

October 20, 2021

# Quipt Home Medical Corp. (QIPT)

## Initiating Coverage with a Buy Rating and \$7.50 PT

### Initiation of Coverage

- ▶ We are initiating coverage of Quipt Home Medical at Buy with a \$7.50 PT. Quipt (PKA Protech Home Medical) is a provider of home medical equipment (HME) focused on the faster growing category of home respiratory products. The company currently has 62 locations across 16 states serving a network of more than 19,000 referring physicians and ~150,000 active patients. In a nearly \$60B market that is growing more than 5% and highly fragmented, QIPT has established a 3-year revenue CAGR of 26% comprised of a disciplined M&A strategy and high-single digit organic growth. The company's 3-5 year objective calls for a similar trend line to reach \$250+M in revenue and a 25%+ EBITDA margin.
- ▶ **Accelerating market growth.** HME expenditures increased at a 10-year CAGR of 5% through 2018 and are expected to expand to 6.3% 2018-2028 (CMS). An aging population and a concomitant increase in chronic health conditions, technology supporting more in-home care, and individual preference are all market growth drivers.
- ▶ **Benign reimbursement outlook.** Until last year, the Medicare Competitive Bidding Program (CBP) had driven down Medicare reimbursement rates for several years. CMS elected to discontinue CBP beginning in 2021, and the Medicare rate outlook is now expected to be stable through 2024.
- ▶ **Higher growth, recurring revenue segments.** Respiratory therapy products and services are nearly 80% of Quipt's book, which the company believes has a high-single digit market growth profile. About 75% of revenue is recurring through a combination of rental and resupply revenue.
- ▶ **Leverageable technology platform.** QIPT has built an end-to-end technology platform that streamlines the order process from warehousing and delivery to patient onboarding and revenue cycle management. Higher efficiency enables a more price competitive offering, and the value-add services can expand the level of business with each referral source. The platform is also key to QIPT's ability to effectively integrate acquisitions.
- ▶ **Proven M&A strategy.** In this highly fragmented industry, M&A has been and is expected to remain Quipt's largest growth component. In F2021, Quipt completed 10 transactions adding total revenues of \$46.8M with Adj EBITDA of \$9.4M, accelerating the 2018-2020 pace. With nearly \$55M of available liquidity, Quipt is positioned to pursue more and larger deals going forward.
- ▶ **Valuation.** QIPT currently sells at a discount to the median valuation of a peer group of slower growing HME and services companies. At our PT of \$7.50, CY 2002 EV/EBITDA would be 8.1x, about in line with the peer group.

<b>Rating:</b>	<b>Buy</b>
Current Price	\$5.72
Price Target	\$7.50
52-Wk Range	\$4.40 - \$8.40
Shares Outstanding (M)	33.2
Market Cap (M)	\$191
Enterprise Value (M)	\$169
Avg Vol (30 day) (000s)	57
Net Debt (M)	-\$21.50
Sector Weight	Overweight



FY Sep		Q1	Q2	Q3	Q4	Total EV/EBITDA	EV/Rev
EBITDA	2020A	\$1.3A	\$4.2A	\$4.4A	\$4.2A	\$14.0A	12.1x
	2021E	\$5.1A	\$5.4A	\$5.3A	\$5.9E	\$21.7E	7.8x
	2022E	\$6.7E	\$7.0E	\$6.9E	\$7.1E	\$27.7E	6.1x
Revenue (m)	2020A	\$17.3A	\$17.9A	\$18.6A	\$18.1A	\$71.8A	2.4x
	2021E	\$22.8A	\$24.2A	\$26.2A	\$27.4E	\$100.7E	1.7x
	2022E	\$29.6E	\$30.4E	\$31.2E	\$32.0E	\$123.2E	1.4x

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- **Leverageable technology platform.** QIPT has built an end-to-end technology platform that streamlines the order process from warehousing and delivery to patient onboarding and training. Higher efficiency enables a more price competitive offering, and the value-add services can expand the level of business with each referral source. The platform is also key to QIPT's ability to effectively integrate acquisitions.
- **Proven M&A strategy.** In this highly fragmented industry, M&A has been and is expected to remain Quipt's largest growth component. In F2021, Quipt completed 10 transactions adding total revenues of \$46.8M with Adj EBITDA of \$9.4M, accelerating the 2018-2020 pace. Despite the stepped-up M&A pace in F2021 ytd, net operating CF was sufficient to fund nearly all of it. With almost \$55M of available liquidity, Quipt is positioned to pursue more and larger deals going forward.

## Home Medical Equipment and Therapy Market

The total HME market opportunity is nearly \$60B, up from ~\$40B in 2010, a CAGR of 4.3% (CMS). Going forward that CAGR is expected to increase to ~6% due to several trends:

- The 65-and-over population segment is expected to increase from ~56M currently to ~95M by 2060, a 1.8% CAGR (US Census Bureau).
- With aging also comes increasing incidence of chronic disease. In the U.S., 6 in 10 adults have one chronic condition and 4 in 10 have two or more (CDC).
- The combination of technological advances in remote patient monitoring and telehealth, improving clinical outcomes and patient preference are driving a greater proportion of care to the home setting. A catalyst for this trend (especially among seniors) has been COVID, increasing the reluctance to return to senior care facilities.

Quipt is focused on respiratory products and services, which encompasses nearly 80% of its book. The company believes that market growth rates in respiratory, including sleep, are high single digit. In sleep therapy, growth has accelerated with better diagnosis and an increasing shift of treatment to the home. Still, there's a long way to go -- of the estimated 25% of adults between the ages of 30 – 70 who have sleep apnea, 80% are undiagnosed (American Sleep Apnea Assn).

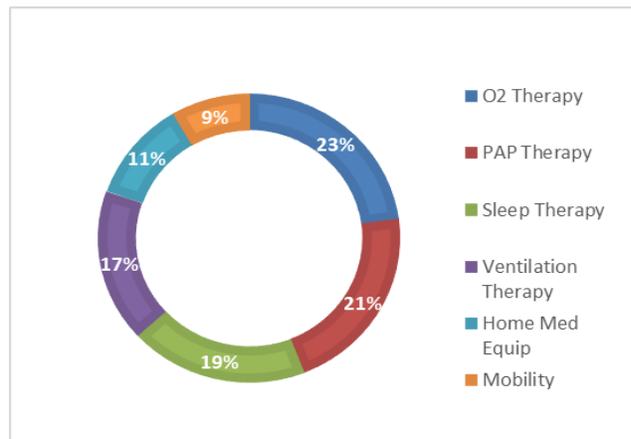
The HME market is also very fragmented, with more than 6,000 vendors nationally. There are a handful of large national providers (Lincare, Apria, Rotech, Adapthealth), several regional players and thousands of mom and pops. Quipt is among the regional players and M&A is an integral part of its growth strategy.

## Products and Services

Quipt focuses on respiratory equipment and supplies, which represents 80% of revenue and includes Oxygen Therapy, PAP Therapy, Sleep Therapy Supplies and Ventilation Therapy. The balance of revenue is generated in Home Medical Equipment and Mobility.

**Oxygen Therapy** is prescribed for individuals with low blood oxygen levels that are typically the result of respiratory trauma or chronic conditions such as COPD, pneumonia, asthma and congestive heart failure. Oxygen is delivered through compressed oxygen tanks, liquid oxygen and hyperbaric therapy. Revenue is typically ~90% from rental revenue. There is also some resupply, such as filters and tubes.

**PAP Therapy.** PAP (Positive Airway Pressure) Therapy is often prescribed for obstructive sleep apnea, a condition commonly found with other chronic illness, to allow patients to breathe easier and regularly during sleep. CPAP (continuous) and BiPAP (bilevel) machines have shelf lives of 3-5 years and are typically rented. To qualify for reimbursement from payers, Quipt must demonstrate patient compliance (i.e., regular machine utilization).

**Figure 2: Product Mix**

Source: Quipt

**Sleep Therapy.** This is Quipt's supply business and consists of CPAP machines and parts, as well as supplies such as tubing, filters, nasal and face cushions, masks, head gear and chin straps.

**Ventilation Therapy** is for patients with chronic respiratory failure or neuromuscular conditions that require mechanical assistance with breathing. The ventilation device requires the patient to wear a mask in order to help inflate the lungs and improve oxygen levels.

**Home Medical Equipment** consists of beds, walkers, wheelchairs, disposable supplies and other items to aid independent living at home. Most home medical equipment is purchased by the patient.

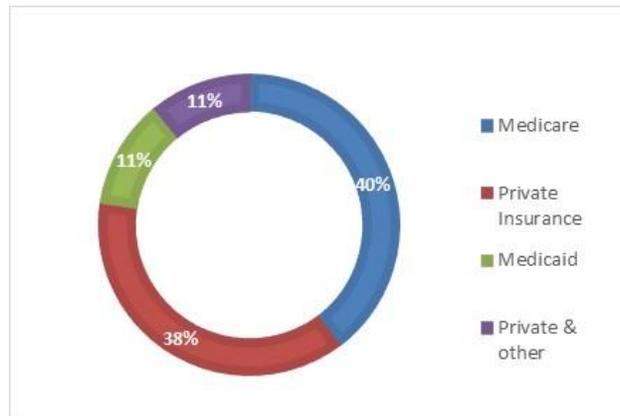
**Mobility** consists mainly of power mobility scooters that tend to be purchased by patients. This product line carries the company's lowest margins.

## Reimbursement

**Medicare reimbursement rate risk has been largely eliminated.** Until 2020, Medicare reimbursement levels for Durable Medical Equipment, Prosthetics, Orthotics and Supplies (DMEPOS) were set by a Competitive Bidding Program (CBP) established in 2010 to control inflation. The program led to dramatic declines in Medicare rates (50% in some categories) and contributed to a shrinkage of HME providers. Last year, with the onset of COVID, ventilation equipment was exempted from the CBP, and in October 2020, the CBP was ended for all categories except off-the-shelf back and knee braces. (Interestingly, CMS canceled the program because bids started to come in higher than the prior year as a result of the extreme declines during the prior decade.) In April, rates for oxygen therapy were increased 5%-11% (depending on location).

In addition to eliminating competitive bidding, CMS removed geographical restrictions that limited a supplier to "Competitive Bidding Areas" where it had previously won a competitive bidding process. Now, QIPT can pursue business in any city that is in a state where it has a Medicare license or acquires a company with one, opening up new market opportunities. This should enable Quipt to further gain market share.

With its increasing size, Quipt is gaining negotiating strength with payers and is focused on establishing national contracts. It is beginning its first with Aetna in Medicare Advantage. This can provide a basis for better price negotiations and also is helpful for the M&A effort.

**Figure 3: Payer Mix – 2020**

Source: The Benchmark Company, LLC

Reimbursement for renting and selling CPAP and BIPAP machines and related supplies requires demonstrating patient compliance and utilizes the machine regularly. (Quipt is reimbursed for the first three months regardless of patient compliance.) With its proactive patient service, Quipt averages 70%-80% patient compliance versus ~65% industry average, resulting in better overall reimbursement levels for the service.

## Growth Strategies

### Expand product and service lines

A key part of Quipt's organic growth strategy is to expand its array of products and services in each market to address a variety of chronic disease states including pulmonary, cardiac, sleep apnea and others that require clinical services in the home. Increasing breadth adds to growth in several ways: 1) provides the ability to supply multiple products and services to a given patient; 2) provides access to new sets of patients within a given market; 3) creates multiple touch points with referral sources, improving sales efficiency; and 4) adds scale to the local operation. Beyond different aspects of respiratory therapy, Quipt is considering expansion into other areas that have a significant clinical service component such as wound care and diabetes.

### Leverage technology

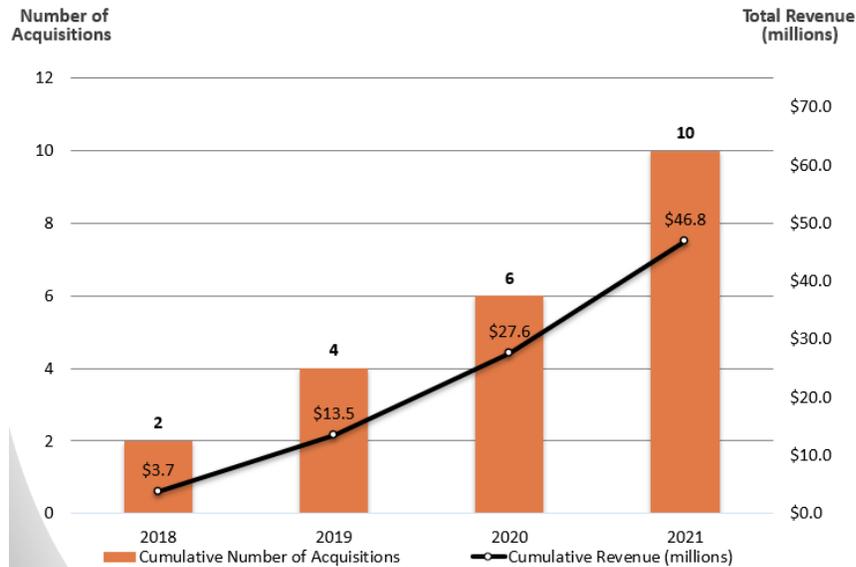
Quipt utilizes technology to operate more efficiently (improving price competitiveness) and to provide value add services that improve its share of a referral source's business. In terms of efficiency, Quipt's integrated technology provides rapid order processing, accurate inventory management, optimized route logistics, and effective revenue cycle management capabilities. The other side of its platform focuses on connected healthcare – utilizing telehealth and remote patient monitoring to provide benefits to patients (simplified health management, better patient compliance and outcomes) and payors/providers (monitor treatment plan effectiveness, drive early interventions, reduce hospitalizations and improve outcomes).

Technology also supports acquisition integration and generating incremental EBITDA. Quipt moves quickly to overlay its platform onto the acquiree's existing infrastructure, facilitating reporting and communication, followed by driving efficiencies in operations and back-office integration. While this level of technology platform is table stakes for the large, national players, we believe it is a differentiator among the regional competitors competing for the small players with more manual processes. Implementing Quipt's systems and processes can generate significant incremental EBITDA in the first year of acquisition.

**Pursue M&A**

M&A has been and is expected to remain Quipt’s largest growth component. As shown in Figure 4, Quipt already has completed 10 transactions this year adding total revenues of \$46.8M with Adj EBITDA of \$9.4M, accelerating the 2018-2020 pace. Despite the stepped-up M&A pace in F21 ytd, net operating CF was sufficient to fund nearly all of it. With almost \$55M of available liquidity, Quipt is positioned to pursue more and larger deals going forward. In addition, senior management was recently bolstered in this area with the hire of David Chester to lead the M&A and integration effort. Mr. Chester was previously Director of Acquisitions for one of the national HME companies.

**Figure 4: Acquisitions, 2018-2021YTD**



Source: Quipt

Quipt seeks companies with revenue of \$5M - \$20M+ with consistent EBITDA margins of 10%-20% (minimally on an adjusted basis). Target valuation range is 5x–7x EBITDA and 3x-4x on an adjusted basis. As shown in Figure 5, the average adjusted multiple on this year’s 10 transactions is 3.6x.

**Figure 5: Acquisition Profile 2021 YTD**

Acquired Company	Purchase Price	Revenue (TTM)	Adj EBITDA (TTM)	EV/Adj EBITDA
Coastal	\$0.6	\$3.1	\$0.7	0.9x
Riverside Medical	\$0.2	\$0.6	--	NM
Cooley Medical	\$3.0	\$6.8	\$1.2	2.5x
Acadia Med Supply	\$1.7	\$3.0	\$0.6	2.8x
Health Tech Resources	\$4.1	\$4.2	\$1.3	3.2x
SleepWell	\$11.0	\$9.9	\$2.5	4.4x
Mayhugh's Medical	\$4.5	\$5.5	\$0.9	5.0x
Various	\$4.2	\$5.5	\$0.6	7.0x
Various	\$2.3	\$5.5	\$1.1	2.0x
Various	\$2.0	\$2.7	\$0.5	3.9x
<b>TOTAL</b>	<b>\$33.5</b>	<b>\$46.8</b>	<b>\$9.4</b>	<b>3.6x</b>

*All amounts in millions*

Source: Quipt

Quipt achieves targeted EBITDA improvement by 1) immediately integrating its technology platform into the acquired company's infrastructure to improve reporting and communication among all divisions; 2) increasing the sales base through expanded product offerings when appropriate; 3) decreasing COGS through consolidated purchasing volume; 4) optimizing billing and collections; and 5) rationalizing payroll.

M&A strategy includes seeking: 1) regional density to build vertical integration and centralize shipping for better margins, and 2) enhancing/expanding product mix.

## Financial Analysis

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### Recent Results

For F3Q21, revenue rose 41% to \$26.2M, including organic growth of 7%. Unique patients served rose 74% y/y to 64,578. Inventory sold grew about in line with sales revenue. Opex improved as a percentage of revenue to 50.3%, down 50 bps y/y and 210 bps q/q, with substantial improvement in bad debt declining 200 bps to 8% of revenue. With the impact of ~\$400,000 for the NASDAQ listing in the quarter, Adj EBITDA of \$5.34M was 20.4% of revenue, vs 23.7% a year ago and 22.2% in F2Q.

### F2021 Forecast

For F2021 (ended 9/30), we model revenue of \$100.7M, up 40% y/y with organic growth of 7%. We look for Adj EBITDA of \$21.8M, a 21.6% margin, up 210 bps from last year's COVID-impacted level. In 2020, COVID negatively impacted business in two ways: 1) sales force efforts were constrained at times when physician offices were not seeing vendors, and 2) orders were reduced due to fewer doctor visits such as sleep specialists who refer sleep apnea patients and procedures that drive referrals for orthotics and mobility products. The company had very few "Covid" patients; ventilators and related equipment remained strong but did not spike. Importantly, demand for ventilation equipment has not waned as COVID cases have begun to moderate this year.

### F2022 Forecast

For F2022, we model revenue of \$123.1M, up 22% y/y with organic growth of 7.5% and the balance from the incremental impact of acquisitions already completed. Based on the active M&A pipeline, we expect meaningful upside to this outlook. We model Adj EBITDA of \$27.7M, with a 90 bps improvement in margin as this year's acquisitions are optimized and scale economies are realized.

## Financial Condition

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As of June 30, cash on hand totaled \$30.6M, up from \$29.2M on September 30, 2020. In June 2020, the company raised gross proceeds of CAD\$31.8M in a unit deal consisting of one common share and one-half of one common share purchase warrant. Availability on the LOC is \$20M. There are also CAD\$11.6M of convertible debentures that are expected to be converted in early 2022.

In the nine months ended June 30, net cash flow from ops totaled \$11.9M, up 23% y/y and nearly sufficient to fund PP&E and M&A investing of \$12.6M. The company utilized \$10.6M in proceeds from warrant exercises to repay \$10.4M of LT debt.

## Valuation

As shown in Figure 6, CY2022E EV/EBITDA currently is 6.0x, a discount to the median valuation of a peer group of slower growing HME and services companies. At our PT of \$7.50, EV/EBITDA would be 8.1x, about in line with the peer group.

**Figure 6: Comparable Valuation**

	Ticker	FY	Price 10/19/2021	MV (\$ Mils)	EV (\$ Mils)	EV/ 21 Rev	EV/ 22 Rev	EV/21 EBITDA	EV/22 EBITDA
<b>Quipt Home Medical (b)</b>	<b>QIPT</b>	<b>Sep</b>	<b>\$5.72</b>	<b>192</b>	<b>170</b>	<b>1.6x</b>	<b>1.3x</b>	<b>7.3x</b>	<b>6.0x</b>
AdaptHealth Corp	AHCO	Dec	\$25.21	3,300	4,995	2.1x	1.8x	8.8x	7.6x
Apria, Inc.	APR	Dec	\$34.58	1,205	1,446	1.3x	1.2x	6.4x	5.7x
Option Care Health	OPCH	Dec	\$23.76	4,283	5,345	1.6x	1.5x	19.1x	17.1x
Pennant Group	PNTG	Dec	\$25.43	730	1,076	2.5x	2.2x	25.2x	20.7x
Savaria Corp. (a)	SIS-CA	Dec	\$19.40	1,246	1,158	1.8x	1.5x	11.2x	9.0x
Viemed Healthcare (a)	VMD-CA	Sep	\$7.02	278	250	1.8x	1.6x	8.0x	6.5x
Peer Group Median						1.8x	1.5x	10.0x	8.3x
Peer Group Mean						1.8x	1.6x	13.1x	11.1x

(a) In CAD (b) calendarized

Source: Factset, The Benchmark Company, LLC

## Risk Factors

### Competition

Quipt competes with larger companies with greater financial resources and/or a longer operating history. The attractive growth and margin profile of the HME sector could lead to increased competition. The inability to effectively compete for referral sources and new patients could adversely impact Quipt's outlook.

### Reimbursement

Medicare reimbursement is currently benign, but that could change if HME inflation were to again trigger a program like competitive bidding. Also, 38% of revenue is from third party payers who may attempt to negotiate lower rates.

### Suppliers

Supplier concentration is fairly high for certain types of HME, leaving Quipt vulnerable to shortages and recalls. In June 2021, Philips Respironics announced a voluntary recall of certain respiratory devices. Fortunately, Philips is a small percentage of this category for Quipt, which was able to work with alternative suppliers to avoid a material impact on their business.

### Personnel

Given the currently tight labor market, Quipt could encounter difficulties retaining and hiring staff.

**COVID-19**

COVID-19 could have a material adverse impact on Quipt's operations and financial results, including through employee attrition, disruptions to supply chains and sales channels, and changes in the number of Americans with health insurance resulting in a change in demand for Quipt's products.

**Regulation**

Certain future revenue will depend on Quipt receiving approval of an independent diagnostic testing facility and entering into an agreement with Medicare. There could also be legislative action that could adversely affect Quipt, including changes in federal or state laws, rules, and regulations, such as corporate practice of medicine, and fee splitting; and changes in the United States Anti-Kickback Statute and Stark Law.

**Management**

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Senior management brings strong operational and M&A experience to Quipt, in our view. In addition, insiders hold over 10% of the shares on a fully diluted basis.

Chairman, CEO and President Greg Crawford has 26 years of experience in HME. He joined Quipt in 2016 when it acquired Patient-Aids. Mr. Crawford started with Patient-Aids in 1994, becoming a partner in 1997 and sole owner in 2004. During his tenure as owner, he oversaw ~25% annual revenue growth, and from 2013-2015, Patient-Aids more than doubled revenue and quadrupled EBITDA with five acquisitions.

CFO Hardik Mehta joined Quipt in 2018. Previously he was a principal with Silverstone Capital Advisors and has been involved with more than 30 M&A and funding transactions. He is supported by Thomas Roehrig, EVP Finance, who has 30 years of experience in public company financial reporting.

**Figure 7: Income Statement Analysis**

<i>In mil's USD (except per shr) YE 9/30</i>	2019(a)	2020(a)	1Q21	2Q21	3Q21	4Q21E	2021E	1Q22E	2Q22E	3Q22E	4Q22E	2022E	1Q23E	2Q23E	3Q23E	4Q23E	2023E
<b>Revenue</b>																	
Equipment & Supplies Sales	25.34	31.05	10.40	10.40	12.49	13.00	46.29	13.20	13.50	13.75	14.00	54.45	14.30	14.50	14.80	15.00	58.60
Equipment Rental	32.93	40.75	12.40	13.84	13.75	14.40	54.39	16.39	16.92	17.44	17.96	68.71	18.46	19.08	19.62	20.28	77.45
<b>Total Revenue</b>	<b>58.28</b>	<b>71.80</b>	<b>22.80</b>	<b>24.24</b>	<b>26.24</b>	<b>27.40</b>	<b>100.68</b>	<b>29.59</b>	<b>30.42</b>	<b>31.19</b>	<b>31.96</b>	<b>123.16</b>	<b>32.76</b>	<b>33.58</b>	<b>34.42</b>	<b>35.28</b>	<b>136.05</b>
Inventory sold	22.60	19.33	6.10	6.10	7.75	7.70	27.65	8.15	8.20	8.75	8.95	34.05	9.15	9.40	9.65	9.90	38.10
Operating expenses	43.53	38.07	11.50	12.70	13.20	13.70	51.10	14.64	15.06	15.44	15.82	60.96	15.96	16.35	16.69	17.04	66.05
Depreciation	13.37	13.46	3.10	3.60	4.30	4.50	15.50	4.50	4.50	4.50	4.50	18.00	5.50	5.50	5.50	5.50	22.00
Amortization of intangibles	0.60	0.70	0.21	0.34	0.46	0.50	1.51	0.60	0.60	0.60	0.60	2.40	0.30	0.30	0.30	0.30	1.20
SBC	2.06	0.21	0.02	0.01	1.60	0.50	2.13	0.50	0.50	0.50	0.50	2.00	0.50	0.50	0.50	0.50	2.00
Other	3.42	-1.77	0.03	0.01	0.06	0.00	0.10	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
EBIT	-27.3	1.8	1.8	1.5	-1.1	0.5	2.7	1.2	1.6	1.4	1.6	5.7	1.4	1.5	1.8	2.0	6.7
Interest & Other Expense/(Income)	5.38	1.31	0.53	0.61	0.52	0.60	2.26	0.60	0.60	0.60	0.60	2.40	0.00	0.00	0.00	0.00	0.00
Loss (gain) of FV of liabilities, converts	-1.13	2.63	1.09	13.29	-7.43												
Income Before Taxes	-31.56	-2.14	0.23	-12.43	5.79	-0.10	-6.51	0.59	0.96	0.80	0.99	3.35	1.36	1.53	1.78	2.04	6.71
Provision for Income Taxes	0.27	0.14	0.00	0.12	-0.54	0.12	-0.30	0.12	0.12	0.12	0.12	0.48	0.12	0.12	0.12	0.12	0.48
Net income/(loss) continuing ops	-31.82	-2.27	0.23	-12.55	6.33	-0.22	-6.21	0.47	0.84	0.68	0.87	2.87	1.24	1.41	1.66	1.92	6.23
Net income Discontinued, gain on sale	1.76	-0.92	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Diluted Weighted Avg Shares	82.86	22.72	28.31	29.24	33.75	34.00	31.33	34.00	34.00	34.00	34.00	34.00	34.50	34.50	34.50	34.50	34.50
Diluted EPS continuing ops	\$ (0.38)	\$ (0.10)	\$ 0.01	\$ (0.43)	\$ 0.19	\$ (0.01)	\$ (0.24)	\$ 0.01	\$ 0.02	\$ 0.02	\$ 0.03	\$ 0.08	\$ 0.04	\$ 0.04	\$ 0.05	\$ 0.06	\$ 0.18
EBITDA	-13.60	13.74	5.11	5.36	3.65	5.38	19.50	6.17	6.54	6.38	6.57	25.67	7.04	7.21	7.46	7.72	29.43
Stock-based comp	2.06	0.28	0.02	0.01	1.60	0.50	2.13	0.50	0.50	0.50	0.50	2.00	0.50	0.50	0.50	0.50	2.00
Acquisition-related	0.00	0.00			0.09		0.09					0.00					0.00
<b>Adj EBITDA</b>	<b>10.66</b>	<b>14.02</b>	<b>5.13</b>	<b>5.37</b>	<b>5.34</b>	<b>5.88</b>	<b>21.72</b>	<b>6.67</b>	<b>7.04</b>	<b>6.88</b>	<b>7.07</b>	<b>27.67</b>	<b>7.54</b>	<b>7.71</b>	<b>7.96</b>	<b>8.22</b>	<b>31.43</b>
<b>Margins</b>																	
Inventory sold/Revenue	38.8%	26.9%	26.8%	25.2%	29.5%	28.1%	27.5%	27.5%	27.0%	28.1%	28.0%	27.6%	27.9%	28.0%	28.0%	28.1%	28.0%
Opex/Revenue	74.7%	53.0%	50.4%	52.4%	50.3%	50.0%	50.8%	49.5%	49.5%	49.5%	49.5%	49.5%	48.7%	48.7%	48.5%	48.3%	48.5%
Depreciation/Revenue	22.9%	18.7%	13.6%	14.9%	16.4%	16.4%	15.4%	15.2%	14.8%	14.4%	14.1%	14.6%	16.8%	16.4%	16.0%	15.6%	16.2%
Adj EBITDA	18.3%	19.5%	22.5%	22.2%	20.4%	21.5%	21.6%	22.5%	23.2%	22.1%	22.1%	22.5%	23.0%	23.0%	23.1%	23.3%	23.1%
<b>Yr/Yr Change</b>																	
<b>Revenue</b>																	
Equipment & Supplies Sales	-26.7%	22.5%	39.2%	38.7%	63.1%	54.3%	49.1%	26.9%	29.8%	10.1%	7.7%	17.6%	8.3%	7.4%	7.6%	7.1%	7.6%
Equipment Rental	-23.3%	23.7%	26.5%	33.1%	26.1%	49.3%	33.5%	32.1%	22.3%	26.8%	24.8%	26.3%	12.7%	12.8%	12.5%	12.9%	12.7%
<b>Total Revenue</b>	<b>-24.8%</b>	<b>23.2%</b>	<b>32.0%</b>	<b>35.4%</b>	<b>41.4%</b>	<b>51.6%</b>	<b>40.2%</b>	<b>29.8%</b>	<b>25.5%</b>	<b>18.8%</b>	<b>16.7%</b>	<b>22.3%</b>	<b>10.7%</b>	<b>10.4%</b>	<b>10.4%</b>	<b>10.4%</b>	<b>10.5%</b>
Adj EBITDA		31.6%	297.3%	29.4%	21.4%	40.7%	54.9%	30.2%	31.1%	28.8%	20.3%	27.4%	13.0%	9.4%	15.7%	16.2%	13.6%

(a) Estimated based on exchange rates for these periods.

Source: QIPT, The Benchmark Company, LLC

## Important Disclosures

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As of September 30, 2021

	All Covered Companies		Investment Banking Clients	
<b>Buy</b>	252	84%	75	25%
<b>Hold</b>	44	15%	1	0%
<b>Sell</b>	3	1%	0	0%

### Company Ratings

**Buy:** Stock is expected to outperform the analyst's defined Sector/Industry Index\* over the following 6 to 12 months.

**Hold:** Stock is expected to perform in-line with the analyst's defined Sector/Industry Index\* over the following 6 to 12 months.

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### Industry Ratings

**Overweight:** Analyst's defined Sector/Industry Index\* is expected to outperform the S&P 500 over the following 6 to 12 months.

**Market Weight:** Analyst's defined Sector/Industry Index\* is expected to perform in-line with the S&P 500 over the following 6 to 12 months.

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### Benchmark Disclosures as of October 20, 2021

Company	Disclosure
Quipt Home Medical Corp.	3

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QIPT currently sells at 6.1x CY2022E EV/EBITDA, a discount to the median valuation of a peer group of slower growing HME and services companies. At our PT of \$7.50, EV/EBITDA would be 8.1x, about in line the peer group.

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**QIPT Rating History**  
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