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Industry Highlights on

HEALTHCARE

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Hybrid in Healthcare

Is a hybrid healthcare labour model here to stay?

Healthcare business owners across the board are ready to step on the gas and make up for lost time but they are facing a lingering COVID hangover in respect of labor. It's a tight labor market out there, and offering flexibility for employees to *work* remotely is emerging as table stakes. This poses unique challenges for healthcare, as it comprises person-facing clinical services and innovation-driven businesses.

At the onset of the pandemic, healthcare workers pivoted quickly to virtual care. 83% of physicians provided at least one virtual care service six months into COVID¹. Both doctors and patients were receptive to a new approach that could shorten wait times, and many provincial colleges developed new standards and best practices for remote consults ranging from physicians to psychologists, and audiologists to occupational therapists. In fact, many clinicians are still opting for telephone and video calls if possible, and a permanent framework for telephone and video consults was a cornerstone of the new three-year agreement ratified by Ontario's doctors and the province earlier this year. It's worth noting that in 2021, Canadian specialist physicians reported median wait times of 25.6 weeks from the time of a GP's referral to patient treatment, longer than 22.6 weeks in 2020².

Headlines tell us that hybrid work is here to stay, not only for clinicians, but also in the offices of pharma, health-tech, med-devices and R&D businesses. In a recent survey² of 6,600 Canadians aged 18 and over, 78% of respondents said they prefer to work from home. The idea of saving commuting time or being able to go out for a run or do laundry between meetings sounds very efficient. Interestingly, the preference for at-home work is most pronounced among young workers, with 53% of respondents between 18-24 and 37% between 25-34 actually switching jobs to one more easily done at home, compared to 22% of workers over 35.

What will remote work in the healthcare sector mean for innovation? I'm skeptical about whether the cross-fertilization of ideas at the proverbial water cooler that drive innovation will happen on Zoom. As a data point, the US PTO reported 650,654 patent application in 2021 and 653,311 in 2020, representing a decline from 669,434 applications in 2019 of (2.8%) and (2.4%) respectively; the average annual increase in patent applications over the 10 years preceding COVID (2009-2019) was 3.4%.

Besides innovation, we'll see in due course whether virtual clinical consults drive favorable patient outcomes in line with in-person visits in certain site-based settings.

Lastly, healthcare businesses, like others, will need to re-think mentoring and coaching those who choose to work mainly from home. It will also be essential to revise traditional approaches to measuring and creating employee engagement and wellness of colleagues who aren't available to connect face-to-face.

Healthcare business are embracing the hybrid work model in today's tight labor market, but in the fullness of time and the changing macroeconomic cycle, I would not be surprised to see a shift back to the office and in-person contact.

Cathy Steiner, Principal & Healthcare Lead

¹Canadian Institute for Health Information; Increase in Virtual Care Services Provided by Physicians; August 19, 2021

²Moir, Mackenzie and Barua, Bacchus; Fraser Institute; Waiting Your Turn - Wait Times for Health Care in Canada, 2021 Report; October 26, 2022

²Future Skills Centre; The Shift to Remote Work: How Workers in Canada are Shifting to Remote Work; September 15, 2022



HEALTHCARE SERVICES

- On October 24th, **Neighbourly Pharmacy Inc. (“Neighbourly”)** (TSX: NBLY), Canada’s largest and fastest growing network of independent pharmacies, announced it has entered into two separate binding agreements to acquire six community pharmacies located in New Brunswick and Nova Scotia and two community pharmacies located in British Columbia, for \$15.5 million. These eight locations will generate adjusted EBITDA estimated at \$2.7 million, based on their most recent fiscal year and implementation of synergies upon integration, and expand Neighbourly’s pharmacy network to 284 locations across Canada
- On October 19th, **Grace Clinics Corp. (“GraceMed”)**, which owns a portfolio of clinics providing dermatology, plastic surgery and medical aesthetics services, announced the acquisition of 3 new medical cosmetic clinics, including **Silhouette Cosmetic Laser Clinic, Royal Plastic Surgery, and MDx3 Medical Aesthetic Clinic**, bringing its total portfolio to 11 clinics and over 25 physicians. The acquisitions extend GraceMed’s geographic footprint beyond the Greater Toronto Area
- On October 12th, **Webster Equity Partner**, a US-based PE firm, through its portfolio company **Cardiovascular Associates of America (“CVAUSA”)**, a physician management services organization, announced its acquisition of **Chicago Cardiology Institute (“CCI”)**, which provides the full spectrum of hospital-based, office-based, and ambulatory services for patients with heart, vascular, and circulatory disorders, for an undisclosed amount. The new partnership with CCI broadens CVAUSA’s geographic reach and functional expertise in the greater Chicago area
- On October 11th, **Sebia SA (“Sebia”)**, a France-based specialty diagnostic company, announced its acquisition of **Zeus Scientific, Inc.**, a US-based In Vitro Diagnostic (IVD) company specializing in autoimmune and infectious diseases technologies, for an undisclosed amount. The transaction expands Sebia’s capabilities and product portfolio in autoimmunity and reinforces its commitment to the US, the largest IVD market
- On October 6th, **Aria Care Partners (“ACP”)**, a US-based provider of integrated ancillary medical services for skilled nursing facilities, announced that it has acquired **Mission Dental**, an independent dental practice, **PrevMed**, which provides on-site dental, audiology, optometry, and podiatry care to long-term care facilities, and **Perspective Vision Care (PVC)**, which specializes in eye care for nursing homes, assisted living facilities, and the long-term care community, for an undisclosed amount. These acquisitions are a part of ACP’s strategic growth objective of partnering with more long-term care facilities
- On October 6th, **BayMark Health Services, Inc. (“BayMark”)**, a US company offering evidence-based opioid use disorder treatment services, announced the acquisition of **Fritz Clinic LLC**, a US-based company that operates six office-based opioid treatment (OBOT) programs through its subsidiary **AppleGate Recovery LLC**, for an undisclosed amount. The deal will help BayMark expand its telehealth service in Alabama
- On October 4th, **Jet Health, Inc. (“Jet”)**, a US-based provider of home health and hospice services, announced its acquisition of **Trio Home Health Care, Inc.**, a provider of home health services and hospice care, for an undisclosed amount. The transaction aligns with Jet’s strategic focus on the western and southwestern US, and will help expand its presence in Texas
- On October 4th, **Ridgemont Equity Partners**, a US-based PE firm, through its portfolio company **Agape Care Group (“Agape Care”)**, a provider of hospice and palliative care, announced that it has acquired **Journey Hospice of Alabama, LLC**, which provides home care and inpatient care service, for an undisclosed amount. The acquisition expands Agape Care’s coverage into Alabama and Louisiana, strengthening its position as a care provider across the South and Southeast US

Key Indicators

In \$CAD millions	Market		TEV / Revenue		TEV / EBITDA		Price % of
	Cap	TEV	2022E	2023E	2022E	2023E	52-Week High
dentalcorp Holdings Ltd.	1,399.7	2,552.6	2.0x	1.7x	11.1x	8.9x	40.6%
Neighbourly Pharmacy Inc.	1,014.5	1,126.5	1.7x	1.2x	15.9x	10.3x	57.2%
Akumin Inc.	313.6	2,519.2	2.4x	2.3x	11.6x	10.3x	84.3%
CareRx Corporation	143.0	268.4	0.7x	0.7x	8.3x	7.0x	47.4%
Average			1.7x	1.5x	11.7x	9.1x	57.4%



OMNICHANNEL HEALTHCARE & DIGITAL HEALTH

- On October 17th, **BioIntelliSense, Inc.**, a US-based continuous health monitoring and clinical intelligence company, announced its acquisition of **AlertWatch**, a US-based FDA-cleared, clinically proven patient monitoring solution, for an undisclosed amount. The acquisition will expand BioIntelliSense's comprehensive portfolio of continuous patient monitoring solutions
- On October 13th, **Custom Health Inc. ("Custom")**, a US-based company that develops and operates an in-home medication delivery and remote patient monitoring platform, announced its acquisition of **Health in Motion Network ("HIMN")**, a US-based digital healthcare technology company whose software organizes patients' important health information in a central and secure place, for an undisclosed amount. HIMN's Parawell software will bolster Custom's offerings to pharmacists
- On October 12th, **Medroom, Inc. ("Medroom")**, a US-based enterprise health benefits & payments platform backed by **TTV Capital, Las Olas VC, and Castellan Group**, announced that it has acquired **Benezon LLC**, a US-based benefits navigation solution, for an undisclosed amount. The transaction will help Medroom expand its reach across the health benefits ecosystem by allowing it to offer virtual care, compliance, care coordination, and advocacy solutions
- On October 11th, **Thomas H. Lee Partners, L.P.**, a US-based PE firm, through its portfolio company **Nextech Systems, LLC ("Nextech")**, a US-based company that designs and develops healthcare technology solutions for specialty providers, announced its acquisition of **TouchMD**, a US-based visual consultation, marketing, and imaging software platform for plastic surgery, dermatology, and ophthalmology practices, for an undisclosed amount. The acquisition enhances both the digital and in-person patient experience and clinical experience offered to specialty practices by Nextech
- On October 11th, **WELL Health Technologies Corp. ("WELL")** (TSX: WELL), a Canada-based provider of practitioner enablement platform and practice management tools, announced that it has entered into an agreement to acquire **Cloud Practice Inc.**, a cloud-based electronic medical records (EMR) and practice management software, and three clinics from **CloudMD Software & Services Inc.** (TSXV: DOC), a Canada-based healthcare technology company, for US\$4.18 million. The acquisition will enable WELL's EMR and billing divisions to enter new markets in the Canadian Prairies
- On October 7th, **Sunstone Partners**, a US-based PE firm, through its portfolio company **Knowtion Health ("Knowtion")**, a US-based company that offers receivables management solutions and revenue cycle management services to hospitals and health systems, announced that it has acquired **Amplus Group, LLC**, a US-based healthcare revenue cycle A/R resolution and technology service, for an undisclosed amount. The acquisition will accelerate Knowtion's plan to expand its low balance recovery technologies
- On October 5th, **PatientPoint LLC ("PatientPoint")**, a US-based digital patient engagement platform that creates more effective doctor-patient interactions across the entire care journey, announced its acquisition of **Rendia**, a US-based provider of point-of-care content for eye care providers sold on a subscription basis, for an undisclosed amount. PatientPoint intends to leverage Rendia's platform and portal to accelerate expansion into other specialties and markets where custom content creation is vital
- On October 4th, **Royal Bank of Canada ("RBC")** announced that it has acquired **MDBilling.ca Limited**, which develops a cloud-based platform that automates medical billing for Canadian physicians, for an undisclosed amount. The deal will enhance RBC's medical billing solutions offered under the Dr.Bill brand, which it acquired in 2020

Key Indicators

<i>In \$CAD millions</i>	Market Cap	TEV	TEV / Revenue		TEV / EBITDA		Price % of 52-Week High
			2022E	2023E	2022E	2023E	
WELL Health Technologies Corp.	666.3	1,056.4	1.9x	1.7x	10.2x	8.9x	40.7%
Dialogue Health Technologies Inc.	179.8	120.6	1.3x	1.0x	neg	neg	30.6%
Vitalhub Corp.	110.2	84.1	2.1x	1.8x	8.8x	7.3x	73.6%
LifeSpeak Inc.	73.7	151.0	3.0x	2.3x	14.6x	7.0x	17.6%
CloudMD Software & Services Inc.	58.7	65.7	0.4x	0.4x	neg	nmf	na
MCI Onehealth Technologies Inc.	50.1	66.3	1.1x	1.0x	neg	29.6x	51.3%
Think Research Corporation	21.7	61.7	0.8x	0.7x	neg	12.4x	17.7%
Average			1.7x	1.4x	12.1x	12.0x	35.6%



PHARMACEUTICALS AND MED-TECH

- On October 20th, **Sunshine Biopharma Inc. (“Sunshine”)** (NASDAQ:SBFM), a Canadian pharmaceutical company focused on oncology and antiviral drugs, announced that it has completed the acquisition of all the outstanding shares of **Nora Pharma Inc.**, a Canada-based generic pharmaceuticals company, for \$30 million. The acquisition will add \$10.7 million in revenue and allows Sunshine to expand its operations into the area of generic prescription drugs and biosimilars
- On October 17th, **ESAB Corporation (“ESAB”)** (NYSE: ESAB), a US-based company involved in fabrication and development of gas control technology, announced that it has acquired **Ohio Medical, LLC (“Ohio”)**, a US-based company involved in developing oxygen regulators and central gas systems for medical use, for US\$127 million. Ohio’s revenue for its most recent fiscal year was US\$45 million and EBITDA margins exceeded 20%. The deal will expand ESAB’s presence in the North American market and provide it with cross selling opportunities for its GCE and Victor businesses
- On October 14th, **DiaCarta, Ltd. (“DiaCarta”)**, a US-based precision molecular diagnostics company and developer of novel oncology and infectious disease tests, and **HH&L Acquisition Co. (NYSE: HHLA)**, a US-based SPAC, announced that they entered into a definitive business combination agreement that is expected to result in DiaCarta becoming a publicly listed company, for US\$460 million. The transaction positions DiaCarta to capitalize on significant future growth within existing and new markets
- On October 13th, **Enliven Therapeutics, Inc. (“Enliven”)**, a US-based clinical-stage precision oncology company, and **IMARA Inc. (Nasdaq: IMRA)**, a US-based clinical-stage biopharmaceutical company, announced that they have entered into a definitive merger agreement to combine the companies in an all-stock transaction. The transaction will provide Enliven with capital to fund itself through multiple key milestones and allow it to explore the potential of its precision oncology pipeline
- On October 12th, **Pasithea Therapeutics Corp. (“Pasithea”)** (Nasdaq: KTTA), a US-based biotechnology company focused on treatments for central nervous system (CNS) disorders, announced that it has acquired **AlloMek Therapeutics, LLC**, a US-based pharmaceutical company that discovers and develops targeted therapies for cancer patients, for US\$11.28 million. The acquisition expands Pasithea’s CNS product portfolio and provides potential synergies to its multiple sclerosis drug development program
- On October 11th, **Mercury Partners**, a US-based PE firm, through its portfolio company **DirectMed Parts & Service, LLC (“DirectMed”)**, a US-based medical imaging parts, systems, and service company, announced that it has acquired **ScanMed LLC**, a US-based company involved in MRI coil design, manufacture, and repair, for an undisclosed amount. The deal expands DirectMed’s MRI coil repair and supply capabilities as well as its technical support to end customers
- On October 11th, **Orthofix Medical Inc. (“Orthofix”)** (NASDAQ: OFIX), a US-based medical device company with a spine and orthopedics focus, and **SeaSpine Holdings Corporation (“SeaSpine”)** (NASDAQ: SPNE), a US-based medical technology company focused on surgical solutions for the treatment of spinal disorders, announced that they have entered into a definitive agreement to combine in an all-stock merger of equals, for US\$280 million. The highly complementary spine and orthopedics portfolios of both companies will help the merged entity realize meaningful cross-selling revenue and cost synergies
- On October 6th, **Danaher Corporation**, through its subsidiary **Cytiva**, a US-based company involved in researching, developing and manufacturing of biotherapeutics, cell and gene therapies, announced that it has acquired **CEVEC Pharmaceuticals (“CEVEC”)**, a Germany-based provider of high-performance cell line development and viral vector manufacturing technologies, for an undisclosed amount. CEVEC will further strengthen Cytiva’s position in biomanufacturing solutions

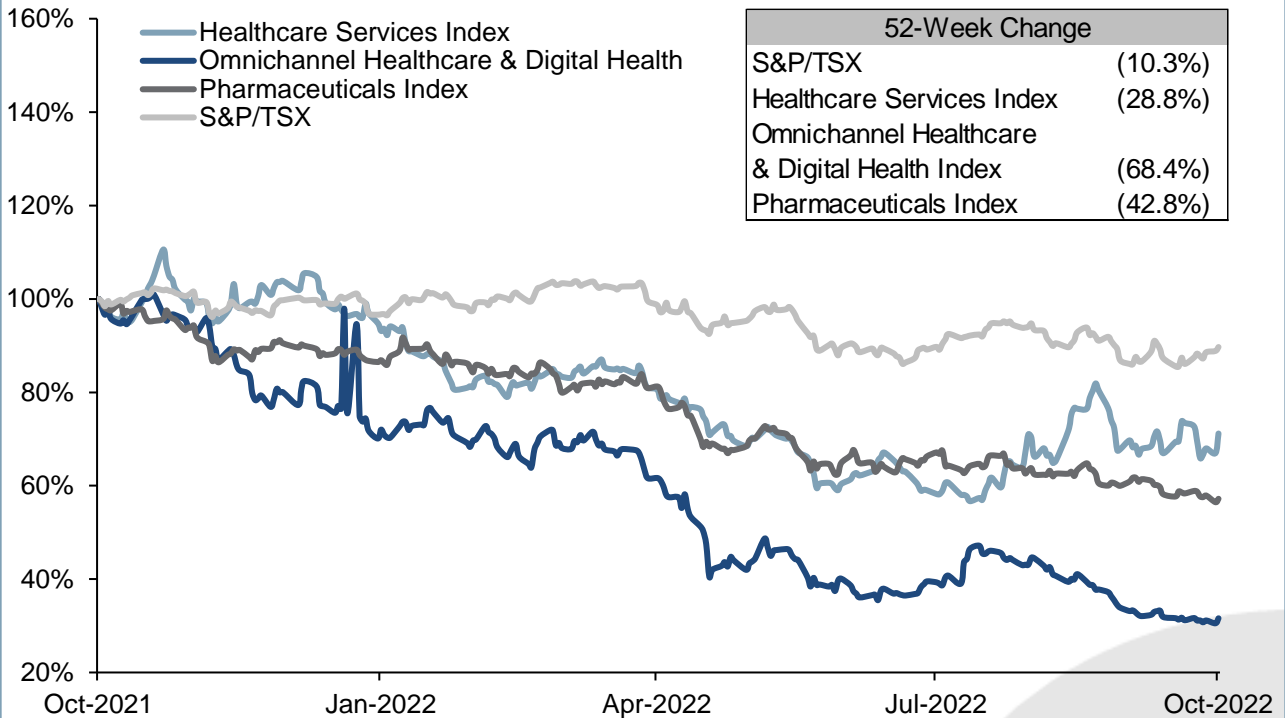
Key Indicators

In \$CAD millions	Market Cap	TEV	TEV / Revenue		TEV / EBITDA		Price % of 52-Week High
			2022E	2023E	2022E	2023E	
Bausch Health Companies Inc.	3,411.1	25,512.1	2.3x	2.2x	6.1x	5.7x	26.0%
Knight Therapeutics Inc.	596.0	487.1	1.8x	1.6x	10.0x	8.9x	84.4%
HLS Therapeutics Inc.	291.7	362.1	4.0x	2.2x	10.1x	5.3x	45.6%
Theratechnologies Inc.	248.3	278.3	2.5x	2.2x	neg	29.5x	56.5%
Average			2.6x	2.1x	8.8x	12.3x	53.1%



MARKET PERFORMANCE

Indexed Segment Performance¹



Charting the Course

- The TSX index decreased 10.3% over the last 12-months, from last month's 52-week decrease of 8.5%. The decline is largely attributable to continued economic turbulence including persistent inflation and the anticipation of a recession on the heels of further rate hikes by the Bank of Canada and US Federal Reserve
- Our Healthcare Services Index reflects a 12-month decrease of 28.8%, an improvement over last month's decrease of 38.3%, as investors choose to invest in largely recession-resistant, EBITDA positive companies
- Our Omnichannel Healthcare & Digital Health Index has recorded a decline of 68.4% over the past 12-months, in line with last month's 70.3% drop, as broader market sentiment for technology names remains unfavourable
- Our Pharmaceuticals Index decreased 42.8% over the last 12-months, in line with last month's 40.4% decrease, due to moderating revenue outlook for the year

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

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