Roll-Up of Addiction Treatment Centers in the US Market

Investor Presentation – May 2015
The Overall Market is Large and Growing

- An estimated 30 million substance abuse, sex and gambling addicts in the US,
  - 3 million seeking recovery – many newly insured

- The multi-billion dollar addiction services industry continues to grow at a fast rate due to the Parity Act, expected at over 30% per year

- The trend in addiction among the youth is driving growth

- A highly fragmented, and localized market with an estimated 800,000 beds/seats currently serving the market

**Nationwide**

30 million people have substance abuse problems requiring treatment—Source: National Survey on Drug Use and Health

**California**

The Supreme Court ordered reduction in prison populations by December 31, 2013. One strategy is to release non-violent drug offenders to rehab programs.

**Los Angeles County**

There are more than 25,000 people attending AA meetings weekly, and almost 100,000 drug and alcohol hospital admissions annually.
Two New Factors Are Driving Payments for Treatment

2011: $7B US Market for Addiction Treatment Services

Factor 1: Parity Act: US Congress forces health insurance coverage for addiction treatment (at parity with physical illnesses)

Factor 2: ObamaCare: Starting In 2014, 8,000,000 additional Americans obtained health insurance, with another 20,000,000 expected to follow

Favorable Macro Economic Factors Drive 30% Market Growth:
Over 3 million people will seek addiction insurance-covered treatment services
Current Operations
Hollywood, California BLVD Treatment Center

First Acquisition: Outpatient Center

Opened for limited operations (partially licensed and certified): June 2014

Opened for full operations (JAICO and DHCS certified): November 2014

Capacity: 100 patients
5 group rooms
2 one-on-one rooms
2 outdoor patios

Operations: Day program, up to 4 groups per day; 9:30 am to 4:30 pm
Night program, up to 3 groups; 5:00 pm to 9:00 pm

Current Revenues: $6,000,000
Current Operational EBITDA Margins: 35%
West Los Angeles, California BLVD Treatment Center

Second Acquisition: Outpatient Center

Opened for limited operations (partially licensed and certified): Estimated June 2015

Opened for full operations (JAICO and DHCS certified): Estimated September 2015

Capacity: 125 patients
6 group rooms
3 one-on-one rooms
2 outdoor patios

Operations: Day program, up to 4 groups per day; 9:30 am to 4:30 pm
Night program, up to 3 groups; 5:00 pm to 9:00 pm
ONE ON ONE THERAPY ROOM
Yoga and Meditation Room
Roll-Up Plan
Three Step Plan to Revenue and Profit Growth

Step #1: Acquisition

• Acquisition of several types of treatment centers in several cities in the US
• Retain clinical staff and marketing relationships
• Acquire small, local businesses for multiple of trailing 12-months profits
• All acquisitions will be accretive at closing; immediately increasing EPS

Step #2: Refer Between Brands (Cross-sell)

• Offer patients the full spectrum of treatment within the city
• Move patients from detox all the way to aftercare; increase revenue per patient significantly while reducing patient acquisition costs
• Nationwide scale can offer patients aftercare in several cities as they travel/move for minimal costs

Step #3 Upgrade and ReBrand Centers

• Brand toward youthful look and AWAY from clinical look
• Introduce hospitality services
• Professionalize sales and marketing team
• Nationwide advertising and internet-based market
Large Region Offering Profile:

- Acquire TWO 10-20 bed detox centers
- Acquire TWO 18-24 bed residential centers
- Acquire TWO 100 patient capacity outpatient centers
- Acquire ONE large aftercare community center
- Acquire ONE large criminal justice re-education center

Capture all revenues as patients move through the spectrum of treatment; offer services to the same patient in different cities

$200 million Revenue Plan

Scale to Nationwide Coverage...
...with Full Spectrum of Treatment Services...

<table>
<thead>
<tr>
<th>Intervention</th>
<th>Detox Services</th>
<th>Residential Treatment</th>
<th>Outpatient Treatment</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>First point of entry for a patient, generally in a hospital</td>
<td>11-90 days</td>
<td>61-365 days</td>
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<tr>
<td></td>
<td>0-10 days</td>
<td>$1000-$2500 per day</td>
<td>$300-$1500 per day</td>
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<tr>
<td></td>
<td>$2500-$5000 per 24 hour period</td>
<td>Hotel-like setting, a facility generally houses 12-20 patients</td>
<td>Daytime club-like setting; 50-70 patients per center</td>
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<td></td>
<td>24 hour medical supervision to purge the body of intoxicating or addictive substances</td>
<td>Patients attend group therapy, one-on-one therapy, and addiction education</td>
<td>Patient attends aftercare group therapy, one-on-one therapy, and addiction education</td>
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<td></td>
<td>Generally, the patient is bed-ridden or on sedatives</td>
<td>8-12 patients per group</td>
<td>The patient has “graduated” from the residential program and is typically staying at a sober living facility or a safe, sober home environment</td>
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<td>Little interaction, mostly medical intervention</td>
<td>All within the setting of a large home or facility where the patient does not have to leave the premise</td>
<td>The patient comes to the center at 10 am and departs at 5 pm with 8-15 patients per group, 3 groups per day and meals included</td>
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</tbody>
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Convalo owns BLVD Centers
...And a Brand Desired by the Patient

Five Point Post Acquisition Re-Branding Organic Growth Plan

1. Build-out new luxury location within close proximity to current, clinical office location – move all patients to the new center;
2. Secure highest level of facility licensing to accept all types of patients and charge highest possible rates;
3. Re-brand the location to young adults, including internet-based marketing approach;
4. Expand marketing relationships in the referral marketplace by hiring marketing/sales team;
5. Retain owner, clinical staff and revenues/profits.

Organic Growth Plan – Second Prong: Increase Patient Admissions by 5X and Increase length of stay by 3X
Pipeline and Results to Date

Pipeline

• Targeting over 1000 small, clinically focused treatment centers in the US (of 16,000)
• Convalo plans to acquire up to 20 companies in 5 cities
• 2015 plan: 4 additional centers identified as acquisition targets – currently operating one center in Hollywood, CA

Results from First Acquisition ReBranding

Hollywood center revenues have increased more than 793% in 9 months from three factors:

1. Increased rate per patient because of higher status of licensing at the new facility
2. Increased total patient enrollment by 100% because of expanded marketing/rebranding and hiring sales team
3. Increased time of stay per each patient because of improved location and luxury social club-like atmosphere
Management and Board

Michael Dalsin – Chairman and CEO; Chairman and former CEO of Patient Home Monitoring (TSXV:PHM). Former Managing Director, Stanmore Capital, a healthcare services investment group founded in 2002; BA University of Wisconsin.

Roger Greene – Executive Director, Vice Chairman of Patient Home Monitoring (TSXV:PHM). Former Managing Director, Stanmore Capital, a healthcare services investment group founded in 2002; AB Harvard College, JD Harvard University

**Current Capital Structure**

**Ticker:** CXV (on the TSXV)

**Cash on Hand:** Approximately $30 million  
**Shares Outstanding:** Approximately 160,000,000

**Warrants Outstanding:** 33 million warrants at $0.20 due February 2016; $6.6 million in additional cash

42 million warrants at $0.50 due in early October, 2015; $21 million in additional cash

**Insider holdings:** Approximately 30,000,000 shares

**Listed (trading):** February 17, 2015 with significant liquidity since listing