

July 2023

Industry Highlights on
Healthcare



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North America's Middle Market M&A Advisory Boutique.



- ▶ On July 26th, **Sun Life Financial Inc. ("Sun Life")** (TSX: SLF) (NYSE: SLF) announced that it has entered into an agreement to acquire **Dialogue Health Technologies Inc. ("Dialogue")** (TSX: CARE), a leading Canadian health and wellness virtual care platform, for \$5.15 per common share, representing \$365 million in total equity value, on a fully diluted basis. The transaction builds on Sun Life's existing partnership with and prior investments in Dialogue. Nearly 2.8 million members across 50,000 organizations have access to Dialogue's healthcare team, which offers a robust suite of virtual healthcare and well-being services, available 24/7
- ▶ On July 20th, **MCI OneHealth Technologies Inc. ("MCI")** (TSX:DRDR), a Toronto-based clinician-led healthcare technology company focused on increasing access to and quality of healthcare, announced that it has entered into definitive agreements with **WELL Health Technologies** for the sale of eleven of its fourteen medical clinics in Ontario, along with other related assets for \$1.5 million, as well as new funding and a strategic alliance to provide MCI with an enhanced platform from which to accelerate growth of its national AI-powered healthcare technology and clinical research business
- ▶ On July 19th, **Smile Doctors ("Smile")**, the largest and fastest-growing orthodontic support organization in the US, announced the successful completion of a capital raise of over US\$550 million, funded by doctors along with several large domestic and international healthcare investors. The investment will support Smile's network in continuing its industry-leading affiliation growth, enhancing its investments in technology, and continuing to expand its support staff capabilities
- ▶ On July 19th, **Elevate ENT Partners ("Elevate")**, a Florida-based otolaryngology physician practice management organization and nationwide provider of ear, nose, and throat (ENT) care, announced that it has acquired **Vero ENT Associates ("Vero")**, a Florida-based provider of comprehensive pediatric and adult ENT care, for an undisclosed amount
- ▶ On July 13th, **WELL Health Technologies Corp. (TSX: WELL) (OTCQX: WHTCF)**, a Canada-based practitioner focused digital health company, announced that its wholly owned subsidiary, **CRH Medical ("CRH")**, a provider of anesthesia services at ambulatory surgical centers across the US, has completed the acquisition of **CarePlus Management ("CarePlus")**, an Atlanta-based provider of anesthesia management services, for an undisclosed amount. The acquisition of CarePlus provides CRH with a platform for provider recruitment and locum tenens staffing. The acquisition will also expand CRH's US geographical footprint of anesthesia providers and add revenue cycle management (RCM) services
- ▶ On July 11th, **PurposeCare**, a leading provider of coordinated home care and home health services in the Midwest, a portfolio company of **Lorient Capital**, a Florida-based PE firm, announced the acquisition of three home care agencies in the Indiana and Ohio markets, namely **Scott's Home Healthcare**, **Attentive Personal Care** and **The Choice Nursing Care & Home Health**, for an undisclosed amount. The acquisitions will expand PurposeCare's footprint in the region
- ▶ On July 11th, **Forum Health, LLC ("Forum")**, a US-based national network of integrative and functional medicine providers, announced that it has acquired **Proactive Wellness Centers**, a renowned functional medicine clinic in Vienna, Virginia focused on anti-aging and regenerative medicine, for an undisclosed amount

Key Indicators

In \$CAD millions	Market		TEV / Revenue		TEV / EBITDA		Price % of 52-Week High
	Cap	TEV	2023E	2024E	2023E	2024E	
dentalcorp Holdings Ltd.	1,444.7	2,709.4	1.9x	1.7x	10.2x	9.1x	66.8%
Neighbourly Pharmacy Inc.	688.8	987.4	1.1x	1.0x	10.4x	8.3x	60.4%
CareRx Corporation	126.9	222.0	0.6x	0.5x	7.4x	5.9x	51.9%
Akumin Inc.	21.7	2,157.7	2.1x	2.0x	10.6x	9.3x	7.9%
Average			1.4x	1.3x	9.7x	8.2x	46.7%

- ▶ On July 20th, **Aya Healthcare (“Aya”)**, a US-based healthcare talent software and staffing company, announced its acquisition of **Polaris AI**, a US-based machine learning platform that predicts future patient volume and staffing levels in clinical settings, for an undisclosed amount. The acquisition further bolsters Aya’s AI capabilities and expands its ability to help healthcare organizations achieve cost savings through optimized core labor staffing
- ▶ On July 19th, **TPG**, a global alternative asset management firm, announced that it has signed a definitive agreement to acquire **Nextech**, a US-based provider of clinical and administrative healthcare technology solutions for specialty physician practices, from **Thomas H. Lee Partners**, a US-based PE firm, for US\$1.4 billion. The deal builds on TPG’s thematic focus on healthcare IT solutions that enhance provider productivity and enable high-quality patient care across settings
- ▶ On July 18th, **NeuroFlow**, a US-based provider of behavioral health technology infrastructure, announced that it has acquired **Capital Solution Design**, the parent company to **Behavioral Health Lab** and **BHL Touch**, providers of measurement-based care solutions for the US Department of Veterans Affairs (VA) and other healthcare organizations, for an undisclosed amount. With the acquisition, NeuroFlow gains VA-specific Cerner and Vista electronic health record integration expertise for its technology. The deal also expands NeuroFlow’s operational footprint in the Washington, D.C. metropolitan area and deepens its relationships with the federal government, Veterans space, and select academic medical centers
- ▶ On July 14th, **Big Health**, a UK-based provider of non-drug digital treatments for mental health, announced that it has acquired **Limbix**, the US-based creators of the first, evidence-based digital therapeutic for teens and young adults with symptoms of depression, for an undisclosed amount. With this acquisition, Big Health has expanded into adolescent mental health, adding to its existing portfolio of insomnia and anxiety treatments for adults
- ▶ On July 6th, **RealTime Software Solutions, LLC (“RealTime”)**, a US-based provider of cloud-based software solutions for the clinical research industry, announced its acquisition of **Devana Solutions, LLC (“Devana”)**, a US-based SaaS provider specializing in clinical trial workflow and analytics solutions, for an undisclosed amount. By integrating Devana’s solutions into RealTime’s Site Operations Management System (SOMS), clinical research organizations will gain access to a broad suite of capabilities that bridge centralized operations with site-based clinical teams
- ▶ On July 5th, **ResMed (“ResMed”)** (NYSE: RMD, ASX: RMD), a US-based developer of digital health technologies and cloud-connected medical devices, announced the acquisition of **Somnoware**, a US-based provider of sleep and respiratory care diagnostics software, for an undisclosed amount. Somnoware’s diagnostic management platform is upstream of and complementary to ResMed’s current post-testing AirView and Brightree offerings and expands ResMed’s sleep management software solution

Key Indicators

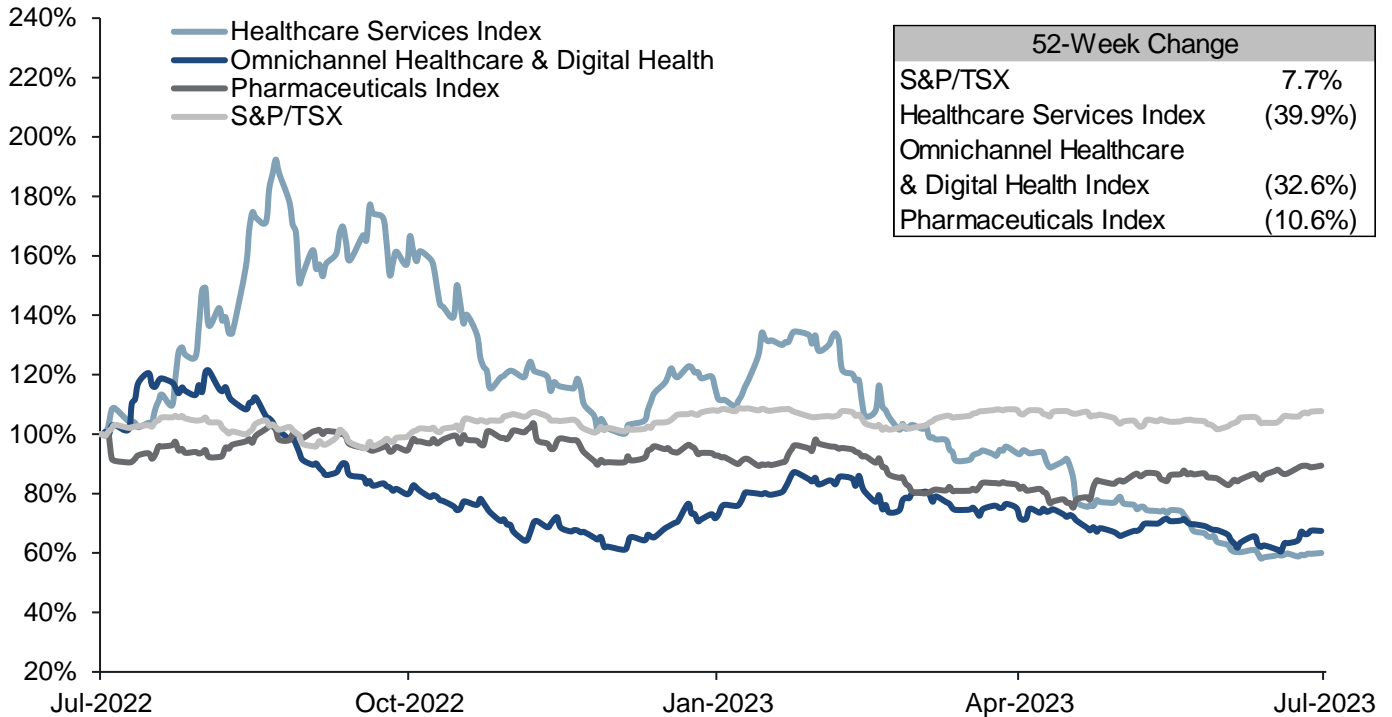
<i>In \$CAD millions</i>	Market Cap	TEV	TEV / Revenue		TEV / EBITDA		Price % of 52-Week High
			2023E	2024E	2023E	2024E	
WELL Health Technologies Corp.	1,089.2	1,484.3	2.0x	1.7x	12.8x	10.6x	77.3%
Dialogue Health Technologies Inc.	235.2	180.4	1.7x	1.3x	neg	33.4x	84.1%
Vitalhub Corp.	108.6	92.3	1.8x	1.6x	7.8x	6.3x	83.8%
CloudMD Software & Services Inc.	39.3	47.1	0.4x	0.4x	neg	19.8x	25.0%
LifeSpeak Inc.	29.2	109.1	2.0x	1.8x	7.0x	5.8x	22.7%
Think Research Corporation	24.9	66.8	0.7x	0.6x	10.1x	6.3x	36.8%
MCI Onehealth Technologies Inc.	13.5	32.5	na	na	na	na	15.7%
Average			1.5x	1.3x	8.9x	12.6x	46.0%

- ▶ On July 17th, **Novartis** announced that it has acquired **DTx Pharma**, a San-Diego based preclinical biotechnology company focused on developing siRNA therapies for neuroscience indications, for up to US\$1 billion. The acquisition builds on Novartis' neuroscience pipeline and expands its capabilities in RNA-based therapeutics, adding DTx's FALCON platform
- ▶ On July 17th, **Traverse Therapeutics, Inc. (NASDAQ: TVTX)**, a US-based biopharmaceutical company, announced that it has entered into a definitive agreement for the sale of its bile acid product portfolio that includes **Cholbam** (cholic acid) and **Chenodal** (chenodiol), to **Mirum Pharmaceuticals, Inc. ("Mirum") (NASDAQ: MIRM)**, a US-based biopharmaceutical company, for up to US\$445 million. The deal expands Mirum's leadership in rare liver disease with two commercial products and a near-term Phase 3 label expansion opportunity
- ▶ On July 14th, **Eli Lilly and Company ("Lilly") (NYSE: LLY)** announced a definitive agreement to acquire **Versanis**, a US-based clinical-stage biopharmaceutical company focused on the development of new medicines for the treatment of cardiometabolic diseases, for up to US\$1.9 billion. Versanis' lead asset is bimagrumab, which has the potential to reduce fat mass while preserving muscle mass, and thus the acquisition is in line with Lilly's commitment to investigating potential new medicines to fight obesity and obesity-related complications, which affect over 100 million Americans
- ▶ On July 14th, **Korro Bio, Inc., ("Korro Bio")**, a US-based RNA editing company focused on the discovery and development of novel genetic medicines, announced that it has entered into a definitive merger agreement with **Frequency Therapeutics, Inc. (Nasdaq: FREQ)**, a US-based clinical-stage biotechnology company focused on regenerative medicine, for US\$326 million. The combined company is expected to operate under Korro Bio, Inc. and will apply to trade on Nasdaq under the ticker symbol "KRRO", and will focus on the advancement of Korro Bio's portfolio of RNA editing programs
- ▶ On July 7th, **Coloplast**, a Denmark-based provider of ostomy, continence, interventional urology, wound and skin care products and services, announced that it has signed an agreement to acquire **Kerecis**, an Icelandic company in the biologics wound care segment, for up to US\$1.3 billion. For the 12-months ending September 2022, Kerecis had revenue of US\$76 million. The deal strategically strengthens Coloplast's presence in the advanced wound care market by entering the high-growth, US-centric biologics segment
- ▶ On July 6th, **Thermo Fisher Scientific Inc. ("Thermo Fisher") (NYSE: TMO)** announced a definitive agreement to acquire **CorEvitas, LLC ("CorEvitas")**, a US-based provider of regulatory-grade, real-world evidence solutions to pharmaceutical and biotechnology companies, for US\$912.5 million. CorEvitas is expecting revenue of US\$110 million for 2023. CorEvitas' registries platform is highly complementary to PPD, Thermo Fisher's clinical research business
- ▶ On June 30th, **Bausch Health Companies Inc. (NYSE/TSX:BLCO)** announced a definitive agreement for the acquisition of XIIDRA, a non-steroid eye drop approved to treat dry eye disease focusing on inflammation associated with dry eye, as well as libvatrep and AcuStream from Novartis for up to US\$2.5 billion comprising cash of US\$1.75 billion upfront and potential milestone payments up to US\$750 million

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	Cap	TEV	2023E	2024E	2023E	2024E	52-Week High
Bausch Health Companies Inc.	4,561.4	25,641.4	2.3x	2.3x	6.5x	6.0x	91.3%
Knight Therapeutics Inc.	523.0	427.9	1.4x	1.4x	8.5x	8.8x	78.7%
HLS Therapeutics Inc.	206.7	280.7	3.2x	2.2x	9.2x	5.6x	48.3%
Cipher Pharmaceuticals Inc.	96.3	63.3	2.3x	2.2x	4.0x	3.9x	93.4%
Theratechnologies Inc.	82.3	123.6	1.1x	1.0x	neg	11.4x	22.7%
Average			2.1x	1.8x	7.1x	7.1x	66.9%

Indexed Segment Performance¹



Charting the Course

- ▶ The TSX index increased 7.7% over the last 12-months, a significant gain from June’s 52-week increase of 0.8%. The move was prompted by a 3% June CPI print in the US and 2.8% in Canada, the lowest year-over-year reading since March 2021, which bolstered expectations of a soft landing and raised hopes that the Fed’s and Bank of Canada’s current hiking cycle was close to an end
- ▶ Our Healthcare Services Index reflects a 12-month decrease of 39.9%, in line with June’s decrease of 40.1%, as investor enthusiasm remained relatively narrowly focused
- ▶ Our Omnichannel Healthcare & Digital Health Index has recorded a decline of 32.6% over the past 12-months, down slightly from June’s 30.7% drop, as the technology sector takes a breather after a wave of optimism bought forth by AI-related advancements and the market switches its attention to the earnings season
- ▶ Our Pharmaceuticals Index decreased 10.6% over the last 12-months, up significantly from June’s 17.1% decline, with positive developments driving outperformance in select names

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

About Us

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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