



Healthcare Industry Highlights

August 25th, 2022



INTRODUCING DAVID KIDECKEL...



David Kideckel
Principal

Last month, I joined Origin as a Principal, stepping into a team that has been providing creative and thoughtful strategic transaction solutions for more than a decade. In my new role, I'm excited to be working in healthcare and life sciences alongside Cathy Steiner, using our independent North American M&A and corporate finance platform to deliver transaction solutions tailored to the specific needs of each client.

In this post-COVID world, healthcare, life sciences and cannabis companies are facing a shifting landscape. In biotech, the XBI & IBB biotech indexes are down, respectively, 23% and 18% year to date, reflecting less demand for development stage, pre-revenue investments in the face of so much change. While this may be transitory, it could also represent a shifting sentiment within biotech, towards less risky assets. Whether the shift is transitory or longer term, I look forward to working with pharmaceutical and biotech companies to navigate the changing environment.

An area I'm excited about is precision-based medicine – using a patient's own DNA or biological make-up to manufacture precise medicines specific to the individual. Bristol Myers Squibb recently acquired precision oncology company Turning Point Therapeutics in a US\$4.1 billion all-cash transaction, representing a 123% premium to Turning Point's last closing price. This transaction has the potential to be precedent-setting, driving greater deal flow in biotech and earlier stage drug development opportunities.

In another notable transaction earlier this year, Pfizer paid US\$6.7 billion to acquire Arena Pharmaceuticals, a developer of novel treatments for immune-inflammatory diseases. Hidden in the details of this transaction was Arena's promising R&D program focusing on cannabinoid-derived pharmaceuticals. Granted, this wasn't the sole motivator for Pfizer's big bet, but the deal does speak to its potential. That potential was highlighted last year in Jazz Pharmaceuticals' acquisition of British-based world leader in cannabinoid-derived pharmaceuticals, GW Pharmaceuticals, for total consideration of US\$7.2 billion.

These are exciting times for all of us in healthcare, life sciences and cannabis and I'm looking forward to exploring how Origin's healthcare team can assist.



HEALTHCARE SERVICES

- On August 18th, **MedSpa Partners (“MedSpa”)**, the Canada-based operator of medical aesthetics clinics, backed by **Persistence Capital Partners**, announced its acquisition of Florida-based **Ageless Medical** for an undisclosed amount. This acquisition furthers Medspa’s efforts to become North America’s premier medical aesthetics platform
- On August 16th, **the Pennant Group Inc. (“Pennant”)**, a US-based company that provides healthcare services through 94 home health and hospice agencies and 49 senior living communities, announced it has acquired the assets of **Ardent Hospice and Palliative Care**, a San Diego-based company that provides hospice and home health services. Terms were not disclosed. This acquisition opens the door to new service areas and further strengthens Pennant’s presence in San Diego
- On August 16th, **LHC Group (“LHC”)**, a national provider of in-home healthcare services and innovations for communities around the US announced that it has agreed to acquire Georgia-based home health provider, **Three Rivers Home Health**, for an undisclosed amount. The deal covers nine locations, expanding LHC’s service footprint in the state
- On August 12th, **Chartwell Retirement Residences**, an open-ended real estate trust which indirectly owns and operates a complete range of seniors housing communities, has entered into agreements to transition its ownership of two long term care homes in British Columbia with 264 beds to **AgeCare Health Services Inc.** and **Axiom Infrastructure Inc.**, an independent portfolio management firm, for \$153.9 million
- On August 12th, **Humana Inc. (“Humana”)**, a for-profit American health insurance company based in Louisville, Kentucky., announced that it will acquire substantially all of the assets of **Inclusa, Inc. (“Inclusa”)**, a Managed Care Organization in Wisconsin that provides long-term care services and support to approximately 16,600 older adults and adults with disabilities through the state’s Family Care program. Terms were not disclosed. The acquisition of Inclusa follows Humana’s 2020 acquisition of Wisconsin health care company iCare and will further increase the number of Medicaid recipients served by Humana
- On August 4th, **Rx Sidecar IV, L.P.**, an affiliate of Canadian private equity firm, **Persistence Capital (collectively, “PCP”)** announced its acquisition of 435,000 common shares via a private agreement of **Neighbourly Pharmacy Inc.**, Canada’s largest and fastest growing network of independent pharmacies. With this acquisition, PCP’s interest in Neighbourly Pharmacy increased to ~50.6% of the issued and outstanding common shares. PCP acquired the shares from a single seller at a purchase price of \$21 per share for an aggregate price of \$9,135,000
- On July 27th, **Palm Medical Centers**, a Florida-based MBF Healthcare Partners II, L.P. portfolio company providing comprehensive and affordable healthcare services to seniors, announced that it has reached an agreement to purchase the assets of **Trinity Family Health Care Center** for an undisclosed amount. The facility will become Palm Medical Centers’ 23rd location in Florida

Key Indicators

<i>In \$CAD millions</i>	Market		TEV/Revenue		TEV/EBITDA		Price % of 52-Week High
	Cap	TEV	2022E	2023E	2022E	2023E	
dentalcorp Holdings Ltd.	2,014.6	3,167.5	2.5x	2.1x	13.7x	11.0x	58.4%
Neighbourly Pharmacy Inc.	967.1	1,079.1	1.6x	1.2x	15.0x	9.7x	54.5%
Akumin Inc.	220.7	2,323.3	2.3x	2.2x	11.2x	10.0x	54.3%
CareRx Corporation	174.6	300.1	0.8x	0.8x	9.2x	7.7x	57.1%
Average			1.8x	1.6x	12.3x	9.6x	56.1%



OMNICHANNEL HEALTHCARE & DIGITAL HEALTH

- On August 22nd, shares of **Signify Health**, a leading, US-based healthcare platform that creates and powers value-based payment programs, skyrocketed more than 36% on news that **Amazon**, **CVS** and **UnitedHealth Group** are competing to acquire the company
- On August 19th, **LEAA Health Technologies Corp.**, a Vancouver-based company that operates exclusively in the US to offer medical services in the comfort of patients' homes, announced it has filed a preliminary prospectus for a proposed initial public offering for gross proceeds of up to \$5.0 million.
- On August 10th, **Availity**, a US-based health information network, announced plans to acquire **Diameter Health**, which develops technology for clinical data quality and interoperability. Terms were not disclosed. Combining Diameter's capabilities with Availity's is expected to better enable health plans, providers and partners to acquire and streamline clinical data acquisition through a broad network of providers, vendors and partners
- On August 10th, **LifeWorks**, a Toronto-based provider of comprehensive mental health, digital and in-person total wellbeing solutions, announced an agreement with **Cover-More Group** to acquire **Benestar**, an employee assistance program and workplace wellbeing provider in Australia and New Zealand, for an undisclosed amount. The transaction will allow Benestar's customers to enhance the organizational resiliency of their businesses through access to LifeWorks suite of services
- On August 3rd, **Braxia Scientific Corp. ("Braxia")**, a leader in the treatment and research of mental health conditions, announced it has acquired 100% of the issued and outstanding stock of **KetaMD, Inc.**, a US-based, privately-held, telemedicine company, with a mission to address mental health challenges via access to technology-facilitated ketamine-based treatments. This provides Braxia the opportunity to offer patients both in-person and digital telehealth ketamine treatments
- On July 28th, **Becton, Dickinson ("BD")**, a US-based multinational medical technology company, announced it has acquired **MedKeeper**, a provider of cloud-based pharmacy management applications, for an undisclosed amount. MedKeeper's platform strategically complements BD's existing presence in the pharmacy and will become part of BD's existing portfolio of connected medication management capabilities

Key Indicators

In \$CAD millions	Market		TEV / Revenue		TEV / EBITDA		Price % of 52-Week High
	Cap	TEV	2022E	2023E	2022E	2023E	
WELL Health Technologies Corp.	843.5	1,233.6	2.2x	2.0x	12.0x	10.4x	45.1%
Dialogue Health Technologies Inc.	206.7	147.5	1.5x	1.1x	neg	neg	32.4%
Vitalhub Corp.	114.9	88.8	2.3x	2.0x	9.6x	8.3x	76.8%
CloudMD Software & Services Inc.	107.1	114.2	0.7x	0.7x	neg	nmf	19.0%
LifeSpeak Inc.	99.1	176.4	3.5x	2.6x	17.1x	8.2x	22.0%
MCI Onehealth Technologies Inc.	65.1	81.3	1.4x	1.2x	neg	36.3x	47.4%
Think Research Corporation	41.6	76.0	0.8x	0.7x	22.4x	7.8x	28.9%
Average			2.0x	1.6x	15.6x	13.2x	38.8%



PHARMACEUTICALS AND MED-TECH

- On August 16th, British multinational biopharmaceutical company, **GSK plc** completed its acquisition of **Affinivax, Inc.**, a US-based clinical-stage biopharmaceutical company which has pioneered the development of a novel class of vaccines. Under the terms of the agreement, the deal includes an upfront payment of US\$2.1 billion upon closing and two potential earnout payments of US\$0.6 million upon the achievement of certain pediatric clinical development milestones
- On August 10th, both US-based **Gemini Therapeutics, Inc.** and **Disc Medicine, Inc.** (“**Disc**”) announced they have entered into a definitive merger agreement to combine the companies in an all-stock transaction. The merger will create a publicly-listed, clinical-stage biopharmaceutical company focused on advancing Disc’s portfolio of hematology programs. Disc has secured US\$53.5 million in financing commitments from a syndicate of healthcare investors led by Access Biotechnology and including OrbiMed, Atlas Venture, 5AM Ventures, Novo Holdings A/S and others that is expected to close concurrent with the completion of the merger
- On August 9th, New Jersey headquartered **Catalent, Inc.** announced it has reached an agreement to acquire **Metrics Contract Services**, a full-service specialty Contract Development and Manufacturing Organization with a facility in Greenville, NC, for US\$475 million. Upon completion of the acquisition, Catalent will strengthen its capabilities in integrated oral solid formulation development, manufacturing, and packaging, while also expanding its capacity to handle highly potent compounds
- On August 8th, American multinational company **Pfizer** announced a definitive agreement to acquire **Global Blood Therapeutics, Inc.**, a San Francisco based biopharmaceutical company focusing on the discovery, development, and delivery of life-changing treatments for sickle cell disease. The terms of the acquisition include an all-cash transaction valued at US\$68.50 per share, for a total enterprise value of US\$5.4 billion
- On August 1st, **Transaction Data Systems** (“**TDS**”), a US-based leader in pharmacy software solutions, announced the completed acquisition of California-based **PrescribeWellness**, a market-leading patient relationship management company serving more than 15,000 pharmacies in the US, Canada, and Puerto Rico. The strategic addition is set to build on TDS’s capabilities of expanding its clinical opportunities and adherence programs across the combined pharmacy base
- On August 1st, US-based **CONMED Corporation** announced a definitive agreement to acquire **Biorez, Inc.**, a medical device start-up based in New Haven, CT focused on advancing the healing of soft tissue using its proprietary technology. The transaction is structured on a cash-free, debt-free basis, for upfront cash consideration of US\$85 million with up to an additional US\$165 million in growth-based earnouts over a four-year period

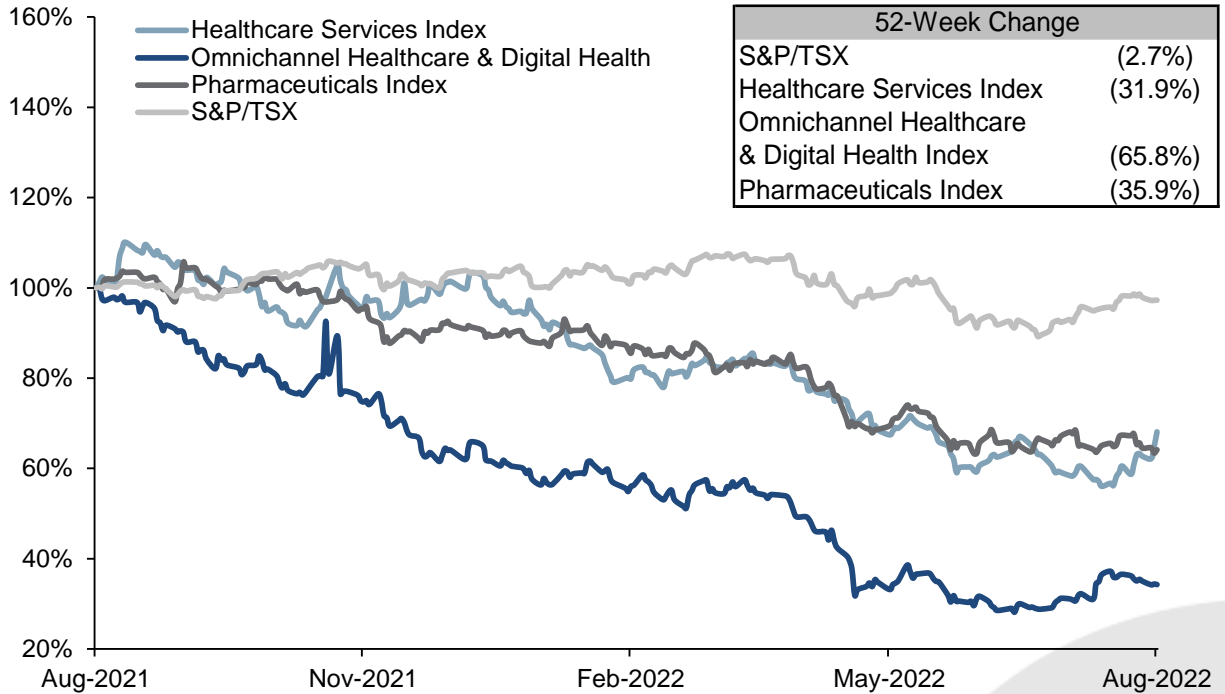
Key Indicators

<i>In \$CAD millions</i>	Market Cap	TEV	TEV / Revenue		TEV / EBITDA		Price % of 52-Week High
			2022E	2023E	2022E	2023E	
Bausch Health Companies Inc.	2,474.2	24,575.2	2.3x	2.2x	6.2x	5.7x	18.3%
Knight Therapeutics Inc.	661.4	552.5	2.0x	1.9x	11.4x	10.1x	93.1%
HLS Therapeutics Inc.	403.5	473.9	5.3x	3.0x	13.5x	7.2x	60.6%
Theratechnologies Inc.	257.8	282.7	2.7x	2.2x	neg	26.5x	48.3%
Average			3.1x	2.3x	10.4x	12.4x	55.1%



MARKET PERFORMANCE

Indexed Segment Performance¹



Charting the Course

- The TSX index declined 2.7% over the last 12-months, up from last month's 52-week decrease of 4.8% as inflation decelerated but continues to remain high with expectation for further interest rate hikes by the central bank
- Our Healthcare Services Index reflects a 12-month decrease of 31.9%, reflecting an improvement from last month's decrease of 44.5%, as staffing levels slowly return to pre-pandemic level
- Our Omnichannel Healthcare & Digital Health Index recorded a decline of 65.8% over the past 12-months, up from last month's 69.9% drop, and largely in line with the trend in other technology-weighted names
- Our Pharmaceuticals Index decreased 35.9% over the last 12-months, down from last month's 29.9%, driven in large part by Bausch's share price decline following its Q2 miss and updated outlook

1. Index segments are market prices for the companies in each category as noted in the earlier pages of the report



About Origin Merchant Partners

Origin Merchant Partners is an independent investment bank that provides value added corporate finance, mergers and acquisitions and merchant banking services delivered by senior professionals. Our clients engage us for our dedicated, high level of service and independent advice to address their strategic and financial plans

Origin Merchant Partners

220 Bay Street, Suite 1500

P.O. Box 23

Toronto, Ontario

M5J 2W4

OMP Healthcare Team:

Cathy Steiner

Principal

T: 416-775-3602

cathy.steiner

@originmerchant.com

Jim Osler

Principal

T: 416-800-0784

jim.osler

@originmerchant.com

Mario Di Pietro

Principal

T: 416-800-0850

mario.dipietro

@originmerchant.com

David Kideckel

Principal

T: 416-800-0850

david.kideckel

@originmerchant.com