, holding and disposing of Subordinate Voting Shares.

Residents of Canada

This portion of the summary is generally applicable to a Holder who, for the purposes of the Tax Act, and at all relevant times, is, or is deemed to be, resident in Canada ("**Resident Holder**"). This portion of the summary is not applicable to a Resident Holder: (a) that is a "financial institution", as defined in the Tax Act for purposes of the "mark-to-market rules" contained in the Tax Act; (b) an interest in which would be a "tax shelter investment" as defined in the Tax Act; (c) that is a "specified financial institution" as defined in the Tax Act; or (d) that has elected to report its "Canadian tax results", as defined in the Tax Act, in a currency other than the Canadian currency. Any such Holder to which this summary does not apply should consult its own tax advisor.

Additional considerations, not discussed herein, may be applicable to a Resident Holder that is a corporation resident in Canada and is, or becomes, or does not deal at arm's length for purposes of the Tax Act with a corporation resident in Canada that is or becomes, as part of a transaction or series of transactions or events that includes the acquisition of Subordinate Voting Shares, controlled by a non-resident person or group of non-resident persons not dealing with each other at arm's length for purposes of the "foreign affiliate dumping" rules in section 212.3 of the Tax Act. Such Resident Holders should consult their own tax advisors with respect to the consequences of acquiring Subordinate Voting Shares.

Certain Resident Holders whose Subordinate Voting Shares might not otherwise qualify as capital property may, in certain circumstances, make the irrevocable election pursuant to subsection 39(4) of the Tax Act to have its Subordinate Voting Shares, and every other "Canadian Security", as defined in the Tax Act, owned by such Resident Holder in the taxation year of the election and in all subsequent taxation years, deemed to be capital property. Resident Holders should consult their own tax advisors for advice as to whether an election under subsection 39(4) of the Tax Act is available and advisable in their own circumstances.

Dividends on Subordinate Voting Shares

Dividends received on a Subordinate Voting Share by a Resident Holder who is an individual (other than certain trusts) will be included in computing such Resident Holder's income and will be subject to the gross-up and dividend tax credit rules normally applicable under the Tax Act to taxable dividends received from taxable Canadian corporations, including the enhanced gross-up and dividend tax credit in respect of dividends designated by the Company as "eligible dividends". There may be limitations on the ability of the Company to designate dividends as "eligible dividends". No assurance can be given that dividends will be designated as "eligible dividends".

Dividends received on a Subordinate Voting Share by a Resident Holder that is a corporation will be included in computing such Resident Holder's income for the taxation year and will generally also be deductible in computing its taxable income for that taxation year. In certain circumstances a dividend received by a Resident Holder that is a corporation may be deemed to be a capital gain pursuant to subsection 55(2) of the Tax Act. Resident Holders should consult their own tax advisors regarding their particular circumstances. A Resident Holder that is a "private corporation" or a "subject corporation", each as defined in the Tax Act, will generally be liable to pay an additional tax under Part IV of the Tax Act on dividends received on a Subordinate Voting Share to the extent such dividends are deductible in computing the Resident Holder's taxable income. Such additional tax may be refundable in certain circumstances.

Dispositions of a Subordinate Voting Share

Generally, on a disposition, or a deemed disposition, of a Subordinate Voting Share, a Resident Holder will realize a capital gain (or a capital loss) equal to the amount by which the proceeds of disposition of the Subordinate Voting Share, net of any reasonable costs of disposition, exceed (or are less than) the adjusted cost base of the Subordinate Voting Share to the Resident Holder immediately before the disposition or deemed disposition. For this purpose, the adjusted cost base to a Resident Holder of a Subordinate Voting Share will be determined at any particular time by averaging the cost of such share with the adjusted cost base of any other Subordinate Voting Shares owned by the Resident Holder as capital property at that time. Such capital gain (or capital loss) will be subject to the treatment described below under "– Taxation of Capital Gains and Capital Losses".

Taxation of Capital Gains and Capital Losses

Generally, one-half of any capital gain (a "**taxable capital gain**") realized by a Resident Holder for a taxation year must be included in computing the Resident Holder's income for the year. Subject to and in accordance with the provisions of the Tax Act, a Resident Holder is required to deduct one-half of any capital loss (an "**allowable capital loss**") realized in a taxation year from taxable capital gains realized in that taxation year and allowable capital losses in excess of taxable capital gains for the taxation year of disposition may be carried back and deducted in any of the three preceding taxation years, or in any subsequent year against net taxable capital gains realized in such years. If the Resident Holder is a corporation, any such capital loss realized on the sale of a Subordinate Voting Share may be reduced by the amount of any dividends which have been received by the Resident Holder on such Subordinate Voting Share to the extent and in circumstances prescribed by the Tax Act. Similar rules may apply where a corporation is a member of a partnership or a beneficiary of a trust that owns Subordinate Voting Shares, directly or indirectly through a partnership or a trust. Such Resident Holder should consult its own tax advisor.

A Resident Holder that is throughout the year a "Canadian-controlled private corporation" (as defined in the Tax Act) may be liable to pay a refundable tax on certain investment income, including taxable capital gains.

Alternative Minimum Tax

In general terms, a Resident Holder that is an individual (other than certain trusts) that receives or is deemed to have received taxable dividends on the Subordinate Voting Shares or realizes a capital gain on the disposition or deemed disposition of Subordinate Voting Shares may be liable for alternative minimum tax under the Tax Act. Resident Holders that are individuals should consult their own tax advisors in this regard.

Non-Resident Holders

This portion of the summary is generally applicable to a Holder who, for the purposes of the Tax Act and at all relevant times, is not (and is not deemed to be) resident in Canada and will not use or hold (and will not be deemed to use or hold) the Subordinate Voting Shares in, or in the course of, carrying on a business or part of a business in Canada (a "**Non-Resident Holder**"). This summary does not apply to a Non-Resident Holder that carries on an insurance business in Canada and elsewhere and such holders should consult their own tax advisors.

Dividends on Subordinate Voting Shares

Dividends paid or credited, or deemed to be paid or credited, on a Subordinate Voting Share to a Non-Resident Holder will generally be subject to Canadian withholding tax at the rate of 25%, subject to any reduction in the rate of withholding to which that Non-Resident Holder may be entitled under an applicable income tax treaty or convention. For example, the rate of withholding tax applicable to a dividend paid on a Subordinate Voting Share to a Non-Resident Holder who is a resident of the United States for purposes of the Canada-U.S. Income Tax Convention (the "**Convention**"), will generally be reduced to 15% provided the Non-Resident Holder beneficially owns the dividend and is fully entitled to the benefits of the Convention.

Dispositions of Subordinate Voting Shares

A Non-Resident Holder will not be subject to tax under the Tax Act in respect of any capital gain realized by such Non-Resident Holder on a disposition or deemed disposition of a Subordinate Voting Share unless the Subordinate Voting Share constitutes "taxable Canadian property" (as defined in the Tax Act) of the Non-Resident Holder at the time of disposition and the Non-Resident Holder is not entitled to relief under an applicable income tax treaty or convention between Canada and the country in which the Non-Resident Holder is resident. Generally, a Subordinate Voting Share will not constitute taxable Canadian property of a Non-Resident Holder at any particular time provided that the Subordinate Voting Share is listed on a "designated stock exchange" for the purposes of the Tax Act (which currently includes the TSX), unless at any time during the 60-month period immediately preceding such time: (a) at least 25% or more of the issued shares of any class or series of the capital stock of the Company owned by or belonged to any combination of (x) the Non-Resident Holder, (y) persons with whom the Non-Resident Holder did not deal at arm's length (for the purposes of the Tax Act), and (z) partnerships in which the Non-Resident Holder or a person described in (y) holds a membership interest directly or indirectly through one or more partnerships; and (b) more than 50% of the fair market value of the Subordinate Voting Share was derived directly or indirectly from one, or any combination of, real or immovable property situated in Canada, Canadian resource property (as defined in the Tax Act), timber resource property (as defined in the Tax Act) or options in respect of, interests in or for civil law rights in any such property (whether or not such property exists). Notwithstanding the foregoing, a Subordinate Voting Share may also be deemed to be "taxable Canadian property" in certain circumstances.

In the event that a Subordinate Voting Share is taxable Canadian property of a Non-Resident Holder and any capital gain that would be realized on the disposition thereof is not exempt from tax under the Tax Act pursuant to an applicable income tax treaty or convention between Canada and the country in which the Non- Resident Holder is resident, then the income tax consequences discussed above for Resident Holders under "Residents of Canada – Dispositions of a Subordinate Voting Share" will generally apply to the Non Resident Holder. Non-Resident Holders for whom a Subordinate Voting Share is, or may be, taxable Canadian property should consult their own tax advisors.

RISK FACTORS

Investing in our Subordinate Voting Shares involves significant risk. You should carefully consider the risks and uncertainties described below, together with all of the other information in this prospectus, including in the section titled "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the financial statements and related notes, before making a decision to invest in our Subordinate Voting Shares. Other risks and uncertainties that we do not presently consider to be material, or of which we are not presently aware, may become important factors that affect our future financial condition and results of operations. If any of these risks actually occur, our business, financial condition, results of operations and prospects could be materially and adversely affected. In that event, the market price of our Subordinate Voting Shares could decline, and you could lose part or all of your investment. The Subordinate Voting Shares are only suitable for investors (i) who understand the potential risk of capital loss, (ii) for whom an investment in the Subordinate Voting Shares is part of a diversified investment program and (iii) who fully understand and are willing to assume the risks involved in such an investment program.

Risks Related to our Business and Industry

Economic conditions could have a material adverse impact on our business.

The price of fuel, equipment and other input and third-party costs, insurance costs, interest rates, fluctuations in clients' business cycles and national and regional economic conditions are economic factors over which we have little or no control. Demand for our supply chain management solutions and specialized transportation services is closely linked to the state of the overall economy. Consequently, a decline in general economic growth will likely reduce demand for our services and exert downward pressures on our rates and margins. In periods of strong economic growth, demand for our services can result in increased network congestion and operating inefficiencies. In addition, significant increases in fuel prices, equipment prices, other input and third-party prices, interest rates or insurance costs, to the extent not offset by increases in our rates or contractual surcharges, or disruptions in fuel supply, would reduce profitability and could adversely affect our ability to service our debts or maintain dividends or other distributions. There can be no assurance of our ability to pass on fuel or other cost increases in the future and, in such event, dividends and other distributions may be reduced. In addition, any deterioration in the economic environment subjects our business to various risks that may have a material impact on our operating results and future prospects and could cause the market price of our Subordinate Voting Shares to decline. These risks may include the following:

- Volatility and disruption of financial markets could limit our clients' ability to obtain adequate financing or credit to purchase our services, or to maintain operations, and may result in a decrease in production volumes that could have a negative impact on our operating results;

- Some of our clients may experience financial distress, file for bankruptcy protection, go out of business, or suffer disruptions in their business and may not be able to pay us. In addition, some clients may not pay us as quickly as they have in the past, causing our working capital needs to increase;

- A reduction in overall freight volumes reduces our opportunities for growth. If a downturn in our clients' business cycles causes a reduction in the volume of freight shipped by those clients, our operating results could be adversely affected;

- A significant number of our third-party transportation providers may go out of business and we may be unable to secure sufficient equipment capacity or services to meet our commitments to our clients; and

- We may not be able to appropriately adjust our expenses to changing market demands. In order to maintain flexibility in our business model, it is necessary to adjust staffing levels when market demand changes. In periods of rapid change, it is more difficult to match our staffing levels to our business needs. In addition, we have other expenses that are primarily variable but are fixed for a period of time, as well as certain significant fixed expenses, and we may not be able to adequately adjust them in a period of rapid change in market demand**.**

We cannot predict the impact of future economic conditions and there is no assurance that our operations will continue to be profitable.

A failure to retain major clients could have a material adverse impact on our business.

In recent years, a significant portion of our revenue growth has come from a number of large clients. A meaningful percentage of revenue is derived from clients that have contracts that can be terminated on short notice. The majority of our logistics and dedicated and last mile client contracts are for three to five years. A significant portion of our client contracts, including contract renewals, are subject to competitive tender processes, and there can be no assurance that we will be successful in acquiring new business or retaining existing business subject to competitive tender. In addition, our existing clients who use our specialized transportation services may choose to use other service providers in the future. Across our operating segments, there can be no assurance that our current clients will continue their relationships with us or that contracts that come up for renewal will be renewed or, if they are renewed, that clients will contract for the same services or volume amounts to be transported or that they will pay the same rates and surcharges as they have in the past. We are currently renegotiating contracts (or extensions to existing contracts) with certain of our logistics clients. There can be no assurance that the agreements will be achieved on preferential terms, on terms consistent with historical ones, or at all. The loss of one or more major clients, the failure to renew client contracts, or any decrease in services or transportation volumes purchased or prices paid or any other changes to the terms of service under renewed contracts could have a material adverse effect on our profitability and, as a result, the amount of cash available for distribution to Shareholders, and could cause the market price of our Subordinate Voting Shares to decline. We are currently renegotiating contracts (or extensions to contracts) with certain of our logistics clients. There can be no assurances that these agreements will be achieved on preferential terms, on terms consistent with historical ones, or at all. We also cannot control the business activity of our current clients. We may lose clients if such clients merge or acquire other businesses, and subsequently contract with another service provider in connection with their supply chain activities, or bring the services currently contracted for in-house. Additionally, clients may reduce the services they contract for upon patent expiry of one or more of their products. Competitors who sell off-patent products may be unwilling to pay the same rates and surcharges as the original manufacturer and may conduct their own supply chain management activities in-house or contract with other service providers.

We operate in a regulated industry, and increased direct and indirect costs of compliance with, or liability or potential loss of revenue for violation of, existing or future regulations could have a material adverse impact on our business.

In addition to the laws and regulations which generally affect Canadian businesses, including labour and employment, human rights, data protection, advertising, environmental, taxes and other laws, we are subject to extensive federal, and provincial/territorial laws, regulations and guidelines, including those set forth by Health Canada (including GUI-0069 and GUI-0001, among others), which govern the storage, packaging and distribution of healthcare products. Within this regulatory environment, we must comply with GMPs (Good Manufacturing Practices), which include requirements related to temperature control, quality control and assurance and record-keeping. Our facilities are subject to scheduled periodic Health Canada and client inspections to ensure compliance with GMPs and other statutory and regulatory requirements applicable to the products we warehouse, package and distribute, including, among others, narcotics, controlled drugs and precursors. Any material deviations from GMPs and other applicable statutory and regulatory requirements identified during such inspections may result in one or more sanctions, including non-compliance ratings from Health Canada, loss of a client contract, disqualification of data for client submissions to regulatory authorities and a mandated suspension or shutdown of our facilities, which in turn could have a material adverse effect on our reputation, business, financial condition, operating results and cash flows. Further, discovery of previously unknown problems with the products we distribute on behalf of clients may result in restrictions or sanctions, including suspension or withdrawal of marketing approvals, seizures or recalls of products from the market, and revoking of licences, any of which could lead to increased scrutiny and inspections of our facilities and could significantly and adversely affect our relationship with clients, our reputation generally and our results of operations.

We are also subject to federal and provincial/territorial laws and regulations governing the transportation industry in Canada. Regulation of the operations of companies who transport goods has become more stringent over time and is expected to continue to do so moving forward. Currently, each carrier must obtain a license from, or register with, provincial/territorial regulatory authorities in order to carry goods extra-provincially/territorially or to transport goods within any province/territory. The right to continue to hold applicable licences and permits is generally subject to maintaining satisfactory compliance with regulatory and safety guidelines, policies and regulations. Changes in existing regulations and implementation of new regulations, such as those related to trailer size limits, emissions and fuel economy, hours of service, mandated electronic logging devices and drug and alcohol testing, could increase capacity in the transportation industry or improve the position of certain competitors, either of which could negatively impact pricing and volumes or require us to undertake additional investments.

There are currently a number of tabled, and passed, changes to the Canada Labour Code that will impact federally-regulated employment-related practices. Specifically, these legislative changes relate to compensation to temporary agency workers, vacation time and pay, advance notice of work schedule, increase in notice time for termination without cause and pay equity plans. These changes impact our specialized transportation business, which is federally regulated. While the tabled and unpassed changes are factored into management's assumptions, these assumptions, although considered reasonable by management at the time of preparation, may prove to be incorrect.

Although we have implemented procedures designed to ensure compliance with applicable laws and regulations that impact our business, if our management, employees or third-party providers fail to comply with any of these laws or regulations for any reason, we could become subject to enforcement actions or the imposition of significant penalties or claims, or suffer reputational harm, any of which could adversely affect our business and cause the market price of our Subordinate Voting Shares to decline. Additionally, although we undertake to monitor applicable laws, it is possible changes may be implemented or new laws or regulations may be introduced without our knowledge, creating a greater risk of non-compliance. The adoption of new laws or regulations or changes in the interpretation of existing laws or regulations may result in increased compliance costs and could make the ordinary conduct of our business more expensive or require us to change the way we do business. It is often difficult for us to plan and prepare for potential changes to applicable laws, and future actions or expenses related to any such changes could be material to us. Higher costs incurred by us as a result of future new regulations, or by our independent contractors or third-party transportation providers who pass increased costs on to us, could adversely affect our results of operations to the extent we are unable to obtain a corresponding increase in price from our clients.

We operate in a competitive industry and, if we are unable to adequately address factors that may adversely affect our revenue and costs, our business could suffer.

As a supply chain management company specializing in logistics and specialized transportation in the Canadian healthcare sector, we believe that we are unique in the marketplace. Notwithstanding the foregoing, we face competition from a variety of international, national and regional competitors, many of whom have strong financial, marketing and other resources. There can be no assurance that we will be able to compete successfully against our current or future competitors or that competition will not have a material adverse effect on our operating results, financial condition or the amount of cash available for distribution to Shareholders. Increased competition may lead to a reduction in revenues, reduced profit margins, or a loss of market share, any one of which could harm our business and cause the market price of our Subordinate Voting Shares to decline.

We must compete against both the niche players and larger national and international entities including carriers, and emerging technology companies. The primary competitive factors are price and quality of service. Clients regularly solicit bids from competitors in order to improve service and to secure favorable pricing and contractual terms such as longer payment terms, fixed-price arrangements, higher or unlimited liability limits and performance penalties. Increased competition and competitors' acceptance of expanded contractual terms could result in reduced revenues, reduced margins, higher operating costs or loss of market share, any of which would damage our results of operations, cash flows and financial condition and could cause the market price of our Subordinate Voting Shares to decline.

Competition in the transportation services industry is intense. There are many factors that could impair our profitability in our specialized transportation segment, including the following:

- Competition from other services providers, some of which offer different services or have a broader coverage network, more fully developed information technology systems and greater capital resources than we do;

- A reduction in the rates charged by our competitors to gain business, especially during times of declining economic growth, which may limit our ability to maintain or increase our rates, maintain our operating margins or achieve significant growth in our business;

- Clients soliciting bids from multiple service providers for their logistics and shipping needs, which may result in the depression of rates or loss of business to competitors;

- The establishment by our competitors of cooperative relationships to increase their ability to address client needs;

- Decisions by our current or prospective clients to develop or expand internal capabilities for some of the services we provide; and

- The development of new technologies or business models that could result in our disintermediation in certain businesses, such as freight brokerage.

Mergers or other strategic transactions involving our clients or competitors could weaken our competitive position, which could harm our results of operations.

Consolidation within our existing and target markets as a result of mergers or other strategic transactions may result in pricing pressure on us, create uncertainty among clients as they realign their businesses and impact new sales and renewal rates. For example, mergers or strategic transactions by potential or existing clients may delay orders for our products and services or cause the use of our services to be discontinued, which could have a material adverse effect on our business, results of operations and financial condition and could cause the market price of our Subordinate Voting Shares to decline.

Some of our competitors may enter into new alliances with each other or may establish or strengthen cooperative relationships with systems integrators, third-party consulting firms or other parties, thereby limiting our ability to promote our services. Any such consolidation, acquisition, alliance or cooperative relationship could lead to pricing pressure and our loss of market share and could result in a competitor with greater financial, technical, marketing, service and other resources, all of which could have a material adverse effect on our business, results of operations and financial condition and could cause the market price of our Subordinate Voting Shares to decline.

If we lose the services of members of our management team or other key personnel, or are unable to attract new team members who possess specialized market knowledge and technical skills, it could reduce our ability to compete and to manage our operations effectively.

Our management team consists of a core group of long-serving senior executive officers. The loss of the technical knowledge, management expertise, and knowledge of our and our clients' operations of one or more members of our team could result in a diversion of management resources, as the remaining members of management would need to cover the duties of any senior executive who leaves us and would need to spend time usually reserved for managing our business to search for, hire and train new members of management. Additionally, as members of our management team have built strong relationships in the healthcare sector, the loss of these relationship contacts could have an adverse effect on our business. Currently we do not carry "key man" insurance that could compensate us for the loss of any of our senior executives.

The loss of some or all of our management team or other key personnel, particularly those personnel with quality assurance, material handling equipment and information technology expertise, could negatively affect our ability to develop and pursue our growth strategy, which could adversely affect our business and financial condition. Any departures of key personnel could also be viewed in a negative light by investors and analysts, which could cause the market price of our Subordinate Voting Shares to decline.

Additionally, the market for key personnel in the industry in which we compete is highly competitive and not concentrated in all of the locations in which we operate. As a result, we may not be able to attract and retain key personnel with the skills and expertise necessary to manage our business and pursue our growth strategy.

Increases in driver compensation and difficulties attracting and retaining drivers could adversely affect our revenues and profitability.

Our specialized transportation services are provided through a combination of employee drivers and vehicles that are owned and operated by independent contractors. Recently, there has been intense competition for qualified drivers in the transportation industry due to a shortage of drivers. The availability of qualified drivers may be affected from time to time by changing workforce demographics, competition from other transportation companies and industries for employees, the availability and affordability of driver training schools, changing industry regulations, and the demand for drivers in the labour market. If the industry-wide shortage of qualified drivers continues, we will likely continue to experience difficulty in attracting and retaining enough qualified drivers to fully satisfy client demands. As a result of the current highly-competitive labour market for drivers, we may be required to increase driver compensation and benefits in the future, or face difficulty meeting client demands, all of which could adversely affect our profitability and could cause the market price of our Subordinate Voting Shares to decline. Additionally, a shortage of drivers could result in the underutilization of our vehicle fleet, lost revenue, increased costs for purchased transportation or increased costs for driver recruitment.

Our use of, and reliance on, third-party service providers and suppliers could have a material adverse impact on our business, especially if we are unable to continue relationships with them or find reasonable alternatives.

Certain portions of our business are dependent upon the services of third-party capacity providers, including other transportation or logistics companies. As an air freight forwarder, we purchase air cargo capacity from aircraft operators. We also routinely purchase linehaul services from truckload carriers. In connection with providing our logistics and transportation services we engage third-party service providers such as Cargojet, regional and local courier services, other non-specialized ground transportation companies and a number of other third-party suppliers. For these portions of our business, we do not own or control the transportation assets that deliver our clients' freight, and we do not employ the people directly involved in delivering the freight. This reliance could cause delays in reporting certain events, including recognizing revenue and claims. These third-party providers seek other freight opportunities and may require increased compensation in times of improved freight demand or tight freight capacity. Our inability to secure the services of these third parties could significantly limit our ability to serve our clients on competitive terms. Additionally, if our third-party service providers or suppliers were to modify or discontinue their offerings or terminate relations with us, the services we provide to our clients may in turn be interrupted or discontinued. If such an interruption or discontinuance were to occur, it may have an adverse effect on our operations and relations with our clients. While many of our third-party service providers and suppliers are under contract with us and adhere to the terms and conditions of such agreements, there can be no assurances that such agreements will be honoured or renewed upon their conclusion on terms consistent with historical ones, or at all.

Additionally, we rely on certain supplies from third-parties, such as Pelican BioThermalTM, with whom we are currently operating within an automatic renewal basis and there are no assurances that these agreements will not be terminated at the end of the current or future terms or renewed on terms consistent with historical ones. If we are no longer able to obtain these supplies or other transportation services to meet our commitments to our clients or provide our services on competitive terms, our operating results could be materially and adversely affected, which could cause the market price of our Subordinate Voting Shares to decline. Our ability to secure sufficient equipment or other transportation services is affected by many risks beyond our control, including equipment shortages in the transportation industry, particularly among contracted carriers, interruptions in service due to labour disputes, changes in regulations impacting transportation and changes in transportation rates.

Our recent growth makes it difficult to evaluate our future prospects, and we may not be able to successfully manage our future growth.

We have grown substantially over prior years, including by expanding our internal resources, making acquisitions and entering into new markets. As a result, our ability to forecast our future results of operations is subject to a number of uncertainties, including our ability to effectively plan for and model future growth. Any predictions about our future revenue and expenses may not be as accurate as they would be if we had a longer history of high sales or operated in a more predictable market. We have encountered in the past, and will encounter in the future, risks and uncertainties frequently experienced by growing companies in changing industries. If our assumptions regarding these risks and uncertainties, which we use to plan and operate our business, are incorrect or change, or if we do not address these risks successfully, our results of operations could differ materially from our expectations, our target growth rates may slow, our business could suffer and the market price of our Subordinate Voting Shares could decline.

We intend to continue to focus on growth, including through capitalizing on strong industry fundamentals, strengthening our healthcare clients' connection to our growing platform, acquiring new clients and expanding our capacity and expanding and strengthening our platform through healthcare-related acquisitions. One element of our growth strategy is to expand our service offerings to clients. As a result, we have added and will continue to add additional services to our client offerings. We may not succeed in making our clients sufficiently aware of existing and future services or in creating client acceptance of these services at the prices we would want to charge. In addition, we may be required to devote resources to educate our clients, with no assurance that a sufficient number of clients will use our services for commercial success to be achieved. We may not identify trends correctly, or may not be able to bring new services to market as quickly, effectively as our competitors. In addition, new services may alienate existing clients or cause us to lose business to our competitors. If any of the foregoing occurs, it could have a material adverse effect on our operating results and could cause the market price of our Subordinate Voting Shares to decline. We also plan to grow through acquisitions. Our acquisition strategy depends in part on the availability of suitable candidates at valuations accretive to our business and the availability of required financing. We may face competition for acquisitions from other participants in our industry and from financial buyers with greater financial resources.

Furthermore, there can be no assurance that if we acquire what we consider to be a suitable candidate, that we will be able to successfully integrate the operations of the acquired company into our operations on an accretive basis.

We may experience difficulties and higher-than-expected expenses in executing our growth strategy as a result of unfamiliarity with new markets and new legal and regulatory regimes, changes in revenue and business models, entering into new geographic areas and increased pressure on our existing infrastructure and information technology systems. Our growth will place a significant strain on our management, operational, financial and information technology resources. We will need to continually improve existing procedures and controls, as well as implement new transaction processing, operational and financial systems, and procedures and controls to expand, train and manage our employee base. Our working capital needs will continue to increase as our operations grow. Failure to manage our growth effectively, or obtain necessary working capital, could have a material adverse effect on our business, results of operations, cash flows and financial condition, all of which could cause the market price of our Subordinate Voting Shares to decline.

An expansion into the U.S. market may present increased risks due to unfamiliarity with this market and other factors.

While we see expansion into the U.S. as a potential growth opportunity, our operating experience with respect to our existing business may not be relevant or necessarily translate into similar results. In addition, the U.S. is a market where we have little or no operating experience. The U.S. market may have different competitive conditions, regulatory requirements, less familiarity with our brand and/or different consumer needs and spending patterns. Furthermore, expansion into the U.S. market could place a significant strain on our management, operations, financial resources and internal financial control and reporting functions. As a result, expanded operations may be less successful than operations in our existing market. Sales of our services and products in the U.S. market may take longer to ramp up and reach expected sales and profit levels, or may never do so, thereby affecting our overall growth and profitability as a result of reduced revenue. To build brand awareness in this new market, we may need to make greater investments in advertising and promotional activity than originally planned, which could negatively impact the profitability of our operations in this market.

We may also find it more difficult in this new market to hire, motivate and keep qualified employees who can project our vision, passion and culture and labour costs may be higher due to regulation or local market conditions. In addition, new facilities could have higher construction and occupancy costs. With respect to third-party service providers, we may have difficulty finding reliable providers to meet our quality standards. The U.S. market may also have regulatory differences with Canada, which we may not be familiar with, or that subject us to significant additional expense or to which we are not able to successfully comply with, which may have a particularly adverse impact on our operations in the U.S. market and could in turn adversely impact our revenue and results of operations. As a result, a U.S. expansion may be not as successful as planned. If we do not successfully execute our plans to enter the U.S. market, our business, financial condition and results of operations could be materially adversely affected.

Our past acquisitions, as well as any acquisitions that we may complete in the future, may be unsuccessful or result in other risks or developments that adversely affect our financial condition and results.

While we intend for our acquisitions to improve our competitiveness and profitability, we cannot be certain that our past or future acquisitions will be accretive to earnings or otherwise meet our operational or strategic expectations. Acquisitions involve special risks, including accounting, regulatory, compliance, information technology or human resource issues that could arise in connection with, or as a result of, the acquisition of the acquired company, the assumption of unanticipated liabilities and contingencies, difficulties in integrating acquired businesses, possible management distraction, and the inability of acquired businesses to achieve the levels of revenue, profit, productivity or synergies we anticipate or otherwise perform as we expect on the timeline contemplated. We are unable to predict all of the risks that could arise as a result of our acquisitions.

If the performance of our reporting segments or an acquired business varies from our projections or assumptions, or if estimates about the future profitability of our reporting segments or an acquired business change, our revenues, earnings or other aspects of our financial condition could be adversely affected. We may also experience difficulties in connection with integrating any acquired companies into our existing businesses and operations, including our existing infrastructure and information technology systems. The infrastructure and information technology systems of acquired businesses could present issues that we were not able to identify prior to the acquisition and that could adversely affect our financial condition and results. Also, we may not realize all synergies we anticipate from past and potential future acquisitions. Among the synergies that we currently expect to realize are cross-selling opportunities to our existing clients, network synergies and other operational synergies. Any of these events could adversely affect our financial condition and results of operations, which could cause the market price of our Subordinate Voting Shares to decline.

The integration of acquired businesses requires the dedication of substantial management effort, time and resources which may divert management's focus and resources from other strategic opportunities and from operational matters during this process. This integration process may result in the loss of key employees and the disruption of ongoing business, client and employee relationships that may adversely affect our ability to achieve the anticipated benefits of these and future acquisitions. Future acquisitions could result in restructuring charges, potentially dilutive issuances of equities and securities, the incurrence of debt and contingent liabilities and amortization expenses related to goodwill and other intangible assets, any of which could have a materially adverse effect on our business, financial condition, results of operations and the market price of our Subordinate Voting Shares.

Volatility in fuel prices impact our fuel surcharge revenues and may impact our profitability.

We are subject to risks associated with the availability and price of fuel, which are subject to political, economic and market factors that are outside of our control. Fuel expenses constitute one of the greatest costs to our operations, as well as to our fleet of independent contractor drivers and third-party transportation providers. Accordingly, we may be adversely affected by the timing and degree of fluctuations and volatility in fuel prices. As is customary in our industry, most of our client contracts include fuel-surcharge revenue programs or cost-recovery mechanisms to mitigate the effect of the fuel price increase over base amounts established in the contract. However, these fuel surcharge mechanisms may not capture the entire amount of the increase in fuel prices, and they also feature a lag between the payment for fuel and collection of the surcharge revenue. Market pressures may limit our ability to assess fuel surcharges in the future. The extent to which we are able to recover fuel cost charges in full may also vary depending on the degree to which we are not compensated due to empty and out-of-route kilometres or from engine idling during cold or warm weather.

Decreases in fuel prices reduce the cost of transportation services and accordingly, will reduce our revenues and may reduce margins for certain lines of business. Significant changes in the price or availability of fuel in future periods, or significant changes in our ability to mitigate fuel price increases through the use of fuel surcharges, could have a material adverse impact on our operations, fleet capacity and ability to generate both revenues and profits and could cause the market price of our Subordinate Voting Shares to decline.

Our business will be seriously harmed if we fail to develop, implement, maintain, upgrade, enhance, protect and integrate our information technology systems, including those systems of any businesses that we acquire.

We rely heavily on our information technology systems to efficiently run our business; they are a key component of our client-facing services and internal growth strategy. In general, we expect our clients to continue to demand more sophisticated, fully integrated information systems from their supply chain solutions providers. To keep pace with changing technologies and client demands, we must correctly interpret and address market trends and enhance the features and functionality of our proprietar**y** technology platform in response to these trends. This process of continuous enhancement may lead to significant ongoing software development costs, which will continue to increase if we pursue new acquisitions of companies and their current systems. In addition, we may fail to accurately determine the needs of our clients or trends in the logistics and transportation services industries or we may fail to design and implement the appropriate responsive features and functionality for our technology platform in a timely and cost-effective manner. Any such failures could result in decreased demand for our services and a corresponding decrease in our revenues, which could cause the market price of our Subordinate Voting Shares to decline.

We must maintain and enhance the reliability and speed of our information technology systems to remain competitive and effectively handle higher volumes of freight through our network and the various services we offer. If our information technology systems are unable to manage additional volume for our operations as our business grows, or if such systems are not suited to manage the various services we offer, our service levels and operating efficiency could decline. In addition, if we fail to hire and retain qualified personnel to implement, protect and maintain our information technology systems, or if we fail to upgrade our systems to meet our clients' demands, our business and results of operations could be seriously harmed. This could result in a loss of clients or a decline in the volume of freight we receive from clients and could cause the market price of our Subordinate Voting Shares to decline.

We are developing proprietary information technology for all of our business segments. Our technology may not be successful or may not achieve the desired results and we may require additional training or different personnel to successfully implement this technology. Our technology development process may be subject to cost overruns or delays in obtaining the expected results, which may result in disruptions to our operations.

We may have potential exposure to product liability claims arising from the storage, transportation or handling of products.

As a logistics and specialized transportation provider for products having unique storage requirements, which are designed to be ingested, consumed and or used by humans and animals, any failure of our temperature-controlled facilities and vehicles or product management systems has the potential to create exposure to product liability claims, regulatory action and litigation if, as a result of such failures, the products handled by us on behalf of our clients are alleged to have caused significant loss or injury. We may be subject to various product liability claims, including, among others, that the products have been improperly stored, handled and transported by us and caused injury or illness. Such product liability claims or regulatory action against us could result in increased costs, could be grounds for termination of our contracts by our clients, could adversely affect our reputation with our clients generally, and could have a material adverse effect on our business, financial condition and operating results. Although we have secured insurance coverage for the risks inherent in our business, which we believe appropriate for the size and nature of our business, and strictly enforce a quality standard within our operations, there can be no assurances that we will be able to maintain insurance on acceptable terms or with adequate coverage against potential liabilities. Such insurance is expensive and may not be available in the future on acceptable terms, or at all.

A failure of our information technology infrastructure or a breach of our information security systems, networks or processes may materially adversely affect our business.

The efficient operation of our business depends on our information technology systems. We rely on our information technology systems to initiate, track and complete client orders and effectively manage our sales, marketing, accounting, financial, legal and compliance functions, engineering and product development tasks, research and development data, communications, supply chain, order entry and fulfillment and other business processes. In addition, we provide remote hosting services that involve operating both our software and the software of third-party vendors to provide both internal and external visibility through our clients' supply chain. The ability to access the systems and the data that we host and support on demand is critical to our clients. Despite testing, external and internal risks, such as malware, insecure coding, "Acts of God," data leakage and human error pose a direct threat to the stability or effectiveness of our information technology systems and operations. We have mitigated our exposure to these risks through the establishment and maintenance of technology security programs and disaster recovery plans, but these mitigating activities may not be sufficient. The failure of our information technology systems to perform as we anticipate has in the past, and could in the future, adversely affect our business through transaction errors, billing and invoicing errors, internal recordkeeping and reporting errors, processing inefficiencies and loss of sales, receivables collection and clients, in each case, which could result in harm to our reputation and have an ongoing adverse impact on our business, results of operations and financial condition, including after the underlying failures have been remedied and could cause the market price of our Subordinate Voting Shares to decline.

We may also be subject to cybersecurity attacks and other intentional hacking. Any failure to identify and address such defects or errors or prevent a cyber-attack could result in service interruptions, operational difficulties, loss of revenues or market share, liability to our clients or others, the diversion of corporate resources, injury to our reputation and increased service and maintenance costs. Addressing such issues could prove to be impossible or very costly and responding to resulting claims or liability could similarly involve substantial cost. In addition, failure to comply with applicable data protection regulations or other data protection standards may expose us to litigation, fines, sanctions or other penalties, which could harm our reputation and adversely impact our business, results of operations and financial condition. In particular, a failure to comply with Health Canada and GMP requirements relating to data protection could result in one or more regulatory sanctions, loss of a client contract, disqualification of data for client submissions to regulatory authorities and a mandated suspension or closing of our facilities, which in turn could have a material adverse effect on our reputation, business, financial condition, operating results, cash flows and the price of the Subordinate Voting Shares.

Our reputation and financial results could be harmed in the event of accidents or incidents.

We are exposed to liabilities that are unique to the services that we provide. Such liabilities may relate to an accident or incident involving one of our transportation vehicles, and could involve significant potential claims of injured employees and other third parties. The amount of our insurance coverage may not be adequate to cover potential claims or liabilities and we may be forced to bear substantial costs as a result of one or more accidents. Substantial claims resulting from an accident in excess of its related insurance coverage would harm our financial condition, operating results and the market price of our Subordinate Voting Shares. Moreover, any accident or incident involving us (even if we are fully insured or not held liable) or other service providers in our industry could negatively affect our reputation among clients and the public, thereby making it more difficult for us to compete effectively, and could significantly affect the cost and availability of insurance in the future.

Our profitability may be materially adversely impacted if our investments in equipment, facilities and technology do not match client demand for these resources or if there is a decline in the availability of funding sources for these investments.

Our investments in equipment, facilities and technology depend on our ability to generate cash flow from operations and our access to credit, debt and equity capital markets. A decline in the availability of these funding sources could adversely affect our financial condition and results of operations and could cause the market price of our Subordinate Voting Shares to decline.

Our contract logistics operations can require a significant commitment of capital in the form of shelving, racking and other warehousing systems that may be required to implement warehouse-management services for our clients. To the extent that a client defaults on its obligations under its agreement with us, we could be forced to take a significant loss on the unrecovered portion of this capital cost. It is possible that our recent facility expansions in Calgary and the GTA may have overestimated demand for capacity improvements. Our specialized transportation operations require significant investments in equipment and facilities. The amount and timing of our capital investments depend on various factors, including anticipated freight volume levels and the price and availability of appropriate property for facilities.

The timing and amount of capital expenditures we make will directly affect the amount of cash available for distribution to Shareholders. In the event that our capital costs escalate, there is no assurance that we will be able to recover such increased costs through rate increases to our clients, and in such event, cash available for distribution to Shareholders may be reduced.

We are subject to environmental regulations that may have a material adverse impact on our business.

Our operations and properties are subject to extensive federal, provincial/territorial, municipal and local environmental laws and requirements relating to, among other things, air emissions, the management of contaminants including hazardous materials (including the generation, handling, storage, transportation and disposal of such contaminants), discharges and the remediation of environmental impacts (such as the contamination of soil and water, including ground water).

The risk of environmental liability is inherent in transportation operations, and historic activities associated with such operations. We operate in industrial areas, where truck terminals and other industrial activities are located and where groundwater or other forms of environmental contamination may have occurred. Our operations involve the risks of fuel spillage or seepage, environmental damage and hazardous waste disposal, among others. If we should fail to comply with applicable environmental regulations, we could be subject to substantial fines or penalties and to civil and criminal liability. Future events, such as new information relating to our historic activities or leased properties, changes in existing environmental laws or their interpretation, and more vigorous enforcement policies of federal, provincial/territorial or local regulatory agencies, may have a material adverse effect on our business, financial condition and results of operations and could cause the market price of our Subordinate Voting Shares to decline. Canadian laws generally impose potential liability on the present or former owners or occupants of properties on which contamination has occurred. Although we are not aware of any contamination which, if remediation or clean-up were required, would have a material adverse effect on us, there can be no assurance that we will not be required, at some future date, to incur significant costs to comply with environmental laws, or that our operations, business, assets, cash flow or the market price of our Subordinate Voting Shares will not be materially adversely affected by current or future environmental laws.

Issues related to the intellectual property rights on which our business depends, whether related to our failure to enforce our own rights or infringement claims brought by others, could have a material adverse effect on our business, financial condition and results of operations.

We use both internally developed and purchased technologies in conducting our business. Whether internally developed or purchased, it is possible that users of these technologies could be claimed to infringe upon or violate the intellectual property rights of third parties. In the event that a claim is made against us by a third-party for the infringement of intellectual property rights, any settlement or adverse judgment against us, either in the form of increased costs of licensing or a cease and desist order in using the technology, could have an adverse effect on us and our results of operations.

We also rely on a combination of intellectual property rights, including trademarks and other contractual rights, to establish and protect our intellectual property and technology. Any of our owned or licensed intellectual property rights could be challenged, invalidated, circumvented, infringed or misappropriated; our trade secrets and other confidential information could be disclosed in an unauthorized manner to third-parties or we may fail to secure the rights to intellectual property developed by our employees, contractors and others. Efforts to enforce our intellectual property rights may be time-consuming and costly, distract management's attention and resources and ultimately be unsuccessful. Moreover, our failure to develop and properly manage new intellectual property could adversely affect our market positions and business opportunities. Our failure to obtain, maintain and enforce our intellectual property rights could therefore have a material adverse effect on our business, financial condition and results of operations and could cause the market price of our Subordinate Voting Shares to decline.

We are dependent on new products and services, the lack of which would harm our competitive position.

Our future revenue stream depends to a certain degree on our ability to bring new products and services to market on a timely basis. We must continue to make significant investments in order to continue to develop new products and services, enhance existing products and services, and achieve market acceptance of such products and services. We may incur problems in the future in innovating and introducing new products and services. If developed, such products and services may not achieve significant client acceptance. If we are unable to successfully define, develop and introduce new, competitive products and services and enhance existing products and services, our future results of operations would be adversely affected.

Changes in the Canadian healthcare industry and regulatory environment could have a material adverse impact on our results of operations.

Provincial governments in Canada provide partial funding for the purchase of pharmaceuticals and independently regulate the sale and reimbursement of drugs. Provincial governments in Canada have introduced significant changes in recent years in an effort to reduce the costs of publicly funded health programs. For instance, to reduce the cost for taxpayers, provincial governments have taken and will continue to take steps to reform the rules regarding the sale of generic drugs. These changes include increased powers of investigation, reporting and enforcement for provincial regulatory agencies, the significant lowering of prices for generic pharmaceuticals and, in some provinces, changes to the allowable amounts of professional allowances paid to pharmacists by generic manufacturers and the tendering of generic molecules on provincial drug formularies. These reforms may adversely affect the distribution of drugs as well as the pricing for prescription drugs in Canada. Additional provinces have implemented or are considering similar changes, which would also lower pharmaceutical pricing and service fees. Individually or in combination, such changes in the Canadian healthcare environment may materially reduce our revenue and operating results and could cause the market price of our Subordinate Voting Shares to decline.

We use a large number of temporary employees in our operations. Any failure to properly manage our temporary employees could have a material adverse impact on our revenues, earnings, financial position and outlook.

We make significant use of temporary staff in certain portions of operations. We cannot guarantee that temporary employees are as well-trained as our non-temporary employees. Specifically, we may be exposed to the risk that temporary employees may not perform their assignments in a satisfactory manner or may not comply with our safety rules in an appropriate manner, whether as a result of their lack of experience or otherwise. If such risks materialize, they could have a material adverse effect on our business and financial condition and could cause the market price of our Subordinate Voting Shares to decline.

Any accident or incident involving a temporary worker engaged by us, even if we are fully insured or not held liable, could negatively affect our reputation among clients and the public, thereby making it more difficult for us to compete effectively, and could significantly affect the cost and availability of insurance in the future.

We are subject to negative impacts of changes in political and governmental conditions.

Our operations are subject to the influences of significant political, governmental, and similar changes and our ability to respond to them, including changes in political conditions and in governmental policies; changes in and compliance with international and domestic laws and regulations; and wars, civil unrest, acts of terrorism, and other conflicts.

Price increases may not be adequate to offset the impact of increased costs or may cause us to lose clients.

We seek price increases necessary to offset increased costs, to improve operating margins and to obtain adequate returns on our deployed capital. Contractual, general economic, competitive or market-specific conditions may limit our ability to raise prices. As a result of these factors, we may be unable to offset increases in costs, improve operating margins and obtain adequate investment returns through price increases. We may also lose clients to lower-price competitors.

Incidents related to hazardous materials could materially adversely affect our reputation, business, financial condition, operating results and cash flows.

There are portions of our operations that require the controlled use of hazardous materials, including aerosols. Although we are diligent in designing and implementing safety procedures to comply with the standards prescribed by federal, provincial/territorial, and local regulations, the risk of accidental contamination of property or injury to individuals from these materials cannot be completely eliminated. In the event of such an incident, we could be liable for any damages that result, and if we cannot identify other parties which we can compel to contribute to our expenses and are financially able to do so, it could have a materially adverse effect on our reputation, business, financial condition, operating results and cash flows, which could cause the market price of our Subordinate Voting Shares to decline.

We could be subject to orders and other legal actions and procedures brought by governmental or private parties in connection with environmental contamination, emissions or discharges. Although we have instituted programs to monitor and control environmental risks and promote compliance with applicable environmental laws and regulations, if we are involved in a spill or other accident involving hazardous substances, if there are releases of hazardous substances that we transport, if soil or groundwater contamination is found at our facilities or results from our operations, or if we are found to be in violation of applicable laws or regulations, we could be subject to cleanup costs and liabilities, including substantial fines or penalties or civil and criminal liability, any of which could have a materially adverse effect on our business and operating results and could cause the market price of our Subordinate Voting Shares to decline.

Our business is subject to operational, health and safety and environmental risks, including the risk of personal injury to employees and others.

Provision of some of our services involves risks, such as vehicular or equipment accidents, equipment defects, spills, malfunctions and failures and natural disasters, which could potentially result in releases of hazardous materials, injury or death of employees and others or a need to shut down or reduce operation of our facilities while remedial actions are undertaken. These risks expose us to potential liability, damages, fines or charges for pollution, remediation and other environmental damages, personal injury, loss of life, business interruption and property damage or destruction.

While we seek to minimize our exposure to such risks through comprehensive training and compliance programs and insurance, as well as vehicle and equipment maintenance programs, if we were to incur substantial liabilities in excess of any applicable insurance, our business, results of operations and financial condition could be adversely affected, which could cause the market price of our Subordinate Voting Shares to decline.

There are risks related to forward-looking information in this prospectus.

The forward-looking information included in this prospectus relating to, among other things, our future results, performance, achievements, facility expansions, leases, prospects, financial targets or outlook, intentions or opportunities or the markets in which we operate (including, in particular, the information contained in "Cautionary Note Regarding Forward-Looking Information", "Prospectus Summary", "Business of AHG", "Description of Material Indebtedness", "Combined Capitalization", "Management's Discussion and Analysis of Financial Condition and Results of Operations", "The Acquisition", "Post-Closing Structure", "Use of Proceeds", "Description of Share Capital", "Dividend Policy", "Principal Shareholders", "Directors and Executive Officers", "Executive Compensation", "Director Compensation" and "Risk Factors") including those related to the Offering, the anticipated use of proceeds, the Acquisition, our growth strategy, our planned capital expenditures and the other statements listed in "Cautionary Note Regarding Forward-Looking Information", is based on opinions, assumptions and estimates made by our management in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors that we believe are appropriate and reasonable in the circumstances. In particular, our statements regarding our target growth rates assume that the overall market continues to grow as expected and we continue to maintain or grow our market share. See "Management's Discussion and Analysis of Financial Condition and Results of Operations – Financial Outlook". However, there can be no assurance that such estimates and assumptions will prove to be correct. Our actual results in the future may vary significantly from the historical and estimated results and those variations may be material. We make no representation that our actual results in the future will be the same, in whole or in part, as those included in this prospectus. See "Cautionary Note Regarding Forward-Looking Information".

Our business may be materially adversely affected by labour disputes.

The success of our business depends on a large number of employees and independent contractors. Although none of our employees are currently unionized, any organized work stoppage or other similar job action may have a material adverse effect on our business, financial condition, liquidity and results of operations. In addition, there can be no assurance that some or all of our employees will not unionize in the future. Such occurrence could increase labour costs and thereby have a material adverse effect on our business, financial condition, liquidity and results of operations, which could cause the market price of our Subordinate Voting Shares to decline.

Labour disputes involving our clients could affect our operations. If our clients are unable to negotiate new labour contracts and our clients' manufacturing facilities experience slowdowns or closures as a result, our revenue and profitability could be negatively impacted.

We are subject to insurance-related risks, including under workers' compensation legislation.

Our business exposes us to risks that are inherent in the distribution of pharmaceuticals and other healthcare products and subjects us to risks normally inherent in the transportation industry. If clients or individuals assert liability claims against our services, any ensuing litigation, regardless of outcome, could result in a substantial cost to us, divert management's attention from operations and decrease market acceptance of our services. We attempt to limit our liability to clients by contract; however, our contractual limitations of liability may not be enforceable or may not otherwise protect us from liability for damages. Additionally, we may be subject to claims that are not explicitly covered by contract. To help to cover such claims, we maintain director and officer insurance, liability insurance, business interruption and property insurance and our insurance coverage includes deductibles, self-insured retentions, limits of liability and similar provisions. However, there is no guarantee that our insurance coverage will be sufficient, or that insurance proceeds will be timely paid to us. In addition, we may become subject to liability hazards in circumstances where we cannot or may elect not to insure (because of high premium costs or other reasons), or for occurrences that exceed maximum coverage under our policies. If we incur these losses and they are material, our business, operating results and financial condition may be adversely affected, which could cause the market price of our Subordinate Voting Shares to decline. We have no control over changing conditions and pricing in the insurance marketplace and the cost or availability of various types of insurance may change in the future.

Our business is required to register for insurance under applicable provincial workers' compensation legislation. Our workers' compensation premium rates are based on the relevant provincial workers compensation board's classification of our business activity into a particular rate group, based on similarity of business activities and/or relative risk, our total insurable payroll and our accident and claim cost experience. A portion of our business is currently classified under the rate group of pharmacy operations, however there is no guarantee the relevant provincial workers compensation board will maintain this classification in the future. A reclassification into a different rate group could result in significant premium increases.

To the extent that any future increase in costs cannot be passed on to our clients in increased fees and rates, increases in insurance or workplace compensation premium costs could reduce future profitability and reduce cash available for distribution to Shareholders. Further, the inability to obtain insurance in the future for certain types of losses may require us to limit the services we provide or the areas in which we operates thereby reducing our revenues and potentially reducing the cash available for distribution. Certain material events may also result in sizable losses for the insurance industry and materially adversely impact the availability of adequate insurance coverage or result in significant premium increases. Accordingly, we may elect to accept higher deductibles or reduce the amount of coverage in response to such market changes.

We will incur certain tax liabilities in connection with the Acquisition and there is a risk that such tax liabilities are larger than anticipated.

We will incur certain tax liabilities in connection with the Acquisition. While we have estimated the amount of such tax liabilities and expect that our working capital at Closing will be sufficient to pay all such tax liabilities, our estimates of such tax liabilities may turn out to be lower than the amount the Canada Revenue Agency determines is payable. If our estimates of such tax liabilities proves to be lower than the amount actually due, our primary remedy would be to pursue an indemnity for such tax liabilities in the Purchase Agreement. Absent any recovery under such indemnity, we would be responsible for the payment of such taxes which could have an adverse effect on our financial position and could, in turn, cause the market price of our Subordinate Voting Shares to decline.

If our clients are able to improve their internal supply chain management systems or reduce their supply chain cost structures, our business and results of operations may be harmed.

We believe that significant drivers for our clients to use 3PL providers include the quality and cost of internal supply chain management and personnel. 3PL service providers such as ourselves are generally able to provide high-quality service more efficiently than otherwise could be provided "in-house." If, however, a client is able to improve the quality of its internal supply chain management system, renegotiate the terms of its labour contracts, decide it can more effectively meet and monitor regulatory requirements or otherwise reduce its total cost structure regarding its employees, we may not be able to provide such clients with an attractive alternative for their logistics needs. As a result, our business, results of operations and growth potential may be harmed, which could cause the market price of our Subordinate Voting Shares to decline.

Some of our clients include other 3PL service providers. To the extent these clients are able to renegotiate the terms of their labour contracts, expand their capacity to effectively meet and monitor regulatory requirements or otherwise reduce their total cost structure regarding their employees, we may not be able to provide such a client with an attractive option for the logistics needs of their clients and our business, results of operations and growth potential may be harmed, which could cause the market price of our Subordinate Voting Shares to decline.

Natural disasters, unusual weather, and geo-political events or acts of terrorism could adversely affect our operations and financial results.

Extreme weather conditions in the areas in which our facilities are located could adversely affect our business. For example, certain weather conditions such as floods, ice and snow can disrupt our operations. Increases in the cost of our operations, such as snow removal at our locations, towing and other maintenance activities, frequently occur during the winter months. Our business is also susceptible to unseasonable weather conditions. For example, in the past extreme cold temperatures during the winter season have made it difficult to control the temperature of our shipments and have led to equipment failure. Reduced revenue from extreme or prolonged unseasonable weather conditions could adversely affect our business and could cause the market price of our Subordinate Voting Shares to decline.

In addition, natural disasters such as hurricanes, tornadoes and earthquakes, or a combination of these or other factors, could severely damage or destroy one or more of our facilities or vehicles located in the affected areas, thereby disrupting our business operations.

Furthermore, unstable political conditions or civil unrest, including terrorist activities, military and domestic disturbances and conflicts and trade wars may disrupt commerce, our supply chain operations or result in political or economic instability and could have a material adverse effect on our business and results of operations.

We are subject to risks associated with leasing our facilities, and are subject to a number of long-term leases with substantial lease payments. Any failure to make these lease payments when due, or the inability to extend, renew or continue to lease space in key locations, would likely harm our business, profitability and results of operations.

We do not own any real estate. Instead, we lease all of our facilities. Accordingly, we are subject to all of the risks associated with leasing, occupying and making tenant improvements to real property, including adverse demographic and competitive changes affecting the location of the property, changes in availability of and contractual terms for leasable facility space, credit risk in relation to tenant improvement allowances from landlords and potential liability for environmental conditions or personal injury claims.

There can be no assurance that our current facility locations will continue to be desirable in the future, or that we will be able to secure new desirable locations in the future on favourable terms or at all. If we cannot obtain desirable locations at reasonable costs, our cost structure will increase and our revenue will be adversely affected, which could cause the market price of our Subordinate Voting Shares to decline. The majority of our existing facilities are leased from third parties, with typical lease commitments of five to ten years. Some of our lease agreements also have additional renewal options. However, there can be no assurances that we will be able to extend, renew or continue to lease our existing facility locations, or identify and secure alternative suitable locations. In addition to fixed minimum lease payments, most of our facility leases provide for additional rental payments based on common area maintenance charges, real property insurance, real estate taxes, utilities and other charges. Many of our lease agreements have defined escalating rent provisions over the initial term and any extensions. Increases in our already substantial occupancy costs and difficulty in identifying economically suitable new facility locations could have significant negative consequences, which include:

- requiring that a greater portion of our available cash be applied to pay our rental obligations, thus reducing cash available for other purposes and reducing our profitability;
- increasing our vulnerability to general adverse economic and industry conditions; and
- limiting our flexibility in planning for, or reacting to changes in, our business or in the industry in which we compete.

We depend on cash flow from operations to pay our lease expenses and to fulfill our other cash needs. If our business does not generate sufficient cash flow from operating activities to fund these expenses and sufficient funds are not otherwise available to us, we may not be able to service our lease expenses, grow our business, respond to competitive challenges or fund our other liquidity and capital needs, which could harm our business. Additional sites that we lease may be subject to long-term leases if we are unable to negotiate shorter terms. If an existing or future facility is not profitable, and we decide to close it, we may nonetheless be committed to perform our obligations under the applicable lease including, among other things, paying the base rent for the balance of the lease term. In addition, if we are not able to enter into new leases or renew existing leases on terms acceptable to us, this could have an adverse effect on our results of operations and profitability.

We are subject to risks associated with leasing our vehicles.

We lease a large percentage of our vehicle fleet. Accordingly, we are subject to all of the risks associated with leasing, including changes in availability of, and contractual terms for, leasable suitable vehicles and credit risk.

There can be no assurance that our current vehicles will continue to be desirable in the future, or that we will be able to secure new vehicles in the future on favourable terms or at all. If we cannot obtain desirable vehicles at reasonable costs, our cost structure will increase and our revenue will be adversely affected, which could cause the market price of our Subordinate Voting Shares to decline.

We depend on cash flow from operations to pay our lease expenses and to fulfill our other cash needs. If our business does not generate sufficient cash flow from operating activities to fund these expenses and sufficient funds are not otherwise available to us, we may not be able to service our lease expenses, grow our business, respond to competitive challenges or fund our other liquidity and capital needs, which could harm our business. In addition, if we are not able to enter into new leases or renew existing leases on terms acceptable to us, this could have an adverse effect on our results of operations and profitability.

We may become subject to liability arising from any fraudulent or illegal activity by our employees, contractors, consultants and others.

We are exposed to the risk that our employees, independent contractors, consultants, service providers and licensors may engage in fraudulent or other illegal activity. Misconduct by these parties could include intentional undertakings of unauthorized activities, or reckless or negligent undertakings of authorized activities, in each case on our behalf or in our service that violate: (i) government regulations, specifically Health Canada regulations; (ii) manufacturing standards; (iii) Canadian federal and provincial healthcare laws and regulations; (iv) laws that require the true, complete and accurate reporting of financial information or data; or (v) the terms of our agreements with insurers or with our clients. In particular, we could be exposed to class action and other litigation, increased Health Canada inspections and related sanctions, the inability to obtain future GMP compliance certifications, lost sales and revenue or reputational damage as a result of prohibited activities that are undertaken without our knowledge or permission and contrary to our internal policies, procedures and operating requirements.

We cannot always identify and prevent misconduct by our employees and other third parties, including service providers and licensors, and the precautions taken by us to detect and prevent this activity may not be effective in controlling unknown, unanticipated or unmanaged risks or losses or in protecting us from governmental investigations or other actions or lawsuits stemming from such misconduct. If any such actions are instituted against us, and we are not successful in defending our self or asserting our rights, those actions could have a significant impact on our business, including the imposition of civil, criminal or administrative penalties, damages, monetary fines and contractual damages, reputational harm, diminished profits and future earnings or curtailment of our operations and could cause the market price of our Subordinate Voting Shares to decline.

Our indebtedness could adversely affect our financial condition and there can be no assurance of consistent or favourable interest rates or that we will be able to pay our indebtedness as it becomes due.

Concurrently with the Offering, we will incur indebtedness under our Credit Facilities, which could:

- negatively affect our ability to pay principal and interest on our other indebtedness or dividends on our Subordinate Voting Shares;
- increase our vulnerability to general adverse economic and industry conditions;
- limit our ability to fund future capital expenditures and working capital, to engage in future acquisitions or development activities, or to otherwise realize the value of our assets and opportunities fully because of the need to dedicate a substantial portion of our cash flow from operations to payments of interest and principal or to comply with any restrictive terms of our debt;
- limit our flexibility in planning for, or reacting to, changes in our business and the industry in which we operate;
- impair our ability to obtain additional financing or to refinance our indebtedness in the future; and
- place us at a competitive disadvantage compared to our competitors that may have proportionately less debt.

Our inability to generate sufficient cash flows to satisfy our debt obligations, or to refinance our indebtedness on commercially reasonable terms or at all, could materially and adversely affect our financial position and results of operations and could cause the market price of our Subordinate Voting Shares to decline. Further, failure to comply with the covenants under our indebtedness may have a material adverse impact on our operations. If we fail to comply with the covenants under our indebtedness, and are unable to obtain a waiver or amendment, such failure may result in an event of default under our indebtedness. We may not have sufficient liquidity to repay or refinance our indebtedness if such indebtedness were accelerated upon an event of default. Under the terms of our outstanding indebtedness, we may not be able to incur substantial additional indebtedness in the future, which could further exacerbate the risks described above.

The execution of our strategy could depend on our ability to raise capital in the future, and our inability to do so could prevent us from achieving our growth objectives.

We may in the future be required to raise capital through public or private financing or other arrangements in order to pursue our growth strategy or operate our businesses. Such financing may not be available on acceptable terms, or at all, and our failure to raise capital when needed could harm our business or ability to execute our strategy. Further debt financing may involve restrictive covenants and could reduce our profitability. If we cannot raise funds on acceptable terms, we may not be able to grow our business or respond to competitive pressures.

We may be subject to various litigation claims that could result in significant expenditures and impact our operations.

As a growing company, we increasingly face the risk of litigation and other claims against us. By the nature of our operations, we are exposed to the potential for a variety of litigation, including personal injury claims, vehicular collisions and accidents, alleged violations of federal and provincial/territorial labour and employment laws, such as class action lawsuits alleging wage and hour violations and improper pay, commercial and contract disputes, landlord-tenant disputes, intellectual property issues, cargo loss and property damage claims. These claims can raise complex factual and legal issues that are subject to risks and uncertainties and could require significant management time. Our inability to defend ourselves against a significant litigation claim, could have a material adverse effect on our financial results and the market price of our Subordinate Voting Shares. Moreover, any litigation involving us, even if we are not held liable, could negatively affect our reputation among clients and the public, thereby making it more difficult for us to compete effectively, and could have a material adverse effect on our financial results and the market price of our Subordinate Voting Shares.

During the course of our business we store and transport various high value goods, including pharmaceuticals. Spoilage or theft of these goods could expose us to claims and have a negative impact on our business. Further, our handling of goods and products, such as certain narcotics, could expose us to certain claims relating to such goods. Although we maintain liability insurance to mitigate potential claims, we cannot be certain that our coverage will be adequate for liabilities actually incurred or that insurance will continue to be available on economically reasonable terms or at all.

Our bylaws provide that any derivative actions, actions relating to breach of fiduciary duties and other actions asserting a claim relating to relationships among us, our affiliates and their respective shareholders, directors and/or officers are required to be litigated in Canada, which could limit your ability to obtain a favourable judicial forum for disputes with us.

We have included a forum selection provision in our bylaws that provides that, unless we consent in writing to the selection of an alternative forum, the Superior Court of Justice of the Province of Ontario and appellate courts therefrom (or, failing such court, any other “court” as defined in the OBCA having jurisdiction, and the appellate courts therefrom), will be the sole and exclusive forum for (i) any derivative action or proceeding brought on our behalf; (ii) any action or proceeding asserting a breach of fiduciary duty owed by any of our directors, officers or other employees to us; (iii) any action or proceeding asserting a claim arising pursuant to any provision of the OBCA or our Articles; or (iv) any action or proceeding asserting a claim otherwise related to the relationships among us, our affiliates and their respective shareholders, directors and/or officers, but excluding claims related to our business or such affiliates. Our forum selection provision also provides that our securityholders are deemed to have consented to personal jurisdiction in the Province of Ontario and to service of process on their counsel in any foreign action initiated in violation of the foregoing provisions. Therefore, it may not be possible for Shareholders to litigate any action relating to the foregoing matters outside of the Province of Ontario. Our forum selection provision seeks to reduce litigation costs and increase outcome predictability by requiring derivative actions and other matters relating to our affairs to be litigated in a single forum. While forum selection clauses in corporate charters and by-laws are becoming more commonplace for public companies in the U.S. and have been upheld by courts in certain states, they are untested in Canada. It is possible that the validity of our forum selection provision could be challenged and that a court could rule that such provision is inapplicable or unenforceable. If a court were to find our forum selection provision inapplicable to, or unenforceable in respect of, one or more of the specified types of actions or proceedings, we may incur additional costs associated with resolving such matters in other jurisdictions and we may not obtain the benefits of limiting jurisdiction to the courts selected.

If we cannot maintain our Company's culture, we could lose the innovation, teamwork, passion, and focus on execution that we believe contribute to our success and our business may be harmed.

We believe that a critical component to our success has been our culture. Our Company is aligned behind our culture and key values and we have invested substantial time and resources in building our team within this culture. As we grow and develop the infrastructure of a public company, we may find it difficult to maintain important aspects of our Company's culture. If we fail to preserve our culture, our ability to retain and recruit personnel, our ability to effectively focus on and pursue our corporate objectives, and our business could be harmed.

Increases in independent contractor driver rates or other necessities in attracting and retaining qualified independent contractor drivers could adversely affect our profitability and ability to replenish or grow our independent contractor driver networks.

Our specialized transportation services are provided through a combination of employee drivers and vehicles that are owned and operated by independent contractors. These independent contractors are responsible for maintaining and operating their own equipment and paying their own fuel, insurance, licences and other operating costs. Turnover and bankruptcy among independent contractor drivers often limit the pool of qualified independent contractor drivers and increase competition for their services. In addition, regulations may further reduce the pool of qualified independent contractor drivers. Thus, our continued reliance on independent contractor drivers could limit our ability to grow our ground transportation networks.

We are currently experiencing difficulty in attracting and retaining sufficient numbers of qualified independent contractor drivers, and we expect to continue to experience this difficulty from time to time in the future. Consequently, we need to regularly recruit new qualified independent contractor drivers to replace those who have left our networks. If we are unable to retain our existing independent contractor drivers or recruit new independent contractor drivers, our business and results of operations could be adversely affected, which could cause the market price of our Subordinate Voting Shares to decline.

The rates we offer our independent contractor drivers are subject to market conditions and we may find it necessary to continue to increase independent contractor drivers' rates in future periods. If we are unable to continue to attract and retain a sufficient number of independent contractor drivers, we could be required to increase our mileage rates and accessorial pay or operate with fewer trucks and face difficulty meeting client demands, all of which would adversely affect our profitability and ability to maintain our size or to pursue our growth strategy.

The status of our independent contractor drivers may be challenged, causing a material adverse impact on our business.

Our business relies on independent contractors, such as owner-operators and contract carriers, to conduct operations, and the status of these parties as independent contractors might be challenged. Tax and other regulatory authorities often seek to assert that independent contractors are employees rather than independent contractors. There can be no assurance that interpretations that support the independent contractor status will not change or that various authorities will not successfully assert a position that re-classifies independent contractors to be employees. Additionally, independent contractor drivers may challenge their own classification as independent contractors. If our independent contractors are determined to be our employees, that determination could materially increase our exposure under a variety of federal and provincial/territorial tax, workers' compensation, unemployment benefits, labour, employment and tort laws, as well as our potential liability for employee benefits. In addition, such changes may be applied retroactively, and if so, we may be required to pay additional amounts to compensate for prior periods. The results of these matters cannot be predicted with certainty and an unfavorable resolution of one or more of these matters could have a material adverse effect on our financial condition, results of operations or cash flows and could cause the market price of our Subordinate Voting Shares to decline.

We are dependent on our operating subsidiaries and may be limited in our ability to pay dividends on the Subordinate Voting Shares.

We are a holding company with no business operations of our own or material assets other than the shares of our operating subsidiaries. Accordingly, all of our operations are conducted by our direct and indirect subsidiaries. As a holding company, we require dividends and other payments from our subsidiaries to meet cash requirements. While we presently intend to pay dividends to holders of Subordinate Voting Shares and anticipate that our subsidiaries will have sufficient cash flow to enable such subsidiaries to pay dividends or otherwise distribute cash to us, the terms of the Credit Facilities contain restrictions on the ability of the subsidiaries to pay dividends and otherwise transfer to us cash or other assets in certain circumstances. As such, a decline in our business, financial condition, cash flows or results of operation may result in, pursuant to the terms of the Credit Facilities, restrictions on our subsidiaries' ability to pay dividends or otherwise distribute cash to us. In such event, we may be unable to pay a dividend to holders of Subordinate Voting Shares. In addition, the declaration and payment of future dividends will be at the discretion of the Board and may be limited by our earnings, financial condition and legal or contractual restrictions. There can be no assurance that we will be in a position to pay dividends at the currently anticipated rate (or at all) in the future.

Our earnings may be affected by seasonal changes in the supply chain management industry.

While we do not currently experience material seasonality in our operations, we cannot guarantee that seasonality will not adversely impact us in the future. Our earnings could be affected by seasonal changes in the supply chain management industry. Results of operations for our industry generally show a seasonal pattern as clients reduce shipments during and after the winter holiday season. Historically, income from operations and earnings are lower in the first quarter than in the other three quarters. We believe this historical pattern has been the result of, or influenced by, numerous factors, including national holidays, weather patterns, consumer demand, economic conditions, and other similar and subtle forces. If seasonal changes which have historically impacted companies in the supply chain management industry begin to affect us, this could have an adverse impact on our cash flow or results of operations.

Parties with whom we do business with may be subject to insolvency risks or may otherwise become unable or unwilling to perform their obligations to us.

We are party to contracts, transactions and business relationships with various third parties, pursuant to which such third parties have performance, payment and other obligations to us. If any of these third parties were to become subject to bankruptcy, receivership or similar proceedings, our rights and benefits in relation to our contracts, transactions and business relationships with such third parties could be terminated, modified in a manner adverse to us, or otherwise impaired. We cannot make any assurances that we would be able to arrange for alternate or replacement contracts, transactions or business relationships on terms as favorable as our existing contracts, transactions or business relationships, if at all. Any inability on our part to do so could have a material adverse effect on our business and results of operations and could cause the market price of our Subordinate Voting Shares to decline.

We will incur increased expenses as a result of being a public company and our current resources may not be sufficient to fulfill our public company obligations.

We will incur significant legal, accounting, insurance and other expenses as a result of being a public company, which may negatively impact our performance and could cause our results of operations and financial condition to suffer. Compliance with applicable securities laws in Canada and the rules of the TSX substantially increases our expenses, including our legal and accounting costs, and make some activities more time-consuming and costly. Reporting obligations as a public company and our anticipated growth may place a strain on our financial and management systems, processes and controls, as well as on our personnel.

We also expect these laws, rules and regulations to make it more expensive for us to obtain director and officer liability insurance, and we may be required to accept reduced policy limits and coverage or incur substantially higher costs to obtain the same or similar coverage. As a result, it may be more difficult for us to attract and retain qualified persons to serve on our Board or as officers. As a result of the foregoing, we expect a substantial increase in legal, accounting, insurance and certain other expenses in the future, which will negatively impact our financial performance and could cause our results of operations and financial condition to suffer.

We are responsible for establishing and maintaining adequate internal control over financial reporting, which is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. Because of our inherent limitations and the fact that we are a new public company and are implementing new financial control and management systems, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate. A failure to prevent or detect errors or misstatements may result in a decline in the market price of our Subordinate Voting Shares and harm our ability to raise capital in the future.

If our management is unable to certify the effectiveness of our internal controls or if material weaknesses in our internal controls are identified, we could be subject to regulatory scrutiny and a loss of public confidence, which could harm our business and cause a decline in the market price of our Subordinate Voting Shares. In addition, if we do not maintain adequate financial and management personnel, processes and controls, we may not be able to accurately report our financial performance on a timely basis, which could cause a decline in the market price of our Subordinate Voting Shares and harm our ability to raise capital. Failure to accurately report our financial performance on a timely basis could also jeopardize our listing on the TSX or any other stock exchange on which our Subordinate Voting Shares may be listed. Delisting of our Subordinate Voting Shares on any exchange would reduce the liquidity of the market for our Subordinate Voting Shares, which would reduce the price of and increase the volatility of the market price of our Subordinate Voting Shares.

We do not expect that our disclosure controls and procedures and internal controls over financial reporting will prevent all error or fraud. A control system, no matter how well-designed and implemented, can provide only reasonable, not absolute, assurance that the control system's objectives will be met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Due to the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues within an organization are detected. The inherent limitations include the realities that judgments in decision making can be faulty, and that breakdowns can occur because of simple errors or mistakes. Controls can also be circumvented by individual acts of certain persons, by collusion of two or more people or by management override of the controls. Due to the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and may not be detected in a timely manner or at all. If we cannot provide reliable financial reports or prevent fraud, our reputation and operating results could be materially adversely effected, which could also cause investors to lose confidence in our reported financial information, which in turn could result in a reduction in the trading price of the Subordinate Voting Shares.

Our senior management team has limited experience managing a public company, and regulatory compliance may divert its attention from the day-to-day management of business.

The individuals who now constitute our senior management team have relatively limited experience managing a publicly-traded company and limited experience complying with the increasingly complex laws pertaining to public companies compared to senior management of other publicly traded companies. Our senior management team may not successfully or efficiently manage our transition to being a public company subject to significant regulatory oversight and reporting obligations under Canadian securities laws. In particular, these new obligations will require substantial attention from our senior management and could divert their attention away from the day-to-day management of our business.

Many of our business functions are centralized at our head office in the GTA. Disruptions to the operations in that region could have an adverse effect on our business.

We have centralized a large number of our facilities in the GTA, particularly in Vaughan, Ontario, where our head office is located. Most of our senior management, our primary data centre and critical resources dedicated to information technology, financial and administrative functions, are located at our head office. If we were required to shut down our GTA facilities for any reason, including fire, earthquake or other natural disaster or civil disruption, this would cause significant disruption and expense to our business and operations.

We recognize the need to enhance our disaster recovery, business continuity and document retention plans that would allow us to be operational despite unforeseen events impacting our GTA facilities, and intend to do so in the future.

Without disaster recovery, business continuity and document retention plans, if we encounter difficulties or disasters at our GTA facilities, our critical systems, operations and information may not be restored in a timely manner, or at all, and may adversely impact our business operations.

There may be covenants in the Credit Facilities that restrict our ability to engage in certain types of activities.

The Credit Facilities entered into in connection with the Offering may contain negative covenants that could limit our ability to engage in specified types of transactions. These covenants may limit our ability and the ability of our subsidiaries to, among other things, incur indebtedness; create liens; engage in mergers or consolidations; sell assets; pay dividends or repurchase securities; make investments, acquisitions, loans or advances; repay, prepay or redeem certain indebtedness; engage in certain transactions with affiliates; amend material agreements governing certain indebtedness; and change our lines of business. A breach of any of these covenants could result in an event of default under either of the Revolving Facility or the Term Facility or both. Upon the occurrence of an event of default under either of the Revolving Facility or the Term Facility, the Lenders may have the ability to elect to declare all amounts outstanding under such facility to be immediately due and payable and terminate all commitments to extend further credit, or seek amendments to the debt agreements that would provide for terms more favourable to the Lenders. If we are unable to repay those amounts, the Lenders may be entitled to proceed against the collateral granted to them to secure that indebtedness.

We are dependent on our distribution facilities. If one or more of our distribution facilities becomes inoperable, capacity is exceeded or if operations are disrupted, our business, financial condition and operating results could be negatively affected.

We depend on the orderly operation of the receiving and distribution process, which relies on adherence to shipping schedules and the effective management of our distribution facilities. Although we believe that our receiving and distribution processes are efficient, and we have appropriate contingency plans, unforeseen disruptions in operations due to fire, severe weather conditions, natural disasters, or other catastrophic events, electronic or power interruptions, failure of software and hardware or other system failures, labour disagreements or other shipping problems may result in delays in the delivery of our shipments. Additionally, although we believe that the capacity of our distribution facilities meets our current needs, we expect we will need to expand our receiving and distribution capacity in the future. Planning for expansion of our distribution capacity to meet future needs is currently underway, with the expansion at our Calgary facility and our securing of a lease for a new facility in the GTA to commence spring of 2020. It is possible that these and other future expansions, as well as historic expansions, may go unused or may lead to increased costs. Additionally, if we underestimate the construction costs and time required to complete expansions, or if we experience cost overruns and delays in completion/certifications, it may have an adverse effect on our ability to service our clients. There can be no assurance that current or future construction plans that we implement will be successfully completed on time, within budget and without design defect; that available personnel and equipment will be available in a timely manner or on reasonable terms to successfully complete construction projects; that we will be able to obtain all necessary governmental approvals and permits; or that the completion of the construction, the start-up costs and the ongoing operating costs will not be significantly higher than we anticipate. Any failure to effectively expand our distribution capacity in a timely manner to keep pace with our growth could have an adverse effect on our business.

Although we maintain business interruption insurance and property insurance, we cannot provide any assurance that our insurance coverage will adequately protect us from the adverse effects that could result from significant disruptions to our distribution system, such as the long-term loss of clients or an erosion of our reputation, or that insurance proceeds will be paid to us in a timely manner.

We may be subject to additional taxes, which could affect our operating results.

We may be subject to assessments for additional taxes, including sales taxes, which could reduce our operating results. In accordance with current law, we pay, collect and/or remit taxes in those jurisdictions where we maintain a physical presence. In computing our tax obligations in these jurisdictions, we are required to take various tax accounting and reporting positions on matters that are not entirely free from doubt and for which we have not received rulings from the governing authorities.

While we believe that we have appropriately remitted all taxes based on our interpretation of applicable law, it is possible that some taxing jurisdictions may attempt to assess additional taxes and penalties on us if the applicable authorities do not agree with our positions. A successful challenge by a tax authority, through asserting either an error in our calculation, or a change in the application of law or an interpretation of the law that differs from our own, could adversely affect our results of operations and cause the market price of our Subordinate Voting Shares to decline.

Further, additional taxes may be payable by us and/or the AHG Entities as a result of the reorganization transactions that occurred prior to the filing of this prospectus, which may affect operating results in the short term.

Our equity compensation plans may adversely impact our financial results.

In connection with the Offering, we will adopt an Omnibus Incentive Plan that will include options, RSUs, PSUs and DSUs, which may also be settled in cash. Under applicable accounting standards we may be required to record a liability and a related expense in our financial statements for potential future cash settlement of equity compensation awards. The recording of this liability could have an adverse impact on and create volatility in our financial results and, in turn, could adversely impact the trading price of the Subordinate Voting Shares.

Changes in accounting standards and subjective assumptions, estimates and judgments by management related to complex accounting matters could significantly affect our reported financial results or financial condition.

IFRS and related accounting pronouncements, implementation guidelines and interpretations with regard to a wide range of matters that are relevant to our business, including but not limited to revenue recognition, impairment of goodwill and intangible assets, inventory, income taxes and litigation, are highly complex and involve many subjective assumptions, estimates and judgments. Changes in these rules or their interpretation or changes in underlying assumptions, estimates or judgments could significantly change our reported financial performance or financial condition in accordance with IFRS.

Risks Related to the Offering and Ownership of Our Shares

Our dual class share structure has the effect of concentrating voting control and may prevent new investors from influencing significant corporate decisions, which may have a negative impact on the trading price of our Subordinate Voting Shares.

Our Multiple Voting Shares have four votes per share and our Subordinate Voting Shares, which are the shares we are selling in the Offering, have one vote per share. Upon Closing, AMG will own and control all of our issued and outstanding Multiple Voting Shares and 75,000 Subordinate Voting Shares, representing approximately 69.7% of the issued and outstanding Shares (representing its non-diluted equity interest) and approximately 90.2% of the voting power attached to all of the Shares (approximately 67.0% and 89.0% respectively, if the Over-Allotment Option is exercised in full) and will have the right to nominate directors to our Board under the Investor Rights Agreement. As a result, AMG will have a significant influence over us, including election of directors and significant corporate transactions.

In addition, because of the four-to-one voting ratio between our Multiple Voting Shares and Subordinate Voting Shares, the holders of our Multiple Voting Shares will continue to control a majority of the combined voting power of our voting Shares even where the Multiple Voting Shares represent a substantially reduced percentage of our total outstanding Shares. The concentrated voting control of holders of our Multiple Voting Shares will limit the ability of holders of Subordinate Voting Shares to influence corporate matters for the foreseeable future, including the election of directors as well as with respect to decisions regarding amendment of our share capital, creating and issuing additional classes of shares, making significant acquisitions, selling significant assets or parts of our business, merging with other companies and undertaking other significant transactions. As a result, holders of Multiple Voting Shares will have the ability to influence many matters affecting us and actions may be taken that holders of Subordinate Voting Shares may not view as beneficial. The market price of our Subordinate Voting Shares could be adversely affected due to the significant influence and voting power of the holders of Multiple Voting Shares. Additionally, the significant voting interest of holders of Multiple Voting Shares may discourage transactions involving a change of control, including transactions in which an investor, as a holder of the Subordinate Voting Shares, might otherwise receive a premium for the Subordinate Voting Shares over the then-current market price, or discourage competing proposals if a going private transaction is proposed by one or more holders of Multiple Voting Shares.

Each of our directors and officers owes a fiduciary duty to us and must act honestly and in good faith with a view to our best interests. However, any director and/or officer that is a Shareholder, even a controlling Shareholder, is entitled to vote his or her shares in his or her own interests, which may not always be in the interests of our Shareholders generally.

The market price for Subordinate Voting Shares may be volatile and your investment could suffer a decline in value.

The market price of our Subordinate Voting Shares could be subject to significant fluctuations after the Offering, and it may decline below the Offering Price. Some of the factors that may cause the market price of our Subordinate Voting Shares to fluctuate include:

- volatility in the market price and trading volume of comparable companies;
- actual or anticipated changes or fluctuations in our operating results or in the expectations of market analysts;
- adverse market reaction to any indebtedness we may incur or securities we may issue in the future;
- short sales, hedging and other derivative transactions in our Shares;
- litigation or regulatory action against us
- changes in our dividend policy;
- investors' general perception of us and the public's reaction to our press releases, our other public announcements and our filings with Canadian securities regulators, including our financial statements;
- publication of research reports or news stories about us, our competitors or our industry;
- positive or negative recommendations or withdrawal of research coverage by securities analysts;
- changes in general political, economic, industry and market conditions and trends;
- sales of our Shares by existing Shareholders;
- recruitment or departure of key personnel;
- significant acquisitions or business combinations, strategic partnerships, joint ventures or capital commitments by or involving us or our competitors; and
- the other risk factors described in this section of this prospectus.

Additionally, these factors, as well as other related factors, may cause decreases in asset values that are deemed to be other than temporary, which may result in impairment losses. As well, certain institutional investors may base their investment decisions on consideration of our environmental, governance and social practices and performance against such institutions' respective investment guidelines and criteria, and failure to satisfy such criteria may result in limited or no investment in the Subordinate Voting Shares by those institutions, which could materially adversely affect the trading price of the Subordinate Voting Shares. There can be no assurance that continuing fluctuations in price and volume will not occur. If such increased levels of volatility and market turmoil continue for a protracted period of time, our operations and the trading price of the Subordinate Voting Shares may be materially adversely effected.

In addition, broad market and industry factors may harm the market price of our Subordinate Voting Shares. Hence, the market price of our Subordinate Voting Shares could fluctuate based upon factors that have little or nothing to do with us, and these fluctuations could materially reduce the market price of our Subordinate Voting Shares regardless of our operating performance. In the past, following a significant decline in the market price of a company's securities, there have been instances of securities class action litigation having been instituted against that company. If we were involved in any similar litigation, we could incur substantial costs, our management's attention and resources could be diverted and it could harm our business, operating results and financial condition.

Risks related to the Acquisition of the AHG Entities.

In connection with Closing, we will acquire the AHG Entities from AMG pursuant to the terms of the Purchase Agreement, described in more detail under "The Acquisition". The Purchase Agreement contains representations and warranties and related indemnities from AMG relating to AMG and the AHG Entities, among other things. Notwithstanding AMG's role as Promoter and its potential for liability under applicable securities law in connection therewith, AMG has provided certain representations in the Purchase Agreement that this prospectus contains full, true and plain disclosure of all material facts relating to AMG and the AHG Entities and does not contain any misrepresentation (as defined under applicable Canadian securities legislation), subject to exceptions for portions of the prospectus containing extracts or summaries of expert reports. Other than in respect of indemnities for certain items which will not be subject to any basket or any cap, as applicable and as described in further detail under "The Acquisition", indemnities from AMG related to breaches of representations and warranties will be subject to a cap equal to the Offering proceeds (with any amounts paid by AMG under its indemnity in the Underwriting Agreement operating to reduce the maximum liability of AMG under the Purchase Agreement on a dollar-for-dollar basis), provided that no claim under the indemnity may be made until the aggregate of all claims exceeds $750,000, at which point we may claim back to the first dollar. There can be no assurance that we can recover from AMG for breaches of representations and warranties under the Purchase Agreement.

Substantially all cash as at September 30, 2019 will be distributed to AMG prior to completion of the Acquisition and there is a risk that the Company will have insufficient resources to operate the business in the ordinary course following completion of the Offering.

Prior to closing of the Acquisition, substantially all cash on the Combined Balance Sheet of the AHG Entities as at September 30, 2019 will be distributed to AMG or retained to pay tax liabilities incurred through the Acquisition and the expenses of the Offering, including the Underwriters' Fee. See "The Acquisition – Principal Transaction Steps" and "Combined Capitalization". While we expect that our working capital balances as at September 30, 2019 and our operating income will be sufficient to permit us to continue to operate the business of the Company in the ordinary course following completion of the Offering, the amount of working capital required by the Company may turn out to be greater than the amount anticipated. If our estimate of the amount of working capital required to operate the business of the Company proves to be lower than the actual amounts required, the Company may be required to draw on the Revolving Facility to fund operations and pursue an indemnity under the Purchase Agreement.

Future sales of our securities by existing Shareholders or by us could cause the market price for our Subordinate Voting Shares to fall.

Sales of a substantial number of our Subordinate Voting Shares in the public market could occur at any time after the expiration of the 180-day contractual lock-up period described in the "Plan of Distribution – Lock-up Arrangements" section of this prospectus. These sales, or the market perception that the holders of a large number of shares intend to sell Shares, could significantly reduce the market price of our Subordinate Voting Shares and the market price could decline below the Offering Price. We cannot predict the effect, if any, that future public sales of these securities or the availability of these securities for sale will have on the market price of our Subordinate Voting Shares. If the market price of our Subordinate Voting Shares was to drop as a result, this might impede our ability to raise additional capital and might cause remaining Shareholders to lose all or part of their investments.

After the Closing, we will have 11,000,000 Subordinate Voting Shares and 25,100,000 Multiple Voting Shares outstanding (assuming no exercise of the Over-Allotment Option) (12,500,000 Subordinate Voting Shares and 25,100,000 Multiple Voting Shares if the Over-Allotment Option is exercised in full). Pursuant to the Underwriting Agreement, each of us, AMG, as well as our directors and officers have agreed that he, she or it will not, directly or indirectly, without the prior written consent of the Joint Bookrunners, on behalf of the Underwriters, such consent not to be unreasonably withheld, issue, offer, sell, grant any option to purchase or otherwise dispose of (or announce any intention to do so) any of our equity securities, or securities convertible or exchangeable into our equity securities for a period commencing on the Closing Date and ending 180 days after the Closing Date, subject to certain exceptions. Following the expiration of the 180-day period, the Shares that will be outstanding immediately following completion of the Offering will be available for sale in the public markets subject to restrictions under applicable securities laws in Canada. In addition, following Closing there will be options to acquire approximately 1,550,000 Subordinate Voting Shares. The Subordinate Voting Shares issuable upon the exercise of these options, will, to the extent permitted by any applicable vesting requirements, lock-up agreements and restrictions under applicable securities laws in Canada, also become eligible for sale in the public market.

Moreover, after the Offering, AMG will have certain rights under the Investor Rights Agreement to require us to file a prospectus covering its registrable securities or to include its registrable securities in prospectuses that we may file for ourselves or on behalf of other Shareholders.

The intentions of AMG regarding its long-term economic ownership are subject to change, with the result that AMG may sell more or less Shares in the future than currently expected. Factors that could cause AMG's current intentions to change include changes in the personal circumstances of Michael Andlauer or his family, our succession planning or changes in our management, changes in tax laws, estate planning, market conditions and our financial performance.

Further, we cannot predict the size of future issuances of our Subordinate Voting Shares or the effect, if any, that future issuances and sales of our Subordinate Voting Shares will have on the market price of our Subordinate Voting Shares. Sales of substantial amounts of our Subordinate Voting Shares, or the perception that such sales could occur, may adversely affect prevailing market prices for our Subordinate Voting Shares.

An active, liquid and orderly trading market for our Subordinate Voting Shares may not develop, and you may not be able to resell your Subordinate Voting Shares at or above the Offering Price.

The TSX has conditionally approved the listing of the Subordinate Voting Shares under the symbol "AND". Listing is subject to us fulfilling all of the listing requirements of the TSX. There is currently no market through which our Subordinate Voting Shares may be sold and, if a market for our Subordinate Voting Shares does not develop or is not sustained, you may not be able to resell your Subordinate Voting Shares purchased in the Offering. This may affect the pricing of the Subordinate Voting Shares in the secondary market, the transparency and availability of trading prices, the liquidity of the Subordinate Voting Shares and the extent of issuer regulation. The Offering Price of our Subordinate Voting Shares was determined through negotiations between us, AMG and the Underwriters. The Offering Price may not be indicative of the market price of our Subordinate Voting Shares after the Offering. In the absence of an active trading market for our Subordinate Voting Shares, investors may have difficulty selling their Subordinate Voting Shares. We cannot predict the prices at which our Subordinate Voting Shares will trade.

Shareholders will have limited control over the Company's operations and right to dividends.

Holders of Subordinate Voting Shares will have limited control over changes in our policies and operations, which increases the uncertainty and risks of an investment in our Company. Our Board will determine major policies, including policies regarding financing, growth, debt capitalization, any future dividends to Shareholders, as well as the appointment of our executive officers. Generally, our Board may amend or revise these and other policies without a vote of the holders of Shares. Holders of Shares will only have a right to vote, as a class, in the limited circumstances described elsewhere in this prospectus. Our Board's broad discretion in setting policies and the limited ability of holders of Shares to exert control over those policies increases the uncertainty and risks of an investment in our Company.

Any issuance of preferred shares could make it difficult for another company to acquire us or could otherwise adversely affect holders of our shares, which could depress the market price of our Subordinate Voting Shares.

Upon completion of the Offering, our Board will have the authority to issue preferred shares and to determine the preferences, limitations and relative rights of preferred shares and to fix the number of shares constituting any series and the designation of such series, without any further vote or action by our Shareholders. Our preferred shares could be issued with liquidation, dividend and other rights superior to the rights of our Shares. The potential issuance of preferred shares may delay or prevent a change in control of us, discourage bids for our Shares at a premium over the market price and adversely affect the market price and other rights of the holders of our Shares.

If securities or industry analysts do not publish research or publish inaccurate or unfavorable research about us or our business, our trading price and volume could decline.

The trading market for our Subordinate Voting Shares will depend in part on the research and reports that securities or industry analysts publish about us or our business. We do not currently have and may never obtain research coverage by securities and industry analysts. If no securities or industry analysts commence covering us, the trading price for our Subordinate Voting Shares would be negatively impacted. If we obtain securities or industry analyst coverage and if one or more of the analysts who cover us downgrade our Subordinate Voting Shares or publish inaccurate or unfavorable research about our business, our trading price may decline. If one or more of these analysts cease coverage of us or fail to publish reports on us regularly, demand for our Subordinate Voting Shares could decrease, which could cause our trading price and volume to decline.

Future offerings of debt securities or preferred shares, which would rank senior to our Subordinate Voting Shares upon our bankruptcy or liquidation, and future offerings of equity securities that may be senior to our Subordinate Voting Shares for the purposes of dividend and liquidating distributions, may adversely affect the market price of our Subordinate Voting Shares.

In the future, we may attempt to increase our capital resources by making offerings of debt securities, preferred equity or additional offerings of equity securities. Upon bankruptcy or liquidation, holders of our debt securities and lenders with respect to other borrowings and holders of preferred equity will receive a distribution of our available assets prior to the holders of our Subordinate Voting Shares. Additional equity offerings may dilute the holdings of our existing shareholders or reduce the market price of our Subordinate Voting Shares, or both. Our decision to issue securities in any future offering will depend on market conditions and other factors beyond our control. As a result, we cannot predict or estimate the amount, timing or nature of our future offerings, and purchasers of our Subordinate Voting Shares in this Offering bear the risk of our future offerings reducing the market price of our Subordinate Voting Shares and diluting their ownership interest in the Company.

LEGAL PROCEEDINGS

The Company is not currently directly involved in any outstanding, threatened, pending or, to the knowledge of the Company, contemplated, litigation. Our subsidiaries are from time to time, involved in legal proceedings of a nature considered normal to our business. We believe that none of the litigation in which our subsidiaries are currently involved, or have been involved since the beginning of our most recently completed financial year, individually or in the aggregate, is material to our combined financial condition, cash flows or results of operations.

LEGAL MATTERS

The matters referred to under "Eligibility for Investment" and "Certain Canadian Federal Income Tax Considerations", as well as certain other legal matters relating to the offering and sale of the Subordinate Voting Shares, will be passed upon on our behalf by Goodmans LLP and on behalf of the Underwriters by Stikeman Elliott LLP with respect to Canadian legal matters. As at the date of this prospectus, the partners and associates of each of Goodmans LLP and Stikeman Elliott LLP beneficially own, directly and indirectly, less than 1% of our outstanding securities or other property, or that of our affiliates.

INTERESTS OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Other than as described elsewhere in this prospectus (including, without limitation, the related party transactions described under "Management's Discussion and Analysis of Financial Condition and Results of Operations", the transactions described under "The Acquisition", and the agreements described under "Agreements with AMG"), there are no material interests, direct or indirect, of any of our directors or executive officers, any Shareholder that beneficially owns, or controls or directs (directly or indirectly), more than 10% of any class or series of our outstanding voting securities, or any associate or affiliate of any of the foregoing persons, in any transaction within the three years before the date hereof that has materially affected or is reasonably expected to materially affect us or any of our subsidiaries. See "Management's Discussion and Analysis of Financial Condition and Results of Operations – Related Party Transactions", "The Acquisition" and "Agreements with AMG – Investor Rights Agreement".

PROMOTER

AMG has taken the initiative in founding and organizing the Company and may therefore be considered a Promoter of the Company for the purposes of applicable securities legislation. Upon Closing, the Promoter will own and control all of the issued and outstanding Multiple Voting Shares and 75,000 Subordinate Voting Shares, representing approximately 69.7% of the issued and outstanding Shares (representing its non-diluted equity interest) and approximately 90.2% of the voting power attached to all of the Shares (approximately 67.0% and 89.0% respectively, if the Over-Allotment Option is exercised in full), excluding the Subordinate Voting Shares held by the Employee Trust. The nature and amount of any value received, or to be received by the Promoter, directly or indirectly, from the Company is set out in this prospectus under the headings "Management's Discussion and Analysis of Financial Condition and Results of Operations – Related Party Transactions", "The Acquisition" and "Agreements with AMG – Investor Rights Agreement". The Promoter will also benefit from the rights afforded under the Investor Rights Agreement as set out in the prospectus under the heading "Agreements with AMG – Investor Rights Agreement". The nature and amount of any assets, services or other consideration received or to be received by the Company or a subsidiary of the Company is set out in the prospectus under the headings "Management's Discussion and Analysis of Financial Condition and Results of Operations – Related Party Transactions", "The Acquisition" and "Agreements with AMG – Investor Rights Agreement".

AUDITOR, TRANSFER AGENT AND REGISTRAR

KPMG LLP, is our auditor and has confirmed that it is independent of the Company within the meaning of the *Chartered Professional Accountants Code of Professional Conduct (Ontario).*

The transfer agent and registrar for the Subordinate Voting Shares and the Multiple Voting Shares is TMX Trust Company at its principal office in Toronto, Ontario.

EXEMPTION UNDER SECURITIES LAWS

Staff at the OSC has notified the Company that it is currently of the view that Michael Andlauer is a promoter of the Company within the meaning of applicable securities laws, since AMG (the Promoter of the Offering) is wholly-owned by Mr. Andlauer, he will be the sole director and officer of AMG upon Closing, and he is directly involved with the Company as director and Chief Executive Officer. Neither the Company nor Mr. Andlauer agree that Mr. Andlauer is a promoter of the Company. AMG has signed the prospectus as promoter, and Mr. Andlauer has signed in his capacity as Chief Executive Officer of the Company.

Pursuant to section 58(5) of the *Securities Act* (Ontario), the Director (as defined therein) has consented to Michael Andlauer not signing a Certificate of Promoter for this prospectus.

The Company has been advised by the OSC that the issuance of a receipt by or on behalf of the applicable Canadian Securities Administrators by the OSC for this prospectus will evidence the granting of the foregoing exemptions and/or consent.

MATERIAL CONTRACTS

This prospectus includes a summary description of certain of our material agreements. The summary description discloses all attributes material to an investor in the Subordinate Voting Shares but is not complete and is qualified by reference to the terms of the material agreements, which will be filed with the Canadian securities regulatory authorities and made available on SEDAR at www.sedar.com, under our profile. Investors are encouraged to read the full text of such material agreements.

The following are our only material agreements that will be in effect on Closing (other than certain agreements entered into in the ordinary course of business):

- the Purchase Agreement;
- the Investor Rights Agreement;

- the Underwriting Agreement;
- the Credit Facilities; and
- the Coattail Agreement.

PURCHASERS' STATUTORY RIGHTS

Securities legislation in certain of the provinces and territories of Canada provides purchasers with the right to withdraw from an agreement to purchase securities. This right may be exercised within two business days after receipt or deemed receipt of a prospectus and any amendment. In several of the provinces and territories, the securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, revisions of the price or damages if the prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that the remedies for rescission, revisions of the price or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for the particulars of these rights or consult with a legal adviser.

INDEX TO FINANCIAL STATEMENTS

Unaudited Interim Condensed Combined Financial Statements of

THE ANDLAUER HEALTHCARE GROUP ENTITIES

For the three and nine months ended September 30, 2019 and 2018

THE ANDLAUER HEALTHCARE GROUP ENTITIES

COMBINED BALANCE SHEETS

As at September 30, 2019 and December 31, 2018
(In thousands of Canadian dollars)

	Note	September 30, 2019	December 31, 2018
Assets			
Current assets			
Cash and cash equivalents		$ 36,193	$ 53,657
Accounts receivable	3	50,627	48,430
Inventories		954	1,366
Prepaid expenses and other		5,070	1,448
Due from related parties	9	59,670	54,957
		152,514	159,858
Non-current assets			
Property, plant and equipment		87,443	91,847
Long-term deposits		827	718
Deferred income taxes	5	592	460
Goodwill and intangible assets		21,797	23,694
Total Assets		**$263,173**	**$276,577**
Liabilities and Equity			
Current liabilities			
Accounts payable and accrued liabilities		21,573	27,096
Current portion of lease liabilities	6	17,272	17,940
Income taxes payable		3,437	41
		42,282	45,077
Long-term liabilities			
Lease liabilities	6	57,800	61,080
Deferred income taxes	5	107	372
Due to related parties	9	—	320
Total Liabilities		**100,189**	**106,849**
Equity			
Total net parent investment		162,984	163,811
Non-controlling interest	7	—	5,917
		162,984	169,728
Commitments and contingencies	8		
Subsequent events	11		
Total Liabilities and Equity		**$263,173**	**$276,577**

On behalf of the Board:

"Peter Jelley"
Director

"Andrew Clark"
Director

See accompanying notes to the unaudited interim condensed combined financial statements.

THE ANDLAUER HEALTHCARE GROUP ENTITIES

COMBINED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME

For the three and nine months ended September 30, 2019 and 2018
(In thousands of Canadian dollars)

	Note	Three Months Ended September 30, 2019	Three Months Ended September 30, 2018	Nine Months Ended September 30, 2019	Nine Months Ended September 30, 2018
Revenue	4	$71,040	$66,582	$215,292	$204,915
Operating Expenses					
Cost of transportation and services		29,644	28,164	88,881	85,388
Direct operating expenses		17,614	16,689	54,880	52,472
Sales, general and administrative expenses		5,949	5,767	18,824	17,493
Depreciation and amortization		6,568	5,922	19,204	17,331
		59,775	56,542	181,789	172,684
Operating Income		**11,265**	**10,040**	**33,503**	**32,231**
Other income (expense)		24	(15)	45	(36)
Interest income		145	251	662	601
Interest expense		(780)	(773)	(2,389)	(2,248)
Income before income taxes		10,654	9,503	31,821	30,548
Current income tax expense	5	3,052	2,718	8,962	8,030
Deferred income tax (recovery) expense	5	(164)	(136)	(397)	252
		2,888	2,582	8,565	8,282
Net income and comprehensive income		**7,766**	**6,921**	**23,256**	**22,266**
Net income attributable to:					
Parent		7,766	6,653	22,684	21,003
Non-controlling interest		—	268	572	1,263
		$ 7,766	**$ 6,921**	**$ 23,256**	**$ 22,266**

See accompanying notes to unaudited interim condensed combined financial statements.

THE ANDLAUER HEALTHCARE GROUP ENTITIES

COMBINED STATEMENTS OF CHANGES IN EQUITY

For the nine months ended September 30, 2019, and 2018
(In thousands of Canadian dollars)

	Note	Net parent investment	Non-controlling interest	Total equity
Opening as at December 31, 2018		$163,811	$ 5,917	$169,728
Net income for the period		22,684	572	23,256
Distributions to related parties		(30,000)	—	(30,000)
Adjustments on acquisition of NCI	7	6,489	(6,489)	—
As at September 30, 2019		**$162,984**	**$ —**	**$162,984**
Opening as at December 31, 2017		$157,338	$10,205	$167,543
Net income for the period		21,003	1,263	22,266
Distributions to related parties		(25,000)	—	(25,000)
Adjustments on acquisition of NCI	7	5,600	(5,600)	—
As at September 30, 2018		**$158,941**	**$ 5,868**	**$164,809**

See accompanying notes to unaudited interim condensed combined financial statements.

THE ANDLAUER HEALTHCARE GROUP ENTITIES

COMBINED STATEMENTS OF CASH FLOWS

For the nine months ended September 30, 2019, and 2018
(In thousands of Canadian dollars)

	Note	September 30, 2019	September 30, 2018
Operating activities			
Net income for the period		$ 23,256	$ 22,266
Changes not involving cash:			
Depreciation and amortization		19,204	17,331
Future income tax (recovery) expense	5	(397)	252
		42,063	39,849
Changes in non-cash operating working capital:			
Accounts receivable		(2,197)	483
Inventories		412	257
Accounts payable and accrued liabilities		(5,523)	(2,097)
Income taxes payable		3,396	2,141
Net change in other operating working capital balances		(3,731)	(2,455)
Cash flows from operating activities		34,420	38,178
Financing activities			
Distributions		(30,000)	(25,000)
Principal repayments on lease liabilities	6	(14,083)	(12,290)
Net change in related party balances		(5,033)	(2,661)
Cash flows used in financing activities		(49,116)	(39,951)
Investing activities			
Purchase of property, plant and equipment		(2,649)	(1,198)
Proceeds on disposal of property, plant and equipment		—	35
Purchase of intangible assets		(119)	(78)
Cash flows used in investing activities		(2,768)	(1,241)
Net decrease in cash and cash equivalents		**(17,464)**	**(3,014)**
Cash and cash equivalents, beginning of period		**53,657**	**50,148**
Cash and cash equivalents, end of period		**$ 36,193**	**$ 47,134**

See accompanying notes to unaudited interim condensed combined financial statements.

(In thousands of Canadian dollars)

Andlauer Healthcare Group Inc. (the "Entity") was incorporated on November 12, 2019 with its head office located at 100 Vaughan Valley Blvd, Woodbridge, ON L4H 3C5.

In connection with an initial public offering, the Entity will acquire a number of entities including Associated Logistics Solutions Inc., Credo Canada Systems Inc., 2186940 Ontario Inc. and their respective subsidiaries (collectively, the "AHG Entities"). The acquisition by the Entity of the AHG Entities will be a transaction amongst entities under common control. The Entity will account for this transaction using book value accounting, based on the book values that would be recognized in the financial statements of the underlying entities. These combined financial statements comprise the combined financial results of the AHG Entities (the "Company" or the "Group").

The Group specializes in third party logistics and transportation solutions for the healthcare sector in Canada.

1. BASIS OF PRESENTATION

a) Statement of compliance

These unaudited interim condensed combined financial statements ("combined financial statements") have been prepared in accordance with International Accounting Standard ("IAS") 34, *Interim Financial Reporting,* as issued by the International Accounting Standards Board ("IASB"). Under International Financial Reporting Standards ("IFRS"), additional disclosures are required in the annual financial statements and therefore, these combined financial statements and accompanying notes should be read in conjunction with the notes to the Company's audited combined financial statements for the years ended December 31, 2018, December 31, 2017, December 31, 2016 and as at January 1, 2016.

These combined financial statements have been prepared using consistent accounting policies and methods used in the preparation of the Company's annual audited combined financial statements.

These combined financial statements were authorized for issue effective December 4, 2019 in accordance with a resolution of the board of directors of the Company.

b) Basis of combination

The combined financial statements comprise the financial statements of companies under common control and their wholly-owned subsidiaries. The Group controls an entity when it is exposed to, or has the right to, variable returns from its involvement with the entity and has the ability to affect those through its power over the entity. The financial statements of subsidiaries are included in the combined financial statements from the date that control commences until the date that control ceases. The accounting policies of subsidiaries are aligned with the policies adopted by the Group. The companies under common control and their wholly-owned subsidiaries include:

AHG Entity	Incorporation Jurisdiction
2040637 Ontario Inc.	Ontario
2186940 Ontario Inc.	Ontario
Accuristix Healthcare Logistics Inc.	Ontario
Accuristix Inc.	Ontario
Accuristix	Ontario
Associated Logistics Solutions Inc.	Ontario
ATS Andlauer Transportation Services GP Inc.	Canada
ATS Andlauer Transportation Services LP	Manitoba
Concord Supply Chain Solutions Inc.(1)	Delaware
Credo Systems Canada Inc.	Ontario
Nova Pack Ltd.	Ontario
MEDDS Winnipeg — A Medical Delivery Service Corporation	Manitoba
MEDDS Canada — A Medical Delivery Services Corporation(1)	Canada

(1) Entity has been dormant throughout the entire reporting period.

c) Total net parent investment

As these financial statements have been prepared on a combined basis, it is not meaningful to show share capital or provide an analysis of reserves. Therefore, amounts which reflect the carrying value of investments in the combined entities are disclosed as "Total net parent investment", while carrying value of net assets attributable to shareholders other than the Company are presented as "Non-controlling interest" ("NCI"). The amounts reflected in Distributions to related parties in the combined

(In thousands of Canadian dollars)

1. BASIS OF PRESENTATION (Continued)

statements of changes in equity refer to dividends or distributions paid to the parent. In addition, the Company was not an existing legal entity during the periods presented and therefore the combined entities have no historical capital structure. Consequently, earnings per share as required by IAS 33 *Earnings per share* have not been presented.

2. SEGMENT REPORTING

The Company is organized into two operating segments, which it also considers to be reportable segments: Specialized Transportation and Healthcare Logistics. The operating segments are managed independently as they require different technology and capital resources. For each of the operating segments, the Group's chief operating decision maker ("CODM") reviews internal management reports, evaluating the metrics as summarized in the tables below.

The Company evaluates performance based on the various financial measures of its two operating segments. Performance is measured based on segment income or loss before tax. This measure is included in the internal management reports that are reviewed by the Group's CEO and refers to "Income before income taxes" in the combined statements of income. Segment income or loss before tax is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries. The following table identifies selected financial data as at September 30, 2019 and 2018 and for the three and nine month periods then ended:

	Specialized Transportation	Healthcare Logistics	Eliminations	Total
As at September 30, 2019 and for the nine months then ended				
Revenue	$151,542	$82,061	$(18,311)	$215,292
Segment income before tax	23,796	8,025	—	31,821
Interest income	653	4	—	657
Interest expense	(1,155)	(1,229)	—	(2,384)
Depreciation and amortization	12,078	7,126	—	19,204
Segment net income	17,382	5,874	(572)	22,684
Segment total assets	174,717	92,820	(4,364)	263,173
Acquisition of ROU assets	10,119	16	—	10,135
Capital expenditures	1,113	1,572	(36)	2,649
Segment liabilities	57,659	46,894	(4,364)	100,189
As at September 30, 2018 and for the nine months then ended				
Revenue	$142,222	$79,928	$(17,235)	$204,915
Segment income before tax	23,488	7,060	—	30,548
Interest income	773	37	(209)	601
Interest expense	(818)	(1,639)	209	(2,248)
Depreciation and amortization	10,024	7,307	—	17,331
Segment net income	17,071	5,195	(1,263)	21,003
Segment total assets	176,004	96,697	(6,236)	266,465
Acquisition of ROU assets	12,202	111	—	12,313
Capital expenditures	927	343	(72)	1,198
Segment total liabilities	50,835	57,057	(6,236)	101,656

(In thousands of Canadian dollars)

2. SEGMENT REPORTING (Continued)

	Specialized Transportation	Healthcare Logistics	Eliminations	Total
As at September 30, 2019 and for the three months then ended				
Revenue	$ 50,669	$26,408	$(6,037)	$ 71,040
Segment income before tax	7,914	2,740	—	10,654
Interest income	142	3	—	145
Interest expense	(385)	(395)	—	(780)
Depreciation and amortization	4,198	2,370	—	6,568
Segment net income	5,779	1,987	—	7,766
Segment total assets	174,717	92,820	(4,364)	263,173
Acquisition of ROU assets	3,362	—	—	3,362
Capital expenditures	577	1,250	(26)	1,801
Segment total liabilities	57,659	46,894	(4,364)	100,189
As at September 30, 2018 and for the three months then ended				
Revenue	$ 46,696	$25,360	$(5,474)	$ 66,582
Segment income before tax	7,051	2,452	—	9,503
Interest income	297	14	(60)	251
Interest expense	(311)	(522)	60	(773)
Depreciation and amortization	3,502	2,420	—	5,922
Segment net income	5,130	1,791	(268)	6,653
Segment total assets	176,004	96,697	(6,236)	266,465
Acquisition of ROU assets	5,148	—	—	5,148
Capital expenditures	281	29	(24)	286
Segment total liabilities	50,835	57,057	(6,236)	101,656

The Group's Healthcare Logistics segment purchases transportation services from its Specialized Transportation segment. Fees for these services are based on negotiated rates, which approximate fair value, and are reflected as revenues of the Specialized Transportation segment. Rates are adjusted from time to time based on market conditions. Intersegment revenues and expenses and related intersegment payables and receivables are eliminated in the Company's combined results.

An intersegment loan from the Specialized Transportation segment to the Healthcare Logistics segment was repaid during 2018. The intersegment loan balance and related interest income and expense are eliminated from the Company's combined results.

The Group does not have any customers that individually represent more than 10% of revenue.

3. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

Accounting classifications and fair values

The Company's financial instruments consist of cash and cash equivalents, accounts receivable, deposits, accounts payable and accrued liabilities, and lease liabilities. The Company believes that the carrying amount of each of these items is a reasonable approximation of fair value.

Financial risk factors

The Company, through its financial assets and liabilities, has exposure to the following risks from its use of financial instruments: credit risk, liquidity risk, interest rate risk, and currency risk. Senior management monitors risk levels and reviews risk management activities as they determine to be necessary.

Credit risk

The Company is exposed to credit risk in the event of non-performance by counterparties in connection with its financial assets, namely cash and cash equivalents, accounts receivable and deposits. The Company does not typically obtain collateral or other security to support the accounts receivable subject to credit risk but mitigates this risk by performing credit check procedures for new customers

(In thousands of Canadian dollars)

3. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

and monitoring credit limits for existing customers. Thereby, the Company deals only with what management believes to be financially sound counterparties and, accordingly, does not anticipate significant loss for non-performance.

The maximum exposure to credit risk for cash and cash equivalents, accounts receivable and deposits approximate the amount recorded on the combined balance sheets.

Accounts receivable aging is set out below:

Credit risk	September 30, 2019	December 31, 2018
Current (not past due)	$37,547	$27,394
0 - 30 days past due	11,408	17,437
31 - 60 days past due	3,476	6,047
More than 61 days past due	46	341
Trade receivables due from related parties included in the Group	(4,364)	(3,913)
Gross	48,113	47,306
Unbilled revenue (note 4)	2,526	1,501
Impairment loss	(12)	(377)
Accounts receivable, net	**$50,627**	**$48,430**

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company's exposure to liquidity risk is dependent on the collection of accounts receivable, or raising of funds to meet commitments and sustain operations. The Company controls liquidity risk by management of working capital, cash flows and the availability of borrowing facilities.

In addition, the Group maintains the following lines of credit:

The Company is party to a joint credit facility agreement with the Royal Bank of Canada. Under the terms of the agreement, a subsidiary has available a revolving demand facility for $6,000 and a revolving term facility for $6,000. There is also a separate $1,000 revolving demand facility available to a wholly-owned subsidiary. As security for the joint facility agreement, the subsidiary and its wholly-owned subsidiary signed general security agreements constituting a first ranking interest on all owned properties. As of September 30, 2019, the Company is in compliance with its bank covenants.

As of September 30, 2019, $nil (December 31, 2018 — $nil) has been drawn on the $6,000 revolving demand credit facility, $nil (December 31, 2018 — $nil) has been drawn on the $6,000 revolving term facility, and $nil (December 31, 2018 — $nil) has been drawn on the $1,000 revolving demand credit facility.

The Company's accounts payable and accrued liabilities are due and payable in the short-term.

Interest rate risk

The Company has a revolving demand credit facility that bears interest at a floating rate subject to fluctuations in the bank prime. Changes in the bank prime lending rate can cause fluctuation in interest payments and cash flows. The Company does not use derivative financial instruments to mitigate the effect of this risk. The facilities under this agreement bear interest at prime plus 0.5% per annum.

For the period ended September 30, 2019, since no amount has been drawn on any of the credit facilities, fluctuations in the interest rate during the year would not have an impact on net income.

(In thousands of Canadian dollars)

3. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

Currency risk

The Company enters into foreign currency purchase and sale transactions and has assets and liabilities and that are denominated in foreign currencies and thus are exposed to the financial risk of earnings fluctuations arising from changes in foreign exchange rates and the degree of volatility of these rates. The Company does not currently use derivative instruments to reduce its exposure to foreign currency risk. At year-end, the Company has the following US dollar foreign currency denominated balances:

Currency risk	September 30, 2019	December 31, 2018
Cash and cash equivalents	$308	$491
Accounts receivable	302	108
Accounts payable and accrued liabilities	82	732

Unless otherwise noted, it is management's opinion that the Company is not exposed to significant credit or market risk.

4. REVENUE

A. Revenue streams

The Group generates revenue primarily from the provision of supply chain transportation and logistics services to its customers. The Group's contracts are typically satisfied over a short period of time. Consequently, the Group applies the practical expedient and does not disclose information related to its remaining performance obligations.

B. Disaggregation of revenue from contracts with customers

In the following table, revenue from contracts with customers is disaggregated by major products and service lines. The table also includes a reconciliation of the disaggregated revenue with the Group's operating segments (see note 2).

	Three Months Ended September 30, 2019	Three Months Ended September 30, 2018	Nine Months Ended September 30, 2019	Nine Months Ended September 30, 2018
Major products/service lines				
Logistics and distribution	$21,707	$20,843	$ 65,646	$ 64,079
Packaging	4,701	4,517	16,415	15,849
Healthcare Logistics segment	26,408	25,360	82,061	79,928
Ground transportation	41,806	38,778	125,161	118,098
Air freight forwarding	4,848	4,498	14,420	13,996
Dedicated and last mile delivery	4,015	3,420	11,861	10,128
Intersegment revenue	(6,037)	(5,474)	(18,311)	(17,235)
Specialized Transportation segment	44,632	41,222	133,231	124,987
Total revenue	**$71,040**	**$66,582**	**$215,292**	**$204,915**

C. Unbilled and deferred revenue

At the end of a reporting period, the Group recognizes unbilled revenue where revenue has been recognized but for which an invoice has not yet been issued. These amounts are disclosed in note 3. The Company's unbilled revenue has increased consistently throughout the periods presented with the growth in revenue.

The Company bills customers for transportation services based on the pick-up date. When shipments remain in transit at the end of a period, the Company defers revenue until the shipments are delivered. The Company does not regularly bill customers in advance for logistics and distribution services. Consequently, fluctuations in deferred revenue will occur year over year and will depend on specifically negotiated payment terms resulting from customer billing requests or concerns related to credit risk. To date, the changes in deferred revenue have been largely insignificant. Revenue recognized in the first nine months of 2019 of $635 (2018 — $670) was included in the opening deferred revenue balance at the beginning of the period.

(In thousands of Canadian dollars)

5. INCOME TAXES

A. Amounts recognized in profit or loss

	Three Months Ended September 30, 2019	Three Months Ended September 30, 2018	Nine months Ended September 30, 2019	Nine months Ended September 30, 2018
Current income tax:				
Current taxes on income for the reporting period	$3,052	$2,718	$8,962	$8,030
Deferred income tax:				
Origination and reversal of temporary differences	(164)	(136)	(397)	252
Income tax expense reported on the statement of income and comprehensive income	$2,888	$2,582	$8,565	$8,282

Total cash outflow for actual cash tax paid in the nine months of 2019 was $7,340 (2018 — $6,684).

B. Reconciliation of effective tax rate

	Three Months Ended September 30, 2019	Three Months Ended September 30, 2018	Nine months Ended September 30, 2019	Nine months Ended September 30, 2018
Income before income taxes	$10,654	$ 9,503	$31,821	$30,548
Combined basis Canadian federal and provincial income tax rate (26.50% combined rate)	26.50%	26.50%	26.50%	26.50%
Income tax expense based on statutory rate	2,823	2,519	8,433	8,095
Increase in income taxes resulting from non-deductible items or other adjustments	65	63	132	187
Total income tax expense	$ 2,888	$ 2,582	$ 8,565	$ 8,282

C. Deferred taxes:

	September 30, 2019	December 31, 2018
Deferred tax assets	$592	$460
Deferred tax liabilities	107	372
Net deferred tax asset	**$485**	**$ 88**

D. Movement in deferred tax balances

	Sep. 30, 2019	Movement	Dec. 31, 2018	Movement	Sep. 30, 2018	Movement	Dec. 31, 2017
Plant and equipment	$(514)	$(254)	$(260)	$ 29	$ (289)	$ (39)	$(250)
Accounts payable and accrued liabilities	326	—	326	(16)	342	(62)	404
Intangibles	638	442	196	183	13	376	(363)
Income deferred for tax purposes	(870)	—	(870)	170	(1,040)	(717)	(323)
Capital leases	905	209	696	(112)	808	190	618
Net deferred tax asset (liability)	**$ 485**	**$ 397**	**$ 88**	**$ 254**	**$ (166)**	**$(252)**	**$ 86**

(In thousands of Canadian dollars)

5. INCOME TAXES (Continued)

E. Uncertainty over income tax treatments

The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience.

6. LEASES

The Group leases buildings and equipment in the operation of its Transportation and Logistics businesses. Building lease terms range from 5 to 10 years. Facilities lease liabilities are calculated using the Group's average incremental borrowing rate of 3.77%. Equipment lease terms range from 1 to 5 years. For 2019, equipment lease liabilities are calculated using the Group's incremental borrowing rate of 4.08% (2018 — 4.66%). The Group estimated its incremental borrowing rates for portfolios of leases with similar characteristics, such as similar risk profiles, same or similar types of security, and similar lease terms.

Right of use of assets — Facilities	**September 30, 2019**	**December 31, 2018**
Opening balance	$49,634	$51,871
Add: additions	1,156	7,623
Less: depreciation	(8,339)	(9,860)
Ending balance	**$42,451**	**$49,634**

Right of use of assets — Logistics and transportation equipment	**September 30, 2019**	**December 31, 2018**
Opening balance	$25,400	$21,788
Add: additions	8,979	11,215
Less: depreciation	(6,400)	(7,603)
Ending balance	**$27,979**	**$25,400**

Net carrying amounts of right of use assets	**September 30, 2019**	**December 31, 2018**
Facility	$42,451	$49,634
Logistics and transportation equipment	27,979	25,400
Total	**$70,430**	**$75,034**

Lease liabilities — Facilities	**September 30, 2019**	**December 31, 2018**
Opening balance	$53,927	$55,394
Add: additions	1,135	7,506
Add: interest expense	1,616	2,205
Less: repayments	(7,661)	(8,973)
Less: interest payments	(1,616)	(2,205)
Ending balance	**$47,401**	**$53,927**

(In thousands of Canadian dollars)

6. LEASES (Continued)

Lease liabilities — Logistics and transportation equipment	September 30, 2019	December 31, 2018
Opening balance	$25,093	$21,605
Add: additions	8,979	11,215
Add: interest expense	773	828
Less: repayments	(6,401)	(7,727)
Less: interest payments	(773)	(828)
Ending balance	**$27,671**	**$25,093**

Cash lease principal payments	September 30, 2019	December 31, 2018
Repayments of lease principal	$14,062	$16,700
Pre-payment of leases	21	117
Total lease payments	**$14,083**	**$16,817**

Lease liabilities	September 30, 2019	December 31, 2018
Facilities	$(47,401)	$(53,927)
Logistics and transportation equipment	(27,671)	(25,093)
Balance	**$(75,072)**	**$(79,020)**

Liabilities included in combined balance sheets	September 30, 2019	December 31, 2018
Current	$(17,272)	$(17,940)
Non-Current	(57,800)	(61,080)
Balance	**$(75,072)**	**$(79,020)**

Maturity analysis for lease liabilities — contractual undiscounted cash flows	September 30, 2019	December 31, 2018
Less than one year	$20,137	$20,798
one to 5 years	49,253	51,003
more than 5 years	14,963	19,120
Total undiscounted lease liabilities	**$84,353**	**$90,921**

Amounts recognized in the combined statements of income and comprehensive income in connection with interest expense for lease liabilities for the nine months ended September 30, 2019 was $2,389 (nine months ended September 30, 2018 — $2,237). Total cash outflow for leases for the nine months ended September 30, 2019 was $16,451 (nine months ended September 30, 2018 — $14,495).

7. NON-CONTROLLING INTEREST

On July 19, 2018, Andlauer Management Group purchased 15% of the equity interest in Associated Logistics Solutions Inc. from Bourbon Street Enterprises Inc. Bourbon Street Enterprises Inc.'s NCI was reduced to 15% of Associated Logistics Solutions Inc. and Andlauer Management Group's ownership percentage increased to 85%. The carrying amount of NCI purchased at the time of the transaction was $5,600. As the transaction was with the ultimate parent the transaction has reduced NCI by $5,600 and increased net parent investment by the same amount.

On June 13, 2019, Andlauer Management Group purchased the outstanding 15% of the equity interest in Associated Logistics Solutions Inc. from Bourbon Street Enterprises Inc., increasing its ownership percentage from 85% to 100%. The carrying amount of NCI purchased at the time of the transaction was $6,489. As the transaction was with the ultimate parent the transaction has reduced NCI by $6,489 and increased net parent investment by the same amount.

8. COMMITMENTS AND CONTINGENCIES

The Company is, from time to time, involved in claims, legal proceedings and complaints arising in the normal course of business and provisions for such claims have been recorded where appropriate. The Company does not believe the final determination of these claims will have an adverse material effect on its combined financial statements.

Please see note 11 for additional commitments entered into subsequent to September 30, 2019.

9. RELATED PARTIES

During the period, the Company entered into transactions with related parties that were incurred in the normal course of business. The Company's policy is to conduct all transactions and settle all balances with related parties on market terms and conditions. All outstanding balances with these related parties are to be settled in cash within two months of the reporting date. None of the balances are secured. No expense has been recognized in the current period or prior period for bad or doubtful debts in respect of amounts owed by related parties.

The Group is indirectly controlled by Michael Andlauer, the President and Chief Executive Officer and CODM. Included in these combined financial statements are the following transactions and balances with companies related either directly or indirectly to Mr. Andlauer.

Andlauer Management Group Inc. ("AMG") provides key management personnel to the Group for which it receives management fees. The Group recovers certain facilities lease costs from AMG. The Group also provides certain shared services (primarily accounting services) to AMG.

Andlauer Properties and Leasing Inc. ("APLI") is a subsidiary of AMG and leases certain facilities and logistics and transportation equipment to the Group. The Group also leases facilities and logistics and transportation equipment from arm's length providers. The Group provides certain shared services (primarily accounting services) to APLI.

9143-5271 Quebec Inc. ("9143") is a subsidiary of AMG and leases a facility in Quebec to the Group. The Group provides certain shared services (primarily accounting services) to 9143.

Ready Staffing Solutions Inc. ("RSS"), a company owned by Mr. Andlauer's spouse, provides the Group with temporary agency employee services — providing hourly dock labour for handling operations, principally in the GTA. The Group also purchases temporary agency employee services from arm's length providers.

1708998 Ontario Limited (Medical Courier Services) ("MCS") is a subsidiary owned 80% by AMG and provides transportation services to the Group, providing extended reach for shipments where the Group does not have facilities or equipment. The Group similarly provides transportation services to MCS. The Group also provides certain shared services (primarily accounting services) to MCS.

McAlister Courier Inc. ("MCI") is a subsidiary owned 50% by AMG and provides transportation services to the Group, providing extended reach for shipments where the Group does not have facilities or equipment.

TDS Logistics Ltd. ("TDS") is a subsidiary owned 50% by AMG and provides transportation services to the Group, providing additional capacity where the Group can sub-contract deliveries to take advantage of coincidences of delivery. Similarly, the Group provides transportation services to TDS. The Group also provides certain shared services (primarily accounting services) to TDS and recovers certain lease costs from TDS.

D.C. Racking and Maintenance Inc. ("DCR") is a subsidiary of Bourbon Street Enterprises Inc. ("BSE"), a related party representing the non-controlling interest in Associated Logistics Solutions Inc. It provides maintenance and repairs for the Group's Healthcare Logistics segment.

Logiserv Inc. ("Logiserv") provides the Group with warehouse racking. Logiserv is a subsidiary of BSE. The Group also purchases warehouse racking from arm's length providers.

C-GHBS Inc. ("GHBS") is a subsidiary of AMG and provides air travel services to the Group.

Bulldog Hockey Inc. is a subsidiary of AMG and provides sports and entertainment services to the Group.

(In thousands of Canadian dollars)

9. RELATED PARTIES (Continued)

	Three Months Ended September 30, 2019	Three Months Ended September 30, 2018	Nine Months Ended September 30, 2019	Nine Months Ended September 30, 2018
Revenue:				
Transportation services:				
TDS Logistics Ltd.	$ 180	$ —	$ 539	$ —
1708998 Ontario Limited (Medical Courier Services)	2	1	5	3
Facility rent recovery:				
TDS Logistics Ltd.	164	—	492	—
Andlauer Management Group Inc.	79	—	240	—
Shared services recovery:				
TDS Logistics Ltd.	63	—	189	—
Andlauer Properties and Leasing Inc.	5	5	14	14
Andlauer Management Group Inc.	3	3	9	9
9143-5271 Quebec Inc.	8	8	23	23
1708998 Ontario Limited (Medical Courier Services)	3	3	9	9
Equipment rental recovery:				
TDS Logistics Ltd.	91	—	273	—
Expenses:				
Transportation services:				
McAlister Courier Inc.	245	276	693	762
1708998 Ontario Limited (Medical Courier Services)	56	53	192	192
TDS Logistics Ltd.	183	—	352	—
Contract labour services:				
Ready Staffing Solutions Inc.	1,050	919	3,066	3,224
Shared services:				
Andlauer Management Group Inc.	177	174	531	522
Facility rent:				
Andlauer Properties and Leasing Inc.	108	77	332	227
9143-5271 Quebec Inc.	287	287	862	861
Maintenance services:				
D.C. Racking and Maintenance Inc. and Logiserv Inc.	15	13	36	29
Travel Services:				
C-GHBS Inc.	127	—	127	—
Capital assets purchases:				
Logiserv Inc.	179	—	259	38

(In thousands of Canadian dollars)

9. RELATED PARTIES (Continued)

	September 30, 2019	December 31, 2018
Accounts receivable:		
Andlauer Management Group Inc.	$ 60	$ 7
TDS Logistics Ltd.	538	263
Andlauer Properties and Leasing Inc.	17	113
9143-5271 Quebec Inc.	10	—
1708998 Ontario Limited (Medical Courier Services)	1	—
Total trade receivables	$ 626	$ 383
Due from related parties:		
Andlauer Management Group Inc.	$55,930	$52,603
C-GHBS Inc.	—	1,405
Andlauer Properties and Leasing Inc.	2,723	685
Habdog Investments Inc. (formerly Andlauer Sports and Entertainment)	236	236
TDS Logistics Ltd.	674	28
M. Andlauer	107	—
	$59,670	$54,957
Total due from related parties	**$60,296**	**$55,340**
Trade payables due to related parties:		
Ready Staffing Solutions Inc.	$ 345	$ 330
1708998 Ontario Limited (Medical Courier Services)	—	24
McAlister Courier Inc.	47	92
TDS Logistics Ltd.	52	—
Andlauer Properties and Leasing Inc.	—	32
Andlauer Management Group Inc.	130	—
D.C. Racking and Maintenance Inc.	—	1
Logiserv Inc.	125	70
Bulldog Hockey Inc.	—	28
Total trade payables	$ 699	$ 577
Due to related parties:		
M. Andlauer	$ —	$ 20
Andlauer Management Group	—	300
	$ —	$ 320
Total due to related parties	**$ 699**	**$ 897**

The Group paid management fees of $531 in 2019 (2018 — $522) to AMG for the first nine months of the year in connection with compensation for key management personnel.

10. CAPITAL MANAGEMENT

The Group's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Management monitors the return on capital, as well as the level of dividends and distributions to ordinary shareholders.

The board of directors seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowing and the advantages and security afforded by a sound capital position. The Group monitors capital using a ratio of 'net debt' to 'adjusted equity'. Net debt is calculated as total liabilities (as shown in the combined balance sheets) less cash and cash equivalents.

The Group expects to enter into credit facilities with affiliates of RBC and CIBC at closing of the offering, comprised of a revolving facility in the aggregate principal amount of up to $75 million and a term facility in the aggregate principal amount of up to $25 million.

10. CAPITAL MANAGEMENT (Continued)

The revolving facility will be available to be drawn in Canadian dollars by way of prime rate loans, bankers' acceptances and letters of credit, and in U.S. dollars by way of base rate loans, LIBOR based loans and letters of credit, in each case, plus the applicable margin in effect from time to time. The term facility will be available to be drawn in a single Canadian dollar advance on closing by way of prime rate loans and bankers' acceptances.

11. SUBSEQUENT EVENTS

(i) On December 4, 2019, the Entity entered into an underwriting agreement and filed a long form prospectus for the purpose of completing an initial public offering, which is expected to close on or about December 11, 2019 (the "Closing"). The Entity expects to raise gross proceeds of approximately $150 million through the issuance of 10,000,000 subordinate voting shares at a price of $15.00 per subordinate voting share (excluding any subordinate voting shares that may be issued pursuant to any over-allotment option). In connection with a series of transactions that are expected to occur prior to, and on, the date of Closing, the Entity will acquire a 100% ownership interest in the AHG Entities.

(ii) A new Ontario corporation (2721275 Ontario Limited) was incorporated on October 11, 2019. Following Closing, this company will be a wholly owned subsidiary of the Entity. The Entity was incorporated on November 12, 2019.

(iii) Effective November 1, 2019, AHG operating entities ATS Andlauer Transportation Services LP ("ATS") and Accuristix entered into a lease agreement with related party Andlauer Properties and Leasing Inc. for premises located at 5460 61st Avenue SE Calgary, Alberta for a 10-year term. Certain terms and conditions, including rent payments over the term , for ATS and Accuristix respectively have yet to be finalized.

Combined Financial Statements of

THE ANDLAUER HEALTHCARE GROUP ENTITIES

For the years ended December 31, 2018, 2017 and 2016

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of Andlauer Healthcare Group Inc.

Opinion

We have audited the combined financial statements of the Andlauer Healthcare Group Entities (the "Entity"), which comprise:

- the combined balance sheets as at December 31, 2018, December 31, 2017, December 31, 2016 and January 1, 2016
- the combined statements of income and comprehensive income for the years ended December 31, 2018, December 31, 2017 and December 31, 2016
- the combined statements of changes in equity for the years ended December 31, 2018, December 31, 2017 and December 31, 2016
- the combined statements of cash flows for the years ended December 31, 2018, December 31, 2017 and December 31, 2016
- and notes to the combined financial statements, including a summary of significant accounting policies

(hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the combined financial position of the Entity as at December 31, 2018, December 31, 2017, December 31, 2016 and January 1, 2016, and its combined financial performance and its combined cash flows for the years ended December 31, 2018, December 31, 2017, and December 31, 2016 in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "Auditors' Responsibilities for the Audit of the Financial Statements" section of our auditors' report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audits of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter — Basis of Presentation

We draw attention to Note 1 Basis of combination (b) to the financial statements, which describes the basis of presentation, including the approach to and the purpose for preparing combined financial statements.

Our opinion is not modified in respect of this matter.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

  The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

- Provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the combined entity to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Hamilton, Canada

December 4, 2019

THE ANDLAUER HEALTHCARE GROUP ENTITIES

COMBINED BALANCE SHEETS

As at December 31, 2018, 2017, 2016 and January 1, 2016
(In thousands of Canadian dollars)

Assets	Note	December 31, 2018	December 31, 2017	December 31, 2016	January 1, 2016
Current assets					
Cash and cash equivalents	4	$ 53,657	$ 50,148	$ 34,542	$ 44,575
Accounts receivable	5	48,430	44,983	41,659	37,141
Inventories	6	1,366	1,162	370	302
Prepaid expenses and other		1,448	1,294	1,372	2,017
Due from related parties	16	54,957	51,245	45,727	48,495
		159,858	148,832	123,670	132,530
Non-current assets					
Property, plant and equipment	7	91,847	91,415	103,889	80,297
Long-term deposits		718	1,043	771	583
Deferred income taxes	12	460	390	—	—
Goodwill and intangible assets	8	23,694	26,282	28,664	31,143
Total Assets		**$276,577**	**$267,962**	**$256,994**	**$244,553**
Liabilities and Equity					
Current liabilities					
Accounts payable and accrued liabilities	9	$ 27,096	$ 22,965	$ 21,639	$ 24,392
Current portion of lease liabilities	13	17,940	16,700	16,160	14,417
Income taxes payable		41	28	155	4,528
		45,077	39,693	37,954	43,337
Long-term liabilities					
Lease liabilities	13	61,080	60,299	70,872	55,240
Deferred income taxes	12	372	304	629	2,308
Due to related parties	16	320	123	780	1,386
Total Liabilities		**106,849**	**100,419**	**110,235**	**102,271**
Equity					
Total net parent investment	1	163,811	157,338	136,558	133,109
Non-controlling interests	14	5,917	10,205	10,201	9,173
		169,728	**167,543**	**146,759**	**142,282**
Commitments and contingencies	15				
Subsequent events	18				
Total Liabilities and Equity		**$276,577**	**$267,962**	**$256,994**	**$244,553**

On behalf of the Board:

"Peter Jelley"
Director

"Andrew Clark"
Director

See accompanying notes to combined financial statements.

THE ANDLAUER HEALTHCARE GROUP ENTITIES

COMBINED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME

For the years ended December 31, 2018, 2017, and 2016
(In thousands of Canadian dollars)

	Note	December 31, 2018	December 31, 2017	December 31, 2016
Revenue	11	$277,010	$251,030	$223,593
Operating Expenses				
Cost of transportation and services		116,780	105,150	89,913
Direct operating expenses		74,190	67,864	60,585
Selling, general and administrative expenses		21,683	20,394	20,693
Depreciation and amortization		23,491	23,629	21,965
		236,144	217,037	193,156
Operating Income		**40,866**	**33,993**	**30,437**
Other income		19	439	224
Interest income		879	404	285
Interest expense		(3,048)	(3,135)	(3,030)
Income before income taxes		38,716	31,701	27,916
Current income tax expense	12	10,533	9,232	9,118
Deferred income tax recovery	12	(2)	(715)	(1,679)
		10,531	8,517	7,439
Net income and comprehensive income		**28,185**	**23,184**	**20,477**
Net income attributable to:				
Parent		26,723	21,678	19,149
Non-controlling interests	14	1,462	1,506	1,328
		$ 28,185	**$ 23,184**	**$ 20,477**

See accompanying notes to combined financial statements.

THE ANDLAUER HEALTHCARE GROUP ENTITIES

COMBINED STATEMENTS OF CHANGES IN EQUITY

For the years ended December 31, 2018, 2017, and 2016
(In thousands of Canadian dollars)

	Net parent investment (note 1)	Non-controlling interest (note 14)	Total equity
Opening as at January 1, 2016	$133,109	$ 9,173	$142,282
Net income for the year	19,149	1,328	20,477
Distributions to related parties	(15,700)	—	(15,700)
Dividends paid to non-controlling interests	—	(300)	(300)
As at December 31, 2016	**136,558**	**10,201**	**146,759**
Net income for the year	21,678	1,506	23,184
Distributions to related parties	(700)	—	(700)
Dividends paid to non-controlling interests	—	(300)	(300)
Adjustment on acquisition of non-controlling interest	(198)	(1,202)	(1,400)
As at December 31, 2017	**157,338**	**10,205**	**167,543**
Net income for the year	26,723	1,462	28,185
Distributions to related parties	(25,850)	—	(25,850)
Dividends paid to non-controlling interests	—	(150)	(150)
Adjustment on acquisition of non-controlling interest	5,600	(5,600)	—
As at December 31, 2018	**$163,811**	**$ 5,917**	**$169,728**

See accompanying notes to combined financial statements.

THE ANDLAUER HEALTHCARE GROUP ENTITIES

COMBINED STATEMENTS OF CASH FLOW

For the years ended December 31, 2018, 2017, and 2016
(In thousands of Canadian dollars)

	Note	December 31, 2018	December 31, 2017	December 31, 2016
Operating activities				
Net income for the year		$ 28,185	$ 23,184	$ 20,477
Changes not involving cash:				
Depreciation and amortization		23,491	23,629	21,965
Deferred income tax recovery	12	(2)	(715)	(1,679)
Loss (gain) on disposal of property, plant and equipment		1	(343)	—
		51,675	45,755	40,763
Changes in non-cash operating working capital:				
Accounts receivable		(3,447)	(3,324)	(4,518)
Inventories		(204)	(792)	(68)
Accounts payable and accrued liabilities		4,131	1,326	(2,753)
Income taxes payable		12	(127)	(4,371)
Net change in other operating working capital balances		171	(194)	457
Cash flows from operating activities		52,338	42,644	29,510
Financing activities				
Distributions		(26,000)	(1,000)	(16,000)
Principal repayments on lease liabilities	13	(16,817)	(16,163)	(14,652)
Net change in related party balances		(3,515)	(6,175)	2,162
Cash flows used in financing activities		(46,332)	(23,338)	(28,490)
Investing activities				
Acquisition of non-controlling interest	14	—	(1,400)	—
Purchase of property, plant and equipment		(2,508)	(2,419)	(10,890)
Proceeds on disposal of property, plant and equipment		89	377	—
Purchase of intangible assets	8	(78)	(258)	(163)
Cash flows used in investing activities		(2,497)	(3,700)	(11,053)
Net increase (decrease) in cash and cash equivalents		3,509	15,606	(10,033)
Cash and cash equivalents, beginning of year		50,148	34,542	44,575
Cash and cash equivalents, end of year		**$ 53,657**	**$ 50,148**	**$ 34,542**

See accompanying notes to combined financial statements.

Andlauer Healthcare Group Inc. (the "Entity") was incorporated on November 12, 2019 with its head office located at 100 Vaughan Valley Blvd, Woodbridge, ON L4H 3C5.

In connection with the its initial public offering, the Entity will acquire a number of entities including Associated Logistics Solutions Inc., Credo Canada Systems Inc., 2186940 Ontario Inc. and their respective subsidiaries (collectively, the "AHG Entities"). The acquisition by the Entity of the AHG Entities will be a transaction amongst entities under common control. The Entity will account for this transaction using book value accounting, based on the book values that would be recognized in the financial statements of the underlying entities. These combined financial statements comprise the combined financial results of the AHG Entities as at and for the years ended December 31, 2018, 2017 and 2016 (the "Company" or the "Group").

The Group specializes in third party logistics and transportation solutions for the healthcare sector in Canada.

1. BASIS OF PRESENTATION

a) Statement of compliance

These combined financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). These are the Company's first financial statements reported under IFRS. Accordingly, IFRS 1, *First-time Adoption of IFRS* ("IFRS 1"), has been applied. The Company has never presented financial statements as at January 1, 2016 or at any period thereafter and therefore an opening balance sheet as at January 1, 2016 has been included. Since the Company did not previously prepare combined financial statements, and accordingly does not have any previous GAAP for purposes of the combined financial statements, the Company is not required to present reconciliations as per IFRS 1.

As a part of adoption of IFRS 1, the Company will initially apply IFRS 9, *Financial instruments* ("IFRS 9"), IFRS 15, *Revenue from customers* ("IFRS 15") and IFRS 16, *Leases* ("IFRS 16") in accordance with the transitional provisions of IFRS 1.

IFRS 1 allows first-time adopters certain optional exemptions and mandatory exceptions from the general requirements contained in IFRS. The Company has elected to apply the following optional exemptions and required exception in its opening IFRS combined balance sheet as at January 1, 2016, the Company's transition date:

Business combinations exemption:

IFRS 1 allows the Company to adopt IFRS 3, Business Combinations, on a prospective basis rather than retrospectively restating all prior business combinations. The Company elected not to retrospectively apply IFRS 3 to business combinations that occurred prior to January 1, 2016 and such business combinations have not been restated.

The Company has valued goodwill as a first-time adopter under IFRS 1.C4(j). The Group has determined the net book value of all assets and liabilities on the IFRS-adjusted January 1, 2016 opening balance sheet of the cash-generating unit (CGU), now called Accuristix, fairly represent the underlying assets and liabilities at fair market value. The Company calculated the deemed cost of goodwill as the difference, at the date of transition to IFRS, between the Company's interest in those adjusted carrying amounts and the cost of its investment in subsidiary.

b) Basis of measurement

These combined financial statements were prepared on a going concern basis under the historical cost method. Significant accounting policies are presented in note 2 to these combined financial statements and have been consistently applied in each of the periods presented. These combined financial statements were authorized for issue by the Board of Directors effective December 4, 2019.

c) Functional and presentation currency

These combined financial statements are presented in Canadian dollars ("$CAD"), which is the Company's functional currency. All financial information presented in Canadian dollars has been rounded to the nearest thousand.

d) Use of estimates and judgments

The preparation of the accompanying combined financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions about future events. These estimates and the underlying assumptions affect the reported amounts of assets and liabilities, the disclosures about contingent assets and liabilities, and the reported amounts of revenues and expenses. Such estimates include the expected credit losses, the useful life of long-lived assets, the Company's incremental

1. BASIS OF PRESENTATION (Continued)

borrowing rate, valuation of goodwill and intangible assets, the measurement of identified assets and liabilities acquired in business combinations, the provision for income taxes and other provisions and contingencies. These estimates and assumptions are based on management's best estimates and judgments. Management evaluates its estimates and assumptions on an ongoing basis using historical experience and other factors, including the current economic environment, which management believes to be reasonable under the circumstances. Management adjusts such estimates and assumptions when facts and circumstances dictate. Actual results could differ from these estimates. Changes in those estimates and assumptions resulting from changes in the economic environment will be reflected in the combined financial statements of future periods. Information about critical judgments, assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are included in the following notes:

- Note 5 — Determining the expected credit losses related to trade accounts receivable;
- Note 7 — Estimating the useful life of the Company's property, plant and equipment and determining estimates and assumptions related to impairment tests for long-lived assets;
- Note 8 — Estimating the useful life of the Company's intangible assets and determining estimates and assumptions related to impairment tests for intangibles and goodwill;
- Note 12 — Determining estimates and assumptions in measuring deferred tax assets and liabilities;
- Note 13 — Estimating the Company's incremental borrowing rate in connection with measuring lease liabilities
- Note 15 — Recognition and measurement of provisions and contingencies.

Basis of combination

a) Business combinations

The Group measures goodwill as the fair value of the consideration transferred including the fair value of liabilities resulting from contingent consideration arrangements, less the net recognized amount of the identifiable assets acquired and liabilities assumed, all measured at fair value as of the acquisition date. When the excess is negative, a bargain purchase gain is recognized immediately in income or loss.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

1. BASIS OF PRESENTATION (Continued)

b) Subsidiaries

The combined financial statements comprise the financial statements of companies under common control and their wholly-owned subsidiaries. The Group controls an entity when it is exposed to, or has the right to, variable returns from its involvement with the entity and has the ability to affect those through its power over the entity. The financial statements of subsidiaries are included in the combined financial statements from the date that control commences until the date that control ceases. The accounting policies of subsidiaries are aligned with the policies adopted by the Group. The companies under common control and their wholly-owned subsidiaries include:

AHG Entities	Incorporation Jurisdiction
2040637 Ontario Inc.	Ontario
2186940 Ontario Inc.	Ontario
Accuristix Healthcare Logistics Inc.	Ontario
Accuristix Inc.	Ontario
Accuristix	Ontario
Associated Logistics Solutions Inc.	Ontario
ATS Andlauer Transportation Services GP Inc.	Canada
ATS Andlauer Transportation Services LP	Manitoba
Concord Supply Chain Solutions Inc.(1)	Delaware
Credo Systems Canada Inc.	Ontario
Nova Pack Ltd.	Ontario
MEDDS Winnipeg — A Medical Delivery Service Corporation	Manitoba
MEDDS Canada — A Medical Delivery Service Corporation(1)	Canada

(1) Entity has been dormant throughout the entire reporting period.

c) Transactions eliminated on combination

Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions, are eliminated in preparing the combined financial statements.

d) Total net parent investment

As these financial statements have been prepared on a combined basis, it is not meaningful to show share capital or provide an analysis of reserves. Therefore, amounts which reflect the carrying value of investments in the combined entities are disclosed as "Total net parent investment", while carrying value of net assets attributable to shareholders other than the Company are presented as "Non-controlling interests" (NCI). The amounts reflected in Distributions to Parent in the combined statements of changes in equity refer to dividends or distributions paid to the parent. In addition, the Company was not an existing legal entity during the periods presented and therefore the combined entities have no historical capital structure. Consequently, earnings per share as required by IAS 33 *Earnings per share* has not been presented.

2. SIGNIFICANT ACCOUNTING POLICIES

Foreign currency translation

Transactions in foreign currencies are translated to the respective functional currencies of each entity within the Group at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the exchange rate in effect at the reporting date. The foreign currency gain or loss on monetary items is the difference between amortized cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortized cost in foreign currency translated at the exchange rate at the end of the reporting period. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated at the rate in effect on the transaction date. Income and expense items denominated in foreign currency are translated at the date of the transactions. Gains and losses are included in income or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue

Revenue is recognized upon transfer of control of promised products or services to customers in an amount that reflects the consideration the Company expects to be entitled to receive in exchange for those products or services.

A performance obligation is a promise in a contract to transfer a distinct good or service to the customer. A contract's transaction price is allocated to each distinct performance obligation and recognized as revenue when, or as, the performance obligation is satisfied. The following is a description of the Company's performance obligations for the transportation and logistics reportable segments.

a) Specialized Transportation

The Company's transportation segment generates revenue from providing specialized ground transportation, air freight forwarding and dedicated and last mile transportation services for its customers. Certain additional services may be provided to customers as part of their transportation contracts, such as temperature control and other incidental services. The transaction price is based on the consideration specified in the customer's contract. A contract exists when a customer under a transportation contract submits a shipment document for the transport of goods from origin to destination. The performance obligations within each contract are satisfied as the shipments move from origin to destination. Transportation revenue is recognized proportionally as a shipment moves from origin to destination and the related costs are recognized as incurred. Performance obligations are short-term, with transit days less than one week. Generally, customers are billed upon shipment of the freight, and remit payment according to approved payment terms.

b) Healthcare Logistics

The Company's healthcare logistics segment generates revenue from providing supply chain services for its customers, including logistics and distribution services and packaging solutions. The Company's contracts typically include a single performance obligation that is satisfied over time as customers simultaneously receive and consume the benefits of the Company's services. For this performance obligation, the Company recognizes revenue at the invoiced amount, which is billed on a fixed price per unit of logistics activities provided in the month, since this amount corresponds directly to the Company's performance and the value to the customer. In some cases, the Company's contracts include other performance obligations related to managing transportation and other customer services which are included in the logistics and distribution product. These services are typically priced at their stand-alone selling prices and are recognized over time on a proportionate and straight-line basis as the customer simultaneously receives and consumes the benefits of the Company's services.

In some cases, the contract will include optional services that are priced at their stand-alone selling prices. These services are recognized as revenue when they are provided to the customer.

Customers are typically billed on a weekly basis for transactional transportation services, and on a monthly basis for logistics and distribution services, and remit payment according to approved payment terms. Payment terms may range under certain contracts, but are typically 30 days. The Company recognizes unbilled revenue for transportation service revenue that has been recognized, but is not yet billed. The Company will also recognize deferred revenue when customers are billed in advance for transportation and logistics and distribution services.

Property, plant and equipment

Property, plant and equipment is accounted for at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset, the costs of dismantling and removing the assets and restoring the site on which they are located and borrowing costs on qualifying assets.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognized in net income or loss.

Depreciation is based on the cost of an asset less its residual value and is recognized in income or loss over the estimated useful life of each component of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Depreciation is computed on either a declining balance basis or a straight-line basis over the estimated useful lives of the assets as follows:

Asset	Amortization Method
Facilities	Straight-line over the term of the lease
Furniture and fixtures	20 - 30% declining balance
Leasehold improvements	5 - 15 year straight-line subject to the shorter of remaining lease term or useful life
Logistics and transportation equipment	20 - 30% declining balance, except for storage vaults — which are amortized straight line over 40 years

Property, plant and equipment acquired or constructed during the year but not placed into use during the year are not amortized until put into use.

Goodwill and intangible assets

Recognition and measurement

Goodwill arising on the acquisition of subsidiaries is measured at cost less accumulated impairment losses.

Intangible assets consist of customer relationships and internally generated software.

For internally generated software, expenditure on research activities is recognized in profit or loss as incurred. Development expenditure is capitalized only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Group intends to and has sufficient resources to complete development and to use or sell the asset. Otherwise, it is recognized in profit or loss as incurred. Subsequent to initial recognition, development expenditure is measured at cost less accumulated amortization and any accumulated impairment losses.

Customer relationships that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortization and any accumulated impairment losses.

Amortization

Goodwill is not amortized.

Internally generated software is amortized on a straight-line basis over 10 years. Internally generated software acquired or constructed during the year but not placed into use during the year is not amortized until placed into use.

Customer relationships are amortized on a straight-line basis over their estimated useful lives of between 5 and 10 years.

Impairment

The carrying amounts of the Group's non-financial assets other than inventoried supplies and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For goodwill, the recoverable amount is estimated on December 31 of each year as part of the annual impairment test. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit", or "CGU").

For the purposes of goodwill impairment testing, goodwill acquired in a business combination is allocated to the group of CGUs (usually a Group's operating segment), that is expected to benefit from the synergies of the combination. This allocation is subject to an operating segment ceiling test and reflects the lowest level at which that goodwill is monitored for internal reporting purposes. The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or group of assets.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses recognized in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, if any, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a prorated basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized. Impairment losses and impairment reversals are recognized in income or loss.

Leases

At inception of a contract, the Group assesses whether a contract is, or contains a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- The contract involves the use of an identified asset — this may be specified explicitly or implicitly, and should be physically distinct or represents substantially all the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified
- The Group has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- The Group has the right to direct the use of the asset. The Group has the right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Group has the right to direct the use of the asset if either:
  - the Group has the right to operate the asset; or
  - the Group designed the asset in a way that predetermines how and for what purpose it will be used.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. For the leases of land and buildings in which it is a lessee, the Group has elected to account for the lease and non-lease components separately.

a) For arrangements in which the Group is a lessee

The Group recognises a right-of-use ("ROU") asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined by the estimated lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortized cost using the effective interest method. It is re-measured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is re-measured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

b) Short-term leases and leases of low-value assets

The Group has elected not to recognize right-of-use assets and lease liabilities for short-term leases of machinery that have a lease term of 12 months or less and leases of low-value assets, including IT equipment. The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

c) For arrangements in which the Group is a lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

If an arrangement contains lease and non-lease components, the Group applies IFRS 15 to allocate the consideration in the contract.

The Group recognises lease payments received under operating leases as income on a straight line basis over the lease term as part of 'other income'.

Income taxes

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in income or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable income or loss, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted at the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable income will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments

Financial assets

Accounts receivable are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is an account receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit and loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. An account receivable without a significant financing component is initially measured at the transaction price.

The Company's financial assets are comprised of cash and cash equivalents, accounts receivable, due from related parties, and long-term deposits. On initial recognition, the Company classifies these financial assets as measured at amortized cost, when both of the following conditions are met:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These financial assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been decreased.

For accounts receivables, the Company applies a simplified approach in calculating expected credit losses ("ECLs"). Therefore the Company does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

When an account receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are offset against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

Financial liabilities are classified at amortized cost

The Company's financial liabilities are measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

Inventories

Inventories, which consist of repair parts, materials and supplies, are carried at the lower of cost and net realizable value. Cost is determined on a first-in, first-out basis and includes all costs of purchase and any other costs incurred in bringing the inventories to their present location and condition. Net realizable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

Provisions

A provision is recognized if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. Where discounting is used, the unwinding of the discount is recognized as finance cost.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Segmented reporting

The Company is organized into two reportable segments: Specialized Transportation and Healthcare Logistics. In the Specialized Transportation segment, the Company provides specialized temperature controlled services to healthcare customers. The Company's transportation products include: ground transportation (comprising less-than-truckload and courier services), air freight forwarding, and dedicated and last mile delivery.

In the Healthcare Logistics segment, the Company provides contract logistics services for customers, including logistics and distribution (comprising warehousing and inventory management, order fulfillment, reverse logistics, and transportation management), and packaging (comprising reusable thermal packaging solutions and trade customization services).

Certain of the Company's operating units provide services to other Company operating units outside of their reportable segment. Billings for such services are based on negotiated rates, which approximates fair value, and are reflected as revenues of the billing segment. These rates are adjusted from time to time based on market conditions. Such intersegment revenues and expenses are eliminated in the Company's combined results. The Company's chief executive officer is the Chief Operating Decision Maker (''CODM'') for the Group. The CODM regularly reviews financial information at the reporting segment level in order to make decisions about resources to be allocated to the segments and to assess their performance. Segment results that are reported to the CODM include items directly attributable to a segment, as well as those that can be allocated on a reasonable basis. The Company evaluates performance based on the various financial measures of its two reporting segments.

Forthcoming standards

Certain new accounting standards and interpretations have been published that are not mandatory for December 31, 2018 reporting periods and have not been early adopted by the Group. The Group's assessment of the impact of these new standards and interpretations is set out below:

(a) Amendments to IFRS 3, Business Combinations — Change in definition of business

In October 2018, the IASB issued amendments to IFRS 3 *Business Combinations* that seek to clarify whether a transaction results in an asset or a business acquisition.

The amendments include an election to use a concentration test. This is a simplified assessment that results in an asset acquisition if substantially all of the fair value of the gross assets is concentrated in a single identifiable asset or a group of similar identifiable assets. If a preparer chooses not to apply the concentration test, or the test is failed, then the assessment focuses on the existence of a substantive process.

The amendment applies to businesses acquired in annual reporting periods beginning on or after January 1, 2020. Earlier application is permitted. The application of this amendment is not expected to have a material impact on the combined financial statements.

(b) Amendments to IFRS 9, Financial Instruments — Prepayment Features with Negative Compensation

In October 2017, the IASB issued amendments to IFRS 9 Financial Instruments clarifying how certain financial instruments with prepayment features are classified according to IFRS 9.

The amendment is effective for annual periods beginning on or after January 1, 2019 with early adoption permitted. Retrospective application is required, subject to relevant transitional reliefs. The application of this amendment is not expected to have a material impact on the combined financial statements.

(c) Uncertainty over Income Tax Treatments (IFRIC Interpretation 23)

In June 2017, the IASB issued IFRIC Interpretation 23 Uncertainty over Income Tax Treatments which requires:

- determining if it is probable that the tax authorities will accept the uncertain tax treatment;
- measuring the tax uncertainty based on the most likely amount or expected value if it is not probable that the uncertain tax treatment will be accepted;
- reassessing the judgements and estimates applied if facts and circumstances change; and

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

- considering whether uncertain tax treatments should be considered separately, or together as a group, based on which approach provides better predictions of the resolution.

The Interpretation may be adopted on a fully retrospective basis, if this is possible without the use of hindsight, or on a modified retrospective basis, with an adjustment to equity on initial application. The application of this interpretation is not expected to have a material impact on the combined financial statements.

(d) Amendments to IAS 1 and IAS 8 — Definition of 'Material'

In October 2018, the IASB refined its definition of material to make it easier to understand. In the amendment, IASB promoted the concept of 'obscuring' to the definition, alongside the existing references to 'omitting' and 'misstating'. Additionally, the IASB increased the threshold of 'could influence' to 'could reasonably be expected to influence'. The amendments are effective from January 1, 2020 but may be applied earlier. The application of this amendment is not expected to have a material impact on the combined financial statements.

(e) Annual Improvements to IFRS 2015 — 2017 Cycle

In December 2017, the IASB issued narrow-scope amendments to IFRS 3 Business Combinations and IFRS 11 Joint Arrangements, IAS 12 Income Taxes and IAS 23 Borrowing Costs. Each of the amendments has its own specific transition requirements. The application of these amendments is not expected to have a material impact on the combined financial statements.

3. SEGMENT REPORTING

The Company is organized into two operating segments, which it also considers to be reportable segments: Specialized Transportation and Healthcare Logistics. The operating segments are managed independently as they require different technology and capital resources. For each of the operating segments, the Group's CODM reviews internal management reports, evaluating the metrics as summarized in the tables below.

(In thousands of Canadian dollars)

3. SEGMENT REPORTING (Continued)

The Company evaluates performance based on the various financial measures of its two operating segments. Performance is measured based on segment income or loss before tax. This measure is included in the internal management reports that are reviewed by the Group's CEO and refers to "Income before income taxes" in the combined statements of income. Segment income or loss before tax is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within the same industries. The following table identifies selected financial data as at December 31, 2018, 2017, 2016 and January 1, 2016 and for the years ended December 31, 2018, 2017 and 2016:

	Specialized Transportation	Healthcare Logistics	Eliminations	Total
As at December 31, 2018 and for the year then ended				
Revenue	$193,720	$106,430	$(23,140)	$277,010
Segment income before tax	29,739	8,977	—	38,716
Interest income	1,106	4	(231)	879
Interest expense	(1,173)	(2,106)	231	(3,048)
Depreciation and amortization	13,768	9,723	—	23,491
Segment net income	21,578	6,607	(1,462)	26,723
Segment total assets	187,255	93,235	(3,913)	276,577
Acquisition of ROU assets	18,643	196	—	18,839
Capital expenditures	1,558	1,046	(96)	2,508
Segment total liabilities	57,579	53,183	(3,913)	106,849
As at December 31, 2017 and for the year then ended				
Revenue	$173,942	$ 96,056	$(18,968)	$251,030
Segment income before tax	24,690	7,011	—	31,701
Interest income	730	1	(327)	404
Interest expense	(1,002)	(2,460)	327	(3,135)
Depreciation and amortization	13,101	10,528	—	23,629
Segment net income	18,054	5,130	(1,506)	21,678
Segment total assets	179,223	100,569	(11,830)	267,962
Acquisition of ROU assets	5,708	422	—	6,130
Capital expenditures	618	1,920	(119)	2,419
Segment total liabilities	46,125	66,124	(11,830)	100,419
As at December 31, 2016 and for the year then ended				
Revenue	$154,152	$ 85,288	$(15,847)	$223,593
Segment income before tax	22,629	5,287	—	27,916
Interest income	610	2	(327)	285
Interest expense	(1,007)	(2,350)	327	(3,030)
Depreciation and amortization	11,859	10,106	—	21,965
Segment net income	16,548	3,706	(1,105)	19,149
Segment total assets	165,169	106,628	(14,803)	256,994
Acquisition of ROU assets	7,903	24,122	—	32,025
Capital expenditures	990	9,954	(54)	10,890
Segment total liabilities	50,125	74,913	(14,803)	110,235
As at January 1, 2016				
Segment total assets	$181,051	$ 87,230	$(23,728)	$244,553
Segment total liabilities	49,883	58,438	(6,050)	102,271

The Group's Healthcare Logistics segment purchases transportation services from its Specialized Transportation segment. Fees for these services are based on negotiated rates, which approximate fair value, and are reflected as revenues of the Specialized Transportation segment. Rates are adjusted from time to time based on market conditions. Intersegment revenues and expenses and related intersegment payables and receivables are eliminated in the Company's combined results.

(In thousands of Canadian dollars)

3. SEGMENT REPORTING (Continued)

An intersegment loan from the Specialized Transportation segment to the Healthcare Logistics segment was repaid during 2018. The intersegment loan balance and related interest income and expense are eliminated from the Company's combined results.

The Group does not have any customers that individually represent more than 10% of revenue.

4. CASH AND CASH EQUIVALENTS

	December 31, 2018	December 31, 2017	December 31, 2016	January 1, 2016
Bank balances	$48,502	$45,089	$34,542	$44,575
Deposits	5,155	5,059	—	—
Cash and cash equivalents	**$53,657**	**$50,148**	**$34,542**	**$44,575**

Cash and cash equivalents includes a $5,155 short term deposit with a six-month term that is held by the Company. The deposit bears an annual interest rate of 2.50% and a maturity date of June 6, 2019. This deposit is redeemable at any time prior to maturity and as a result has been classified as cash equivalents. Accrued interest at December 31, 2018 is $7 (2017 — $59; 2016 — $nil; January 1, 2016 — $nil).

5. ACCOUNTS RECEIVABLE

	December 31, 2018	December 31, 2017	December 31, 2016	January 1, 2016
Trade receivables	$48,424	$45,358	$42,151	$37,488
Trade receivables due from related parties (note 16)	383	—	81	—
Impairment loss	(377)	(375)	(573)	(347)
Accounts receivable	**$48,430**	**$44,983**	**$41,659**	**$37,141**

6. INVENTORIES

Inventories consist of:

	December 31, 2018	December 31, 2017	December 31, 2016	January 1, 2016
Packaging inventory	$ 943	$ 765	$230	$178
Thermal packaging products and parts	423	397	140	124
Inventories	**$1,366**	**$1,162**	**$370**	**$302**

In 2018, the Company purchased a total of $6,515 in inventory (2017 — $4,995; 2016 — $1,935) and $6,311 was recognized as an expense (2017 — $4,203; 2016 — $1,867) during the year and included in direct operating expenses.

(In thousands of Canadian dollars)

7. PROPERTY, PLANT AND EQUIPMENT

Reconciliation of the net carrying amounts for each class of property, plant and equipment is summarized below:

	Facilities(1)	Furniture and fixtures	Leasehold improvements	Logistics and transportation equipment(1)	Total
Cost					
Balance at January 1, 2016	$47,183	$5,465	$ 7,406	$39,858	$ 99,912
Additions	24,302	1,785	4,227	12,601	42,915
Balance at December 31, 2016	71,485	7,250	11,633	52,459	142,827
Additions	—	265	1,868	6,416	8,549
Dispositions	—	—	—	(897)	(897)
Balance at December 31, 2017	71,485	7,515	13,501	57,978	150,479
Additions	7,623	2	1,201	12,521	21,347
Dispositions	—	—	—	(175)	(175)
Balance at December 31, 2018	**$79,108**	**$7,517**	**$14,702**	**$70,324**	**$171,651**
Accumulated depreciation					
Balance at January 1, 2016	$ —	$4,132	$ 2,455	$13,028	$ 19,615
Depreciation for the year	9,775	537	781	8,230	19,323
Balance at December 31, 2016	9,775	4,669	3,236	21,258	38,938
Depreciation for the year	9,839	522	1,234	9,394	20,989
Dispositions	—	—	—	(863)	(863)
Balance at December 31, 2017	19,614	5,191	4,470	29,789	59,064
Depreciation for the year	9,860	423	1,378	9,164	20,825
Dispositions	—	—	—	(85)	(85)
Balance at December 31, 2018	**$29,474**	**$5,614**	**$ 5,848**	**$38,868**	**$ 79,804**
Net carrying amounts					
At January 1, 2016	**$47,183**	**$1,333**	**$ 4,951**	**$26,830**	**$ 80,297**
At December 31, 2016	**61,710**	**2,581**	**8,397**	**31,201**	**103,889**
At December 31, 2017	**51,871**	**2,324**	**9,031**	**28,189**	**91,415**
At December 31, 2018	**49,634**	**1,903**	**8,854**	**31,456**	**91,847**

(1) Facilities and certain logistics and transportation assets are ROU assets, capitalized in accordance with IFRS 16. Refer to note 13.

(In thousands of Canadian dollars)

8. GOODWILL AND INTANGIBLE ASSETS

	Goodwill	Customer relationships	Software	Proprietary technology	Total
Cost					
Balance at January 1, 2016	$19,720	$22,545	$4,824	$1,156	$48,245
Additions	—	—	163	—	163
Balance at December 31, 2016	19,720	22,545	4,987	1,156	48,408
Additions	—	—	258	—	258
Balance at December 31, 2017	19,720	22,545	5,245	1,156	48,666
Additions	—	—	78	—	78
Balance at December 31, 2018	**$19,720**	**$22,545**	**$5,323**	**$1,156**	**$48,744**
Accumulated amortization					
Balance at January 1, 2016	$ —	$14,006	$1,940	$1,156	$17,102
Amortization for the year	—	2,180	462	—	2,642
Balance at December 31, 2016	—	16,186	2,402	1,156	19,744
Amortization for the year	—	2,180	460	—	2,640
Balance at December 31, 2017	—	18,366	2,862	1,156	22,384
Amortization for the year	—	2,180	486	—	2,666
Balance at December 31, 2018	**$ —**	**$20,546**	**$3,348**	**$1,156**	**$25,050**
Net carrying amounts					
At January 1, 2016	**$19,720**	**$ 8,539**	**$2,884**	**$ —**	**$31,143**
At December 31, 2016	**19,720**	**6,359**	**2,585**	**—**	**28,664**
At December 31, 2017	**19,720**	**4,179**	**2,383**	**—**	**26,282**
At December 31, 2018	**19,720**	**1,999**	**1,975**	**—**	**23,694**

The Company's balance sheet as at January 1, 2016 reflects goodwill arising from a business combination of the Healthcare Logistics segment in 2009. No intangible assets, other than goodwill, were identified in the business combination.

The Group performs annual goodwill impairment testing for the Healthcare Logistics segment. The Company assesses goodwill at the operating segment level, which is the lowest level within the Group at which the goodwill is monitored for internal management purposes. The results of the annual impairment testing determined that the recoverable amount of the Healthcare Logistics operating segment exceeded the respective carrying amounts. The recoverable amount of the Healthcare Logistics operating segments was determined using the value in use approach. The value in use methodology is based on discounted future cash flows. Management believes that the discounted future cash flows method is appropriate as it allows more precise valuation of specific future cash flows. Therefore, the Company has determined that no impairment has arisen in connection with the CGU that gave rise to goodwill through the business combination. Accordingly, no impairment loss has been recognized in each of the years ended December 31, 2016, 2017 and 2018 and as at January 1, 2016.

The majority of the customer relationships and proprietary technology reflects intangible assets that arose from a business combination in 2008 of the Specialized Transportation segment and the subsequent disposal of a portion of those operations in 2009. As at November 1, 2009, customer relationships intangibles of $21,801 were recognized with straight-line amortization over 10 years.

The Group performs an assessment for indicators of impairment for customer relationships at each reporting period. If an indicator of impairment exists, the Company would perform an impairment test to determine the recoverable amount. No such indicators of impairment were identified at any of the reporting periods covered by these financial statements.

(In thousands of Canadian dollars)

9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	December 31, 2018	December 31, 2017	December 31, 2016	January 1, 2016
Trade payables and accrued liabilities	$25,782	$21,691	$20,232	$22,925
Trade payables due to related parties (note 16)	577	455	727	220
Deferred revenue (note 11)	737	819	680	1,247
	$27,096	**$22,965**	**$21,639**	**$24,392**

10. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

Accounting classifications and fair values

The Company's financial instruments consist of cash and cash equivalents, accounts receivable, deposits, accounts payable and accrued liabilities, and lease liabilities. The Company believes that the carrying amount of each of these items is a reasonable approximation of fair value.

Financial risk factors

The Company, through its financial assets and liabilities, has exposure to the following risks from its use of financial instruments: credit risk, liquidity risk, interest rate risk, and currency risk. Senior management monitors risk levels and reviews risk management activities as they determine to be necessary.

Credit risk

The Company is exposed to credit risk in the event of non-performance by counterparties in connection with its financial assets, namely cash and cash equivalents, accounts receivable and long-term deposits. The Company does not typically obtain collateral or other security to support the accounts receivable subject to credit risk but mitigates this risk by performing credit check procedures for new customers and monitoring credit limits for existing customers. Thereby, the Company deals only with what management believes to be financially sound counterparties and, accordingly, does not anticipate significant loss for non-performance.

The maximum exposure to credit risk for cash and cash equivalents, accounts receivable and long-term deposits approximate the amount recorded on the combined balance sheets.

Accounts receivable aging is set out below:

	December 31, 2018	December 31, 2017	December 31, 2016	January 1, 2016
Current (not past due)	$27,394	$28,333	$26,921	$23,644
0 - 30 days past due	17,437	14,281	12,399	9,499
31 - 60 days past due	6,047	4,685	4,756	2,045
More than 61 days past due	341	450	3,650	1,790
Trade receivables due from related parties included in the Group	(3,913)	(3,505)	(6,464)	(3)
Gross	47,306	44,244	41,262	36,975
Unbilled revenue (note 11)	1,501	1,114	970	513
Impairment loss	(377)	(375)	(573)	(347)
Accounts receivable, net	**$48,430**	**$44,983**	**$41,659**	**$37,141**

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

(In thousands of Canadian dollars)

10. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

The Company's exposure to liquidity risk is dependent on the collection of accounts receivable, or raising of funds to meet commitments and sustain operations. The Company controls liquidity risk by management of working capital, cash flows and the availability of borrowing facilities.

In addition, the Group maintains the following lines of credit:

The Company is party to a joint credit facility agreement with the Royal Bank of Canada. Under the terms of the agreement, a subsidiary has available a revolving demand facility for $6,000 and a revolving term facility for $6,000. There is also a separate $1,000 revolving demand facility available to a wholly-owned subsidiary. As security for the joint facility agreement, the subsidiary and its wholly-owned subsidiary signed general security agreements constituting a first ranking interest on all owned properties. As of December 31, 2018, the Company is in compliance with its bank covenants.

As of December 31, 2018, $nil (2017 — $nil; 2016 — $nil) has been drawn on the $6,000 revolving demand credit facility, $nil (2017 — $nil; 2016 — $nil) has been drawn on the $6,000 revolving term facility, and $nil (2017 — $nil; 2016 — $nil) has been drawn on the $1,000 revolving demand credit facility.

The Company's accounts payable and accrued liabilities are due and payable in the short-term.

Interest rate risk

The Company has a revolving demand credit facility that bears interest at a floating rate subject to fluctuations in the bank prime rate. Changes in the bank prime lending rate can cause fluctuations in interest payments and cash flows. The Company does not use derivative financial instruments to mitigate the effect of this risk. The facilities under this agreement bear interest at prime plus 0.5% per annum.

For the year ended December 31, 2018, since no amount has been drawn on any of the credit facilities, fluctuations in the interest rate during the year did not have an impact on net income.

Currency risk

The Company enters into foreign currency purchase and sale transactions and has assets and liabilities that are denominated in foreign currencies and thus are exposed to the financial risk of earnings fluctuations arising from changes in foreign exchange rates and the degree of volatility of these rates. The Company does not currently use derivative instruments to reduce its exposure to foreign currency risk. At year-end, the Company has the following US dollar foreign currency denominated balances:

Currency risk	December 31, 2018	December 31, 2017	December 31, 2016	January 1, 2016
Cash	$491	$773	$599	$1,080
Accounts receivable	108	254	226	138
Accounts payable and accrued liabilities	732	371	139	87

11. REVENUE

A. Revenue streams

The Group generates revenue primarily from the provision of supply chain transportation and logistics services to its customers. The Group's contracts are typically satisfied over a short period of time. Consequently, the Group applies the practical expedient and does not disclose information related to its remaining performance obligations.

(In thousands of Canadian dollars)

11. REVENUE (Continued)

B. Disaggregation of revenue from contracts with customers

In the following table, revenue from contracts with customers is disaggregated by major products and service lines. The table also includes a reconciliation of the disaggregated revenue with the Group's reportable segments (note 3).

Major products/service lines	December 31, 2018	December 31, 2017	December 31, 2016
Logistics and distribution	$ 85,125	$ 80,895	$ 72,384
Packaging	21,305	15,161	12,904
Healthcare Logistics segment	**106,430**	**96,056**	**85,288**
Ground transportation	160,489	143,919	130,598
Air freight forwarding	19,332	17,696	17,475
Dedicated and last mile delivery	13,899	12,327	6,079
Intersegment revenue	(23,140)	(18,968)	(15,847)
Specialized Transportation segment	**170,580**	**154,974**	**138,305**
Total revenue	**$277,010**	**$251,030**	**$223,593**

C. Unbilled and deferred revenue

At the end of a reporting period, the Group recognizes unbilled revenue where revenue has been recognized but for which an invoice has not yet been issued. These amounts are disclosed in note 10. The Company's unbilled revenue has increased from 2016 to 2018 throughout the period consistently with the annual growth in revenue.

The Company bills customers for transportation services based on the pick-up date. When shipments remain in transit at the end of a period, the Company defers revenue until the shipments are delivered. The Company does not regularly bill customers in advance for logistics and distribution services. Consequently, fluctuations in deferred revenue will occur year over year and will depend on specifically negotiated payment terms resulting from customer billing requests or concerns related to credit risk. To date, the changes in deferred revenue (note 9) have been largely insignificant. Revenue recognized in 2018 of $681 (2017 — $608; 2016 — $1,170) was included in the opening deferred revenue balance at the beginning of the year.

12. INCOME TAXES

A. Amounts recognized in profit or loss

	December 31, 2018	December 31, 2017	December 31, 2016
Current income tax expense:			
Current taxes on income for the reporting period	$10,641	$9,312	$ 9,199
Current taxes referring to previous periods and other adjustments	(108)	(80)	(81)
	10,533	9,232	9,118
Deferred income tax expense (recovery):			
Origination and reversal of temporary differences	$ (134)	$ (787)	$(1,659)
Impact of change in tax rates	4	1	56
Amount of previously unused tax losses	—	—	(61)
Deferred taxes referring to previous periods and other adjustments	128	71	(15)
	$ (2)	$ (715)	$(1,679)
Income tax expense reported to the statements of income and comprehensive income	**$10,531**	**$8,517**	**$ 7,439**

Total cash outflow for actual cash tax paid in 2018 was $10,100 (2017 — $9,719; 2016 — $13,568).

(In thousands of Canadian dollars)

12. INCOME TAXES (Continued)

B. Reconciliation of effective tax rate

	December 31, 2018	December 31, 2017	December 31, 2016
Income before income taxes	$38,716	$31,701	$27,916
Combined Canadian federal and provincial income tax rate (26.5% combined rate)	26.50%	26.50%	26.50%
Income tax expense based on statutory rate	$10,260	$ 8,401	$ 7,398
Increase (decrease) in income taxes resulting from non-taxable items or adjustments of prior year taxes:			
Permanent differences	61	52	82
Impact of varying tax rates in subsidiary jurisdictions	183	73	117
Previously unrecognized deferred tax assets	—	—	(61)
Prior year tax and other adjustments	27	(9)	(97)
Total income tax expense	**$10,531**	**$ 8,517**	**$ 7,439**

C. Deferred taxes:

	December 31, 2018	December 31, 2017	December 31, 2016	January 1, 2016
Deferred tax assets	$460	$390	$ —	$ —
Deferred tax liabilities	372	304	629	2,308
Net deferred tax asset (liability)	**$ 88**	**$ 86**	**$(629)**	**$(2,308)**

D. Movement in deferred tax balances

	December 31, 2018	Movement	December 31, 2017	Movement	December 31, 2016	Movement	January 1, 2016
Plant and equipment	$(260)	$ (10)	$(250)	$ (59)	$(191)	$ (7)	$ (184)
Accounts payable and accrued liabilities	326	(78)	404	(44)	448	(29)	477
Intangibles	196	559	(363)	535	(898)	615	(1,513)
Income deferred for tax purposes	(870)	(547)	(323)	93	(416)	848	(1,264)
Capital leases	696	78	618	190	428	252	176
Net deferred tax asset (liability)	**$ 88**	**$ 2**	**$ 86**	**$715**	**$(629)**	**$1,679**	**$(2,308)**

E. Uncertainty over income tax treatments

The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience.

(In thousands of Canadian dollars)

13. LEASES

The Group leases buildings and equipment in the operation of its Transportation and Logistics businesses. Building lease terms range from 5 to 10 years. Facilities lease liabilities are calculated using the Group's average incremental borrowing rate of 3.77%. Equipment lease terms range from 1 to 5 years. For 2018, equipment lease liabilities are calculated using the Group's incremental borrowing rate of 4.66% (2017 — 3.6%; 2016 — 2.86%). The Group estimated its incremental borrowing rates for portfolios of leases with similar characteristics, such as similar risk profiles, same or similar types of security, and similar lease terms.

Right of use assets — Facilities	**December 31, 2018**	**December 31, 2017**	**December 31, 2016**
Opening balance	$51,871	$61,710	$47,183
Add: additions	7,623	—	24,302
Less: depreciation	(9,860)	(9,839)	(9,775)
Ending balance	**$49,634**	**$51,871**	**$61,710**

Right of use assets — Logistics and transportation equipment	**December 31, 2018**	**December 31, 2017**	**December 31, 2016**
Opening balance	$21,788	$23,266	$22,110
Add: additions	11,215	6,131	7,724
Less: depreciation	(7,603)	(7,609)	(6,568)
Ending balance	**$25,400**	**$21,788**	**$23,266**

Net carrying amounts of Right-of-use assets	**December 31, 2018**	**December 31, 2017**	**December 31, 2016**	**January 1, 2016**
Facilities	$49,634	$51,871	$61,710	$47,183
Logistics and transportation equipment	25,400	21,788	23,266	22,110
Balance	**$75,034**	**$73,659**	**$84,976**	**$69,293**

Lease liabilities — Facilities	**December 31, 2018**	**December 31, 2017**	**December 31, 2016**
Opening balance	$55,394	$63,866	$47,690
Add: additions	7,506	—	24,083
Add: interest expense	2,205	2,393	2,298
Less: repayments	(8,973)	(8,472)	(7,907)
Less: interest payments	(2,205)	(2,393)	(2,298)
Ending balance	**$53,927**	**$55,394**	**$63,866**

Lease liabilities — Logistics and transportation equipment	**December 31, 2018**	**December 31, 2017**	**December 31, 2016**
Opening balance	$21,605	$23,166	$21,967
Add: additions	11,215	6,127	7,708
Add: interest expense	828	710	670
Less: repayments	(7,727)	(7,688)	(6,509)
Less: interest payments	(828)	(710)	(670)
Ending balance	**$25,093**	**$21,605**	**$23,166**

Cash lease principal payments	**December 31, 2018**	**December 31, 2017**	**December 31, 2016**
Repayments of lease principal	$16,700	$16,160	$14,416
Pre-payment of leases	117	3	236
Total lease payments	**$16,817**	**$16,163**	**$14,652**

(In thousands of Canadian dollars)

13. LEASES (Continued)

Lease liabilities	December 31, 2018	December 31, 2017	December 31, 2016	January 1, 2016
Facilities	$(53,927)	$(55,394)	$(63,866)	$(47,690)
Logistics and transportation equipment	(25,093)	(21,605)	(23,166)	(21,967)
Balance	**$(79,020)**	**$(76,999)**	**$(87,032)**	**$(69,657)**

Lease liabilities included in combined balance sheets	December 31, 2018	December 31, 2017	December 31, 2016	January 1, 2016
Current	$(17,940)	$(16,700)	$(16,160)	$(14,417)
Non-current	(61,080)	(60,299)	(70,872)	(55,240)
Balance	**$(79,020)**	**$(76,999)**	**$(87,032)**	**$(69,657)**

Maturity analysis for lease liabilities — contractual undiscounted cash flows	December 31, 2018	December 31, 2017	December 31, 2016	January 1, 2016
Less than one year	$20,798	$18,343	$ 18,661	$15,564
One to 5 years	51,003	48,235	55,267	47,818
More than 5 years	19,120	21,366	26,975	18,274
Total undiscounted lease liabilities	**$90,921**	**$87,944**	**$100,903**	**$81,656**

Amounts recognized in the combined statements of income and comprehensive income in connection with interest expense for lease liabilities in 2018 was $3,033 (2017 — $3,103; 2016 — $2,968). Total cash outflow for leases for 2018 was $19,733 (2017 — $19,263; 2016 — $17,384).

14. NON-CONTROLLING INTERESTS

The following table summarizes the information relating to each of the Group's subsidiaries that has material NCI, before any intergroup eliminations.

December 31, 2018	Associated Logistics Solutions Inc.
NCI percentage	15%
Non-current assets	$ 69,838
Current assets	22,050
Non-current liabilities	40,109
Current liabilities	12,333
Net Assets	$ 39,446
Net assets attributable to NCI	5,917
Revenue	104,941
Net Income	6,429
Net income allocated to NCI	1,462
Dividends paid to NCI	(150)
Cash flows from operating activities	18,186
Cash flows used in investment activities	(1,145)
Cash flows used in financing activities	(15,651)
Net increase in cash and cash equivalents	**$ 1,390**

(In thousands of Canadian dollars)

14. NON-CONTROLLING INTERESTS (Continued)

On July 19, 2018, Andlauer Management Group purchased 15% of the equity interest in Associated Logistics Solutions Inc. from Bourbon Street Enterprises Inc. Bourbon Street Enterprises Inc.'s NCI was reduced to 15% of Associated Logistics Solutions Inc. and Andlauer Management Group's ownership percentage increased to 85%. The carrying amount of NCI purchased at the time of the transaction was $5,600. As the transaction was with the ultimate parent the transaction has reduced NCI by $5,600 and increased net parent investment by the same amount.

December 31, 2017	Associated Logistics Solutions Inc.
NCI percentage	30%
Non-current assets	$78,388
Current assets	21,483
Non-current liabilities	54,679
Current liabilities	11,180
Net Assets	34,012
Net assets attributable to NCI	10,205
Revenue	94,944
Net Income	5,021
Net income allocated to NCI	1,506
Dividends paid to NCI	(300)
Cash flows from operating activities	10,305
Cash flows used in investment activities	(3,504)
Cash flows used in financing activities	(7,797)
Net decrease in cash and cash equivalents	**$ (996)**

(In thousands of Canadian dollars)

14. NON-CONTROLLING INTERESTS (Continued)

On January 1, 2017, Accuristix purchased the outstanding 30% equity interests in Nova Pack Ltd. from James Houghton and 1096601 Ontario Inc. for $1,400, increasing its ownership to 100%. The transaction resulted in a decrease in equity allocated to net parent investment of $198 and a decrease in non-controlling interest of $1,202.

	Nova Pack Ltd.	Associated Logistics Solutions Inc.
December 31, 2016		
NCI percentage	21%	30%
Non-current assets	$ 1,949	$ 86,194
Current assets	3,066	20,006
Non-current liabilities	166	61,422
Current liabilities	1,114	13,388
Net Assets	3,735	31,390
Net assets attributable to NCI	784	9,417
Revenue	12,316	84,700
Net Income	743	3,907
Net income allocated to NCI	156	1,172
Dividends paid to NCI	—	(300)
Cash flows from (used in) operating activities	(68)	12,086
Cash flows used in investment activities	(158)	(34,185)
Cash flows from (used in) financing activities	(121)	16,523
Net decrease in cash and cash equivalents	**$ (347)**	**$ (5,576)**
January 1, 2016		
NCI percentage	21%	30%
Non-current assets	$ 1,685	$ 62,226
Current assets	2,516	24,299
Non-current liabilities	232	44,592
Current liabilities	988	13,443
Net Assets	2,981	28,490
Net assets attributable to NCI	**$ 626**	**$ 8,547**

15. COMMITMENTS AND CONTINGENCIES

The Company is, from time to time, involved in claims, legal proceedings and complaints arising in the normal course of business and provisions for such claims have been recorded where appropriate. The Company does not believe the final determination of these claims will have an adverse material effect on its combined financial statements.

As at December 31, 2018, the Group had approximately $1,700 of purchase commitments related to a future lease commitment materializing within a year.

As at December 31, 2018, the Company had outstanding letters of guarantee in the amount of $68 (2017 - $68, 2016 - $68).

Please see note 18 for additional commitments entered into subsequent to December 31, 2018.

16. RELATED PARTIES

During the year, the Company entered into transactions with related parties that were incurred in the normal course of business. The Company's policy is to conduct all transactions and settle all balances with related parties on market terms and conditions. All outstanding balances with these related parties are to be settled in cash within two months of the reporting date. None of the balances is secured. No expense has been recognized in the current year or prior year for bad or doubtful debts in respect of amounts owed by related parties.

The Group is indirectly controlled by Michael Andlauer, the President and Chief Executive Officer and CODM. Included in these combined financial statements are the following transactions and balances with companies related either directly or indirectly to Mr. Andlauer.

16. RELATED PARTIES (Continued)

Andlauer Management Group Inc. ("AMG") provides key management personnel to the Group for which it receives management fees. The Group recovers certain facilities lease costs from AMG. The Group also provides certain shared services (primarily accounting services) to AMG.

Andlauer Properties and Leasing Inc. ("APLI") is a subsidiary of AMG and leases certain facilities and logistics and transportation equipment to the Group. The Group also leases facilities and logistics and transportation equipment from arm's length providers. The Group provides certain shared services (primarily accounting services) to APLI.

9143-5271 Quebec Inc. is a subsidiary of AMG and leases a facility in Quebec to the Group. The Group provides certain shared services (primarily accounting services) to 9143.

Ready Staffing Solutions Inc. ("RSS"), a company owned by Mr. Andlauer's spouse, provides the Group with temporary agency employee services — providing hourly dock labour for handling operations, principally in the GTA. The Group also purchases temporary agency employee services from arm's length providers.

1708998 Ontario Limited (Medical Courier Services) is a subsidiary owned 80% by AMG and provides transportation services to the Group, providing extended reach for shipments where the Group does not have facilities or equipment. The Group also provides certain shared services (primarily accounting services) to MCS.

McAlister Courier Inc. ("MCI") is a subsidiary owned 50% by AMG and provides transportation services to the Group, providing extended reach for shipments where the Group does not have facilities or equipment.

TDS Logistics Ltd. ("TDS") is a subsidiary owned 50% by AMG and provides transportation services to the Group, providing additional capacity where the Group can sub-contract deliveries to take advantage of coincidences of delivery. Similarly, the Group provides transportation services to TDS. The Group also provides certain shared services (primarily accounting services) to TDS and recovers certain lease costs from TDS.

D.C. Racking and Maintenance Inc. ("DCR") is a subsidiary of Bourbon Street Enterprises Inc. ("BSE"), a related party representing the non-controlling interest in Associated Logistics Solutions Inc. It provides maintenance and repairs for the Group's Healthcare Logistics segment.

Logiserv Inc. ("Logiserv") provides the Group with warehouse racking. Logiserv is a subsidiary of BSE. The Group also purchases warehouse racking from arm's length providers.

Bulldog Hockey Inc. is a subsidiary of AMG and provides sports and entertainment services to the Group.

(In thousands of Canadian dollars)

16. RELATED PARTIES (Continued)

	December 31, 2018	December 31, 2017	December 31, 2016
Revenue			
Transportation services			
TDS Logistics Ltd.	$ 100	$ —	$ —
1708998 Ontario Limited (Medical Courier Services)	4	8	21
Facility rent recovery			
TDS Logistics Ltd.	139	—	—
Shared service recovery			
TDS Logistics Ltd.	144	—	—
Andlauer Properties and Leasing Inc.	18	18	18
Andlauer Management Group Inc.	12	12	12
9143-5271 Quebec Inc	30	30	30
1708998 Ontario Limited (Medical Courier Services)	12	12	12
Expenses			
Transportation services			
McAlister Courier Inc.	1,053	780	526
1708998 Ontario Limited (Medical Courier Services)	236	278	371
Contract labour services			
Ready Staffing Solutions Inc.	4,176	3,557	2,710
Equipment rent			
Andlauer Properties and Leasing Inc.	1,046	1,212	1,287
Shared services			
Andlauer Management Group Inc.	696	684	660
Facility rent			
Andlauer Properties and Leasing Inc.	345	339	338
9143-5271 Quebec Inc.	1,109	1,109	1,109
Sports and Entertainment services			
Bulldog Hockey Inc.	28	—	—
Maintenance services			
D.C. Racking and Maintenance Inc. and Logiserv Inc.	64	60	102
Capital Expenditures			
Purchases of Logistics and transportation equipment			
Logiserv Inc.	177	268	1,275

(In thousands of Canadian dollars)

16. RELATED PARTIES (Continued)

	December 31, 2018	December 31, 2017	December 31, 2016	January 1, 2016
Trade receivables due from related parties				
Andlauer Management Group Inc.	$ 7	$ —	$ —	$ —
TDS Logistics Ltd.	263	—	—	—
Andlauer Properties and Leasing Inc.	113	—	—	—
Bulldog Hockey Inc.	—	—	81	—
Total trade receivables	$ 383	$ —	$ 81	$ —
Due from related parties				
Andlauer Management Group Inc.	52,603	51,009	45,475	45,369
C-GHBS Inc.	1,405	—	—	—
Andlauer Properties and Leasing Inc.	685	—	—	2,626
Habdog Investments Inc. (formerly Andlauer Sports and Entertainment)	236	236	233	500
TDS Logistics Ltd.	28	—	—	—
9143-5271 Quebec Inc.	—	—	16	—
3618358 Canada Inc.	—	—	3	—
	54,957	51,245	45,727	48,495
Total due from related parties	**$55,340**	**$51,245**	**$45,808**	**$48,495**
Trade payables due from related parties				
Ready Staffing Solutions Inc.	$ 330	$ 222	$ 338	$ 160
1708998 Ontario Limited (Medical Courier Services)	24	33	34	24
McAlister Courier Inc.	92	74	46	21
Andlauer Properties and Leasing Inc.	32	121	—	—
D.C. Racking and Maintenance Inc.	1	1	1	—
Logiserv Inc.	70	4	308	15
Bulldog Hockey Inc.	28	—	—	—
Total trade payables	577	455	727	220
Due to related parties				
M. Andlauer	20	123	280	386
Bourbon Street Enterprises Inc.	—	—	500	500
Andlauer Management Group Inc.	300	—	—	500
	320	123	780	1,386
Total due to related parties	**$ 897**	**$ 578**	**$ 1,507**	**$ 1,606**

The Group paid management fees of $576 in 2018 (2017 — $612; 2016 — $588) to Andlauer Management Group Inc. in connection with compensation for key management personnel.

17. CAPITAL MANAGEMENT

The Group's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Management monitors the return on capital, as well as the level of dividends and distributions to ordinary shareholders.

The board of directors seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowing and the advantages and security afforded by a sound capital position. The Group monitors capital using a ratio of 'net debt' to 'adjusted equity'. Net debt is calculated as total liabilities (as shown in the combined balance sheets) less cash and cash equivalents.

The Group expects to enter into credit facilities with affiliates of RBC and CIBC at closing of the initial public offering (see note 18), comprised of a revolving facility in the aggregate principal amount of up to $75 million and a term facility in the aggregate principal amount of up to $25 million. The revolving facility will be available to be drawn in Canadian dollars by way of prime rate loans, bankers'

17. CAPITAL MANAGEMENT (Continued)

acceptances and letters of credit, and in U.S. dollars by way of base rate loans, LIBOR based loans and letters of credit, in each case, plus the applicable margin in effect from time to time. The term facility will be available to be drawn in a single Canadian dollar advance on closing by way of prime rate loans and bankers' acceptances.

18. SUBSEQUENT EVENTS

(i) On June 13, 2019, Andlauer Management Group Inc. purchased the outstanding equity interests in Associated Logistics Solutions Inc. from Bourbon Street Enterprises Inc., increasing its ownership percentage from 85% to 100%.

(ii) On December 4, 2019, the Entity entered into an underwriting agreement and filed a long form prospectus for the purpose of completing an initial public offering, which is expected to close on or about December 11, 2019 (the "Closing"). The Entity expects to raise gross proceeds of approximately $150 million through the issuance of 10,000,000 subordinate voting shares at a price of $15.00 per subordinate voting share (excluding any subordinate voting shares that may be issued pursuant to any over-allotment option). In connection with a series of transactions that are expected to occur prior to, and on, the date of Closing, the Entity will acquire a 100% ownership interest in the AHG Entities.

(iii) A new Ontario corporation (2721275 Ontario Limited) was incorporated on October 11, 2019. Following Closing, this company will be a wholly owned subsidiary of the Entity. The Entity was incorporated on November 12, 2019.

(iv) Effective November 1, 2019, AHG operating entities ATS Andlauer Transportation Services LP ("ATS") and Accuristix entered into a lease agreement with related party Andlauer Properties and Leasing Inc. for premises located at 5460 61st Avenue SE Calgary, Alberta for a 10-year term. Certain terms and conditions, including rent payments over the term, for ATS and Accuristix respectively have yet to be finalized.

Balance Sheet of

ANDLAUER HEALTHCARE GROUP INC.

As at November 12, 2019

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Canada
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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of Andlauer Healthcare Group Inc.

Opinion

We have audited the balance sheet of the Andlauer Healthcare Group Inc. (the "Entity") as at November 12, 2019, and notes to the financial statement, including a summary of significant accounting policies (hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statement presents fairly, in all material respects, the financial position of the Entity as at November 12, 2019 in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "Auditors' Responsibilities for the Audit of the Financial Statement" section of our auditors' report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statement in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statement

Management is responsible for the preparation and fair presentation of the financial statement in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of a financial statement that is free from material misstatement, whether due to fraud or error.

In preparing the financial statement, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statement

Our objectives are to obtain reasonable assurance about whether the financial statement as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statement.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statement, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

  The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statement or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statement, including the disclosures, and whether the financial statement represents the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- Provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the combined entity to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Hamilton, Canada

December 4, 2019

ANDLAUER HEALTHCARE GROUP INC.

BALANCE SHEET

As at November 12, 2019

Assets	
Cash and cash equivalents	$ —
Total Assets	$ —
Liabilities and Equity	
Share capital	$ —
Total Liabilities and equity	$ —

On behalf of the Board:

"Peter Jelley"
Director

"Andrew Clark"
Director

See accompanying notes to the financial statement.

ANDLAUER HEALTHCARE GROUP INC.
NOTES TO THE FINANCIAL STATEMENT
November 12, 2019

Andlauer Healthcare Group Inc. (the "Entity") was incorporated on November 12, 2019 with its head office located at 100 Vaughan Valley Blvd, Woodbridge, ON L4H 3C5.

In connection with an initial public offering, the Entity will acquire a number of entities including Associated Logistics Solutions Inc., Credo Canada Systems Inc., 2186940 Ontario Inc. and their respective subsidiaries (collectively, the "AHG Entities"). The acquisition by the Entity of the AHG Entities will be a transaction amongst entities under common control. The Entity will account for this transaction using book value accounting, based on the book values that would be recognized in the financial statements of the underlying entities.

The following entities will be acquired by the Entity in connection with the initial public offering:

AHG Entity	Incorporation Jurisdiction
2040637 Ontario Inc.	Ontario
2186940 Ontario Inc.	Ontario
Accuristix Healthcare Logistics Inc.	Ontario
Accuristix Inc.	Ontario
Accuristix	Ontario
Associated Logistics Solutions Inc.	Ontario
ATS Andlauer Transportation Services GP Inc.	Canada
ATS Andlauer Transportation Services LP	Manitoba
Concord Supply Chain Solutions Inc.(1)	Delaware
Credo Systems Canada Inc.	Ontario
Nova Pack Ltd.	Ontario
MEDDS Winnipeg — A Medical Delivery Service Corporation	Manitoba
MEDDS Canada — A Medical Delivery Services Corporation(1)	Canada

(1) Entity is dormant.

The Entity specializes in third party logistics and transportation solutions for the healthcare sector in Canada.

1. BASIS OF PRESENTATION

a) Statement of compliance

This financial statement has been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB").

The financial statement was authorized for issue effective December 4, 2019 in accordance with a resolution of the board of directors of the Entity.

2. SHARE CAPITAL

The Entity is authorized to issue an unlimited number of subordinate voting shares, unlimited number of multiple voting shares, and unlimited number of preferred shares, issuable in series. No shares are outstanding.

3. SUBSEQUENT EVENTS

(i) On December 4, 2019 the Company entered into an underwriting agreement and filed a long form prospectus for the purpose of completing an initial public offering, which is expected to close on or about December 11, 2019 (the "Closing"). The Company expects to raise gross proceeds of approximately $150 million through the issuance of 10,000,000 subordinate voting shares at a price of $15.00 per subordinate voting share (excluding any subordinate voting shares that may be issued pursuant to any over-allotment option). In connection with a series of transactions that are expected to occur prior to, and on, the date of Closing (the "Reorganization"), the Entity will acquire a 100% ownership interest in the AHG Entities.

(ii) A new Ontario corporation (2721275 Ontario Limited) was incorporated on October 11, 2019. Following Closing, this company will be a wholly owned subsidiary of the Entity. The Entity was incorporated on November 12, 2019.

(iii) Following closing of the initial public offering and the Reorganization, Andlauer Management Group Inc. ("AMG") will own and control all of the issued and outstanding Multiple Voting Shares and 75,000 Subordinate Voting Shares of the Entity. This represents approximately 69.7% of the issued and outstanding Multiple Voting Shares and Subordinate Voting Shares (together, the "Shares") and approximately 90.2% of the voting power attached to all of the Shares, on a non-diluted basis. AMG will also be

3. SUBSEQUENT EVENTS (Continued)

party to the Investor Rights Agreement that among other things, gives AMG the right to nominate directors to the Board. As a result, AMG will have a significant influence over the affairs of the Entity. The sole shareholder of AMG is Michael Andlauer. Accordingly, ultimate indirect control and direction over the Shares will be held by Mr. Andlauer.

(iv) In connection with the completion of the initial public offering and the Reorganization, the Entity will lend $13,875,000 to an employee trust, the beneficiaries of which will be current executive officers and employees of the Entity and the AHG Entities and the employee trust will use the proceeds of the loan to acquire 925,000 Subordinate Voting Shares from AMG for $15.00 per Subordinate Voting Share. After 180 days following Closing, AMG intends to transfer to select independent owner-operators engaged by the Entity, the 75,000 Subordinate Voting Shares held by AMG on Closing.

(v) The Entity expects to enter into credit facilities with affiliates of RBC and CIBC at Closing, comprised of a revolving facility in the aggregate principal amount of up to $75 million and a term facility in the aggregate principal amount of up to $25 million. The revolving facility will be available to be drawn in Canadian dollars by way of prime rate loans, bankers' acceptances and letters of credit, and in U.S. dollars by way of base rate loans, LIBOR based loans and letters of credit, in each case, plus the applicable margin in effect from time to time. The term facility will be available to be drawn in a single Canadian dollar advance on Closing by way of prime rate loans and bankers' acceptances.

APPENDIX A

CHARTER OF THE BOARD OF DIRECTORS

1. Purpose

The purpose of this Charter is to set out the mandate and responsibilities of the board of directors (the "**Board**") of Andlauer Healthcare Group Inc. (the "**Company**"). By approving this Charter, the Board confirms its responsibility for the stewardship of the Company and its affairs. This stewardship function includes responsibility for the matters set out in this Charter. The responsibilities of the Board described herein are pursuant to, and subject to, the provisions of applicable statutes and the constating documents of the Company and do not impose any additional responsibilities or liabilities on the directors at law or otherwise.

2. Chair of the Board and Lead Director

The Board may elect an independent director, within the meaning of National Instrument 58 101 – *Disclosure of Corporate Governance Practices* ("**NI 58-101**"), to act as Chair of the Board (the "**Chair**"). Pursuant to NI 58-101, an independent director is one who is free from any direct or indirect relationship which could, in the view of the Board, be reasonably expected to interfere with a director's independent judgment. If the Chair is not an independent director, then the Board shall elect an independent director to act as Lead Director of the Board and shall provide such Lead Director with a written position description. The Board shall provide the Chair with a written position description.

3. Responsibilities of the Board of directors

The Board is responsible for the stewardship and oversight of the Company and in that regard shall be specifically responsible for:

(a) participating in the development of and approving a strategic plan for the Company;

(b) supervising the activities and managing the investments and affairs of the Company;

(c) approving major decisions regarding the Company;

(d) defining the roles and responsibilities of management;

(e) reviewing and approving the business and investment objectives to be met by management;

(f) assessing the performance of and overseeing management;

(g) issuing securities of the Company for such consideration as the Board may deem appropriate, subject to applicable law;

(h) reviewing the Company's debt strategy;

(i) identifying and managing risk exposure;

(j) ensuring the integrity and adequacy of the Company's internal controls and management information systems;

(k) succession planning;

(l) establishing committees of the Board, where required or prudent, and defining their mandate;

(m) establishing and maintaining procedures and policies to ascertain director independence;

(n) maintaining records and providing reports to shareholders;

(o) ensuring effective and adequate communication with shareholders, other stakeholders and the public; and

(p) determining the amount and timing of dividends to shareholders, if any.

It is recognized that every director in exercising powers and discharging duties must act honestly and in good faith with a view to the best interest of the Company. Directors must exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. In this regard, they will comply with their duties of honesty, loyalty, care, diligence, skill and prudence.

In addition, directors are expected to carry out their duties in accordance with policies and regulations adopted by the Board from time to time.

It is expected that management will co-operate in all ways to facilitate compliance by the Board with its legal duties by causing the Company and its subsidiaries to take such actions as may be necessary in that regard and by promptly reporting any data or information to the Board that may affect such compliance.

4. Expectations of Directors

The Board has developed a number of specific expectations of directors to promote the discharge by the directors of their responsibilities and to promote the proper conduct of the Board.

(a) ***Commitment and Attendance***. All directors are expected to maintain a high attendance record at meetings of the Board and the committees of which they are members. Attendance by telephone or video conference may be used to facilitate a director's attendance.

(b) ***Preparation for Meetings***. All directors are expected to review the materials circulated in advance of meetings of the Board and its committees and should arrive prepared to discuss the issues presented. Directors are encouraged to contact the Chair, and if one has been appointed and if appropriate, the Lead Director, the Chief Executive Officer and any other appropriate executive officer(s) of the Company to ask questions and discuss agenda items prior to meetings.

(c) ***Participation in Meetings***. Each director is expected to be sufficiently knowledgeable of the business of the Company, including its financial statements, and the risks it faces, to ensure active and effective, and candid and forthright participation in the deliberations of the Board and of each committee on which he or she serves.

(d) ***Loyalty and Ethics***. In their roles as directors, all members of the Board owe a duty of loyalty to the Company. This duty of loyalty mandates that the best interests of the Company take precedence over any other interest possessed by a director. Directors are expected to conduct themselves in accordance with the Company's Code of Business Conduct and Ethics.

(e) ***Other Board Memberships and Significant Activities***. The Company values the experience directors bring from other boards on which they serve and other activities in which they participate, but recognizes that those boards and activities also may present demands on a director's time and availability and may present conflicts or legal issues, including independence issues. Each member of the Board should, when considering membership on another board or committee, make every effort to ensure that such membership will not impair the member's time and availability for his or her commitment to the Company. Directors should advise the Chair and the Chief Executive Officer before accepting membership on other public company boards or any audit committee or other significant committee assignment on any other board, or establishing other significant relationships with businesses, institutions, governmental units or regulatory entities, particularly those that may result in significant time commitments or a change in the member's relationship to the Company.

(f) ***Personal Conduct***. Directors are expected to: (i) exhibit high standards of personal integrity, honesty and loyalty to the Company; (ii) project a positive image of the Company to news media, the financial community, governments and their agencies, shareholders and employees; (iii) be willing to contribute extra efforts, from time to time, as may be necessary including, among other things, being willing to serve on committees of the Board; and (iv) disclose any potential conflict of interest that may arise with the affairs or business of the Company and, generally, avoid entering into situations where such conflicts could arise or could reasonably be perceived to arise.

(g) ***Confidentiality***. The proceedings and deliberations of the Board and its committees are confidential. Each member of the Board will maintain the confidentiality of information received in connection with his or her service as a director.

5. Meetings

The Board will meet not less than four times per year: three meetings to review quarterly results and one meeting prior to the issuance of the annual financial results of the Company. The Board shall meet periodically without management present to ensure that the Board functions independently of management. At each Board meeting, unless otherwise determined by the Board, an in-camera meeting of independent directors will take place, which session will be chaired by the Chair of the Board or, if the Chair in not independent within the meaning of NI 58-101 and one has been appointed, the Lead Director. In discharging its mandate, the Board and any committee of the Board will have the authority to retain and receive advice from outside financial, legal or other advisors (at the cost of the Company) as the Board or any such committee determines to be necessary to permit it to carry out its duties.

The Board appreciates having certain members of senior management attend each Board meeting to provide information and opinion to assist the directors in their deliberations. Management attendees who are not Board members will be excused for any agenda items which are reserved for discussion among directors only.

6. Board Meeting Agendas and Information

The Chair, and if one has been appointed, the Lead Director, in consultation with management, will develop the agenda for each Board meeting. Agendas will be distributed to the directors before each meeting, and all directors shall be free to suggest additions to the agenda in advance of the meeting.

Whenever practicable, information and reports pertaining to Board meeting agenda items will be circulated to the directors in advance of the meeting. Reports may be presented during the meeting by members of the Board, management and/or staff, or by invited outside advisors. It is recognized that under some circumstances, due to the confidential nature of matters to be discussed at a meeting, it will not be prudent or appropriate to distribute written materials in advance.

7. Measures for Receiving Shareholder Feedback

All publicly disseminated materials of the Company shall provide for a mechanism for feedback of shareholders.

8. Telephone Board Meetings

A director may participate in a meeting of the directors or in a committee meeting by means of telephone, electronic or such other communications facilities as permit all persons participating in the meeting to communicate with each other and a director participating in such a meeting by such means is deemed to be present at the meeting.

While it is the intent of the Board to follow an agreed meeting schedule as closely as possible, it is felt that, from time to time, with respect to time sensitive matters telephone board meetings may be required to be called in order for directors to be in a position to better fulfill their legal obligations. Alternatively, management may request the directors to approve certain matters by unanimous written consent.

9. Expectations of and Access to Management

Management shall be required to report to the Board at the request of the Board on the performance of the Company, new and proposed initiatives, the Company's business and investments, management concerns and any other matter the Board or its Chair may deem appropriate. In addition, the Board expects management to promptly report to the Chair or, if one has been appointed and if appropriate, the Lead Director, any significant developments, changes, transactions or proposals respecting the Company or its subsidiaries. All members of the Board should be free to contact management at any time to discuss any aspect of the Company's business. Directors should use their judgement to ensure that any such contact is not disruptive to the operations of the Company. The Board expects that there will be frequent opportunities for members of the Board to meet with management in meetings of the Board and committees, or in other formal or informal settings.

10. Access to Outside Advisors.

The Board may, in its sole discretion, retain and obtain the advice and assistance of such advisors as it deems necessary to fulfil its duties and responsibilities under this Charter. The Board may set the compensation and oversee the work of such advisors to be paid by the Company.

11. Communications Policy

The Board shall approve the content of the Company's major communications to shareholders and the investing public including any annual report, management information circular, annual information form and any prospectuses which may be issued. The Audit Committee shall review and recommend to the Board the approval of the quarterly and annual financial statements (including the management discussion and analysis) and press releases relating to financial matters. The Board also has responsibility for monitoring all of the Company's external communications. However, the Board believes that it is generally the function of management to speak for the Company in its communications with the investment community, the media, customers, suppliers, employees, governments and the general public. The Board will appoint an independent, non-executive director to be available to shareholders with concerns should communications with management fail to resolve the issue or such contact is inappropriate.

The Board shall have responsibility for reviewing the Company's policies and practices with respect to disclosure of financial and other information including insider reporting and trading. The Board shall approve and monitor the disclosure policies designed to assist the Company in meeting its objective of providing timely, consistent and credible dissemination of information, consistent with disclosure requirements under applicable securities law. The Board shall review the Company's policies relating to communication and disclosure on an annual basis.

12. Internal Control and Management Information Systems

The Board has responsibility for the integrity of the Company's internal control and management information systems. All material matters relating to the Company and its business require the prior approval of the Board, subject to the Board's ability to delegate such matters to, among others, the Company's Audit Committee, Compensation, Governance and Nominating Committee and management. Management is authorized to act, without Board approval, on all ordinary course matters relating to the Company's business subject to any management authority guidelines adopted by the Board.

The Audit Committee has responsibility for ensuring internal controls are appropriately designed, implemented and monitored and for ensuring that management's financial reporting is complete and accurate, even though management may be charged with developing and implementing the necessary procedures.

13. Delegation of Powers

The directors may establish one or more committees and may delegate to such committees any of the powers of the Board. The directors may also delegate powers to manage the business and affairs of the Company to such of the officers of the Company as they, in their sole and absolute discretion, may deem necessary or desirable to appoint, and define the scope of and manner in which such powers will be exercised by such persons as they may deem appropriate.

The Board retains responsibility for oversight of any matters delegated to any director(s) or any committee of the Board, to management or to other persons.

14. Board Effectiveness

The Board shall review and, if determined appropriate, approve the recommendations of the applicable committee of the Board, if any, concerning formal position descriptions for the Chair and, if one has been appointed, the Lead Director, and for each committee of the Board, and for the Chief Executive Officer, provided that in approving a position description for the Chief Executive Officer, the Board shall consider the input of the Chief Executive Officer and shall develop and approve corporate goals and objectives that the Chief Executive Officer is responsible for meeting (which may include goals and objectives relevant to the Chief Executive Officer’s compensation, as recommended by the applicable committee of the Board, if any).

The Board shall review and, if determined appropriate, adopt a process recommended by the applicable committee of the Board, if any, for reviewing the performance and effectiveness of the Board as a whole, the committees of the Board and the contributions of individual directors on an annual basis.

15. Education and Training

The Board will provide newly elected directors with an orientation program to educate them on the Company, their roles and responsibilities on the Board or Committees, as well as the Company’s internal controls, financial reporting and accounting practices. In addition, directors will, from time to time, as required, receive: (a) training to increase their skills and abilities, as it relates to their duties and their responsibilities on the Board; and (b) continuing education about the Company to maintain a current understanding of the Company’s business, including its operations, internal controls, financial reporting and accounting practices.

16. No Rights Created

This Charter is a broad policy statement and is attended to be part of the Board’s flexible governance framework. While this Charter should comply with all applicable law and the Company’s constating documents, this Charter does not create any legally binding obligations on the Board, any Committee, any director or the Company.

APPENDIX B

CHARTER OF THE AUDIT COMMITTEE

1. General

A. Purpose

The Audit Committee (the "**Committee**") is a committee of the Board of Directors (the "**Board**") of Andlauer Healthcare Group Inc**.** (the "**Company**"). The members of the Committee and the chair of the Committee (the "**Chair**") are appointed by the Board on an annual basis (or until their successors are duly appointed) for the purpose of overseeing the Company's financial controls and reporting and monitoring whether the Company complies with financial covenants and legal and regulatory requirements governing financial disclosure matters and financial risk management.

2. Composition

(1) The Committee should be comprised of a minimum of three directors and a maximum of five directors.

(2) The Committee must be constituted as required under National Instrument 52-110 – *Audit Committees*, as it may be amended or replaced from time to time ("**NI 52-110**").

(3) All members of the Committee must (except to the extent permitted by NI 52-110) be independent (as defined by NI 52-110), and free from any relationship that, in the view of the Board, could be reasonably expected to interfere with the exercise of his or her independent judgment as a member of the Committee.

(4) No members of the Committee shall receive, other than for service on the Board or the Committee or other committees of the Board, any consulting, advisory, or other compensatory fee from the Company or any of its related parties or subsidiaries.

(5) All members of the Committee must (except to the extent permitted by NI 52-110) be financially literate (which is defined as the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company's financial statements).

(6) Any member of the Committee may be removed or replaced at any time by the Board and shall cease to be a member of the Committee on ceasing to be a director. The Board may fill vacancies on the Committee by election from among the Board. If and whenever a vacancy shall exist on the Committee, the remaining members may exercise all powers of the Committee so long as a quorum remains.

3. Limitations on Committee's Duties

In contributing to the Committee's discharge of its duties under this Charter, each member of the Committee shall be obliged only to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. Nothing in this Charter is intended or may be construed as imposing on any member of the Committee a standard of care or diligence that is in any way more onerous or extensive than the standard to which any member of the Board may be otherwise subject.

Members of the Committee are entitled to rely, absent actual knowledge to the contrary, on (i) the integrity of the persons and organizations from whom they receive information, (ii) the accuracy and completeness of the information provided, (iii) representations made by management of the Company as to the non-audit services provided to the

Company by the external auditor, (iv) financial statements of the Company represented to them by a member of management or in a written report of the external auditors to present fairly the financial position of the Company in accordance with applicable generally accepted accounting principles, and (v) any report of a lawyer, accountant, engineer, appraiser or other person whose profession lends credibility to a statement made by any such person.

4. Meetings

The Committee should meet not less than four times annually. The Committee should meet within 45 days following the end of the first three financial quarters of the Company and shall meet within 90 days following the end of the fiscal year of the Company. A quorum for the transaction of business at any meeting of the Committee shall be a majority of the members of the Committee or such greater number as the Committee shall by resolution determine. The Committee shall keep minutes of each meeting of the Committee. A copy of the minutes shall be provided to each member of the Committee.

Meetings of the Committee shall be held from time to time and at such place as any member of the Committee shall determine upon two days' prior notice to each of the other Committee members. The members of the Committee may waive the requirement for notice. In addition, each of the Chief Executive Officer, the Chief Financial Officer and the external auditor shall be entitled to request that the Chair call a meeting.

The Committee may ask members of management and employees of the Company (including, for greater certainty, its affiliates and subsidiaries) or others (including the external auditor) to attend meetings and provide such information as the Committee requests. Members of the Committee shall have full access to information of the Company (including, for greater certainty, its affiliates, subsidiaries and their respective operations) and shall be permitted to discuss such information and any other matters relating to the results of operations and financial position of the Company with management, employees, the external auditor and others as they consider appropriate.

The Committee or its Chair should meet at least once per year with management and the external auditor in separate sessions to discuss any matters that the Committee or either of these groups desires to discuss privately. In addition, the Committee or its Chair should meet with management quarterly in connection with the review and approval of the Company's interim financial statements.

The Committee shall determine any desired agenda items.

5. Committee Activities

As part of its function in assisting the Board in fulfilling its oversight responsibilities (and without limiting the generality of the Committee's role), the Committee will have the power and authority to:

A. Disclosure

(1) Review, approve and recommend for Board approval the Company's interim financial statements, including any certification, report, opinion or review rendered by the external auditor and the related management's discussion and analysis and press release.

(2) Review, approve and recommend for Board approval the Company's annual financial statements, including any certification, report, opinion or review rendered by the external auditor, the annual information form, and the related management's discussion and analysis and press release.

(3) Review and approve any other press releases that contain material financial information and such other financial information of the Company provided to the public or any governmental body as the Committee requires.

(4) Satisfy itself that adequate procedures have been put in place by management for the review of the Company's public disclosure of financial information extracted or derived from the Company's financial statements and the related management's discussion and analysis.

(5) Review any litigation, claim or other contingency and any regulatory or accounting initiatives that could have a material effect upon the financial position or operating results of the Company and the appropriateness of the disclosure thereof in the documents reviewed by the Committee.

(6) Receive periodically management reports assessing the adequacy and effectiveness of the Company’s disclosure controls and procedures.

(7) Review and approve the mandate of the Company’s disclosure committee.

(8) Review the Company’s disclosure committee’s quarterly reports to the Committee pertaining to the disclosure committee’s activities for the previous quarter.

B. Internal Control

(1) Review management’s process to identify and manage the significant risks associated with the activities of the Company.

(2) Review the effectiveness of the internal control systems for monitoring compliance with laws and regulations.

(3) Have the authority to communicate directly with the internal auditor, if applicable.

(4) Receive periodical management reports assessing the adequacy and effectiveness of the Company’s internal control systems.

(5) Assess the overall effectiveness of the internal control and risk management frameworks through discussions with management and the external auditors and assess whether recommendations made by the external auditors have been implemented by management.

C. Relationship with the External Auditor

(1) Recommend to the Board the selection of the external auditor and the fees and other compensation to be paid to the external auditor.

(2) Have the authority to communicate directly with the external auditor and arrange for the external auditor to be available to the Committee and the Board as needed.

(3) Advise the external auditor that it is required to report to the Committee, and not to management.

(4) Monitor the relationship between management and the external auditor, including reviewing any management letters or other reports of the external auditor, discussing any material differences of opinion between management and the external auditor and resolving disagreements between the external auditor and management.

(5) Review and discuss with the external auditor all critical accounting policies and practices to be used in the Company’s financial statements, all alternative treatments of financial information within generally accepted accounting principles that have been discussed with management, the ramifications of the use of such alternative treatments and the treatment preferred by the external auditor.

(6) Review any major issues regarding accounting principles and financial statement presentation with the external auditor and management, including any significant changes in the Company’s selection or application of accounting principles and any significant financial reporting issues and judgments made in connection with the preparation of the Company’s financial statements.

(7) If considered appropriate, establish separate systems of reporting to the Committee by each of management and the external auditor.

(8) Review and discuss on an annual basis with the external auditor all significant relationships they have with the Company, management or employees that might interfere with the independence of the external auditor.

(9) Pre-approve all non-audit services to be provided by the external auditor, or delegate such pre-approval of non-audit services to the Chair of the Committee; provided that the Chair shall notify the Committee at each Committee meeting of the non-audit services they approved since the last Committee meeting.

(10) Review the performance of the external auditor and recommend any discharge of the external auditor when the Committee determines that circumstances warrant.

(11) Periodically consult with the external auditor out of the presence of management about (a) any significant risks or exposures facing the Company, (b) internal controls and other steps that management has taken to control such risks, and (c) the fullness and accuracy of the financial statements of the Company, including the adequacy of internal controls to expose any payments, transactions or procedures that might be deemed illegal or otherwise improper.

(12) Review and approve any proposed hiring of current or former partners or employees of the current (and any former) external auditor of the Company.

D. Audit Process

(1) Review the scope, plan and results of the external auditor's audit and reviews, including the auditor's engagement letter, the post-audit management letter, if any, and the form of the audit report. The Committee may authorize the external auditor to perform supplemental reviews, audits or other work as deemed desirable.

(2) Following completion of the annual audit and quarterly reviews, review separately with each of management and the external auditor any significant changes to planned procedures, any difficulties encountered during the course of the audit and, if applicable, reviews, including any restrictions on the scope of work or access to required information and the cooperation that the external auditor received during the course of the audit and, if applicable, reviews.

(3) Review any significant disagreements among management and the external auditor in connection with the preparation of the financial statements.

(4) Where there are significant unsettled issues between management and the external auditor that do not affect the audited financial statements, the Committee shall seek to ensure that there is an agreed course of action leading to the resolution of such matters.

(5) Review with the external auditor and management significant findings and the extent to which changes or improvements in financial or accounting practices, as approved by the Committee, have been implemented.

(6) Review the system in place to seek to ensure that the financial statements, management's discussion and analysis and other financial information disseminated to regulatory authorities and the public satisfy applicable requirements.

E. Financial Reporting Process

(1) Review the integrity of the Company's financial reporting processes, both internal and external, in consultation with the external auditor.

(2) Monitor and review the effectiveness of the Company's internal audit function, including ensuring that any internal auditors have adequate monetary and other resources to complete their work and appropriate standing within the Company and, if the Company has no internal auditors, consider, on an annual basis, whether the Company requires internal auditors, report to the Board on the internal auditors' performance and make related recommendations to the Board.

(3) Review all material balance sheet issues, material contingent obligations and material related party transactions.

(4) Review with management and the external auditor the Company's accounting policies and any changes that are proposed to be made thereto, including all critical accounting policies and practices used, any alternative treatments of financial information that have been discussed with management, the ramification of their use and the external auditor's preferred treatment and any other material communications with management with respect thereto. Review the disclosure and impact of contingencies and the reasonableness of the provisions, reserves and estimates that may have a material impact on financial reporting.

F. Other

(1) Inform the Board of matters that may significantly impact on the financial condition or affairs of the business.

(2) Review the public disclosure regarding the Committee required from time to time by NI 52-110.

(3) Review in advance, and approve, the hiring and appointment of the Company's Chief Financial Officer.

(4) Establish and oversee the effectiveness of procedures for the receipt, retention and treatment of complaints regarding accounting, internal accounting controls or auditing under the Company's whistleblower policy.

(5) Perform any other activities as the Committee or the Board deems necessary or appropriate.

6. Independent Advice

In discharging its mandate, the Committee shall have the authority to retain, at the expense of the Company, special advisors as the Committee determines to be necessary to permit it to carry out its duties.

7. Annual Evaluation

At least annually, the Committee shall, in a manner it determines to be appropriate:

(1) Perform a review and evaluation of the performance of the Committee and its members, including the compliance of the Committee with this Charter.

(2) Review and assess the adequacy of this Charter and recommend to the Board any improvements to this Charter that the Committee believes to be appropriate.

8. No Rights Created

This Charter is a broad policy statement and is attended to be part of the Committee's flexible governance framework. While this Charter should comply with all applicable law and the Company's constating documents, this Charter does not create any legally binding obligations on the Committee, the Board, any director or the Company.

CERTIFICATE OF THE ISSUER AND THE PROMOTER

Dated: December 4, 2019

This prospectus (which includes the marketing materials included or incorporated by reference) constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by the securities legislation of each of the provinces and territories of Canada.

ANDLAUER HEALTHCARE GROUP INC.

(Signed) "Michael Andlauer"	(Signed) "Peter Bromley"
Chief Executive Officer	Chief Financial Officer

On behalf of the Board of Directors
of Andlauer Healthcare Group Inc.

(Signed) "Peter Jelley"	(Signed) "Andrew Clark"
Director	Director

ANDLAUER MANAGEMENT GROUP INC.
(as Promoter)

(Signed) "Michael Andlauer"

Chief Executive Officer

CERTIFICATE OF THE UNDERWRITERS

Dated: December 4, 2019

To the best of our knowledge, information and belief, this prospectus (which includes the marketing materials included or incorporated by reference) constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by the securities legislation of each of the provinces and territories of Canada.

RBC DOMINION SECURITIES INC.

(Signed) "Matthew Pittman"

CIBC WORLD MARKETS INC.

(Signed) "Jerome Julier"

BMO NESBITT BURNS INC.

(Signed) "Craig King"

NATIONAL BANK FINANCIAL INC.

(Signed) "Colin Ryan"

SCOTIA CAPITAL INC.

(Signed) "Rob Sainsbury"

TD SECURITIES INC.

(Signed) "Ryan Quirt"

GMP SECURITIES L.P.

(Signed) "Paul Bissett"

INFOR FINANCIAL INC.

(Signed) "Greg Lewis"

WELLINGTON-ALTUS PRIVATE WEALTH INC.

(Signed) "Trevor Coates"


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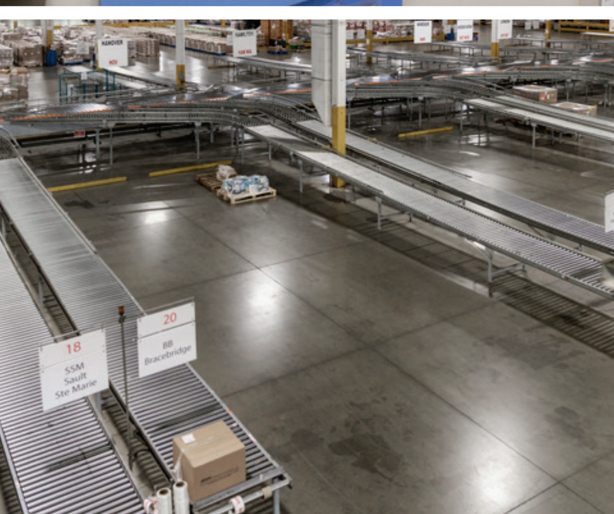
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