

August 2023

Industry Highlights on  
**Healthcare**



*Innovative. Independent. Experienced.*  
*North America's Middle Market M&A Advisory Boutique.*



- ▶ On August 31<sup>st</sup>, **Haven Health Management (“Haven Health”)**, a US-based provider of addiction and mental health treatment services, announced the acquisition of **Recovering Champions**, a US-based accredited drug and alcohol rehabilitation program, for an undisclosed amount. The acquisition enhances Haven Health’s presence in Massachusetts
- ▶ On August 24<sup>th</sup>, **Solis Mammography (“Solis”)**, the largest independent provider of specialized breast health services in the US, announced the acquisition of **Carolina Breast Imaging (“CBI”)**, a network of three breast imaging centers located in eastern North Carolina, for an undisclosed amount. CBI will harness Solis’ state-of-the-art imaging and AI-driven diagnostic tools and services to enhance women’s access to leading edge breast health services in North Carolina
- ▶ On August 17<sup>th</sup>, **Princeton Medspa Partners (“PMP”)**, a US-based aggregator of medspas and aesthetic medical practices, announced the acquisition of **Advanced Life Clinic (“ALC”)**, a Huntsville, Alabama-based aesthetic medical practice, for an undisclosed amount. ALC marks the sixth physician-owned medical spa acquired by PMP, and its eighth total acquisition, and with it, PMP has tripled its revenue, locations and earnings over the past year
- ▶ On August 15<sup>th</sup>, US-based **Thurston Group**, through its portfolio company **ARC Health**, a US-based group of mental healthcare practices, announced the acquisition of **Dayspring Behavioral Health (“DBH”)**, a mental health practice with four locations throughout the Seattle metroplex, for an undisclosed amount. DBH’s emphasis on children and family care aligns well with ARC Health’s commitment to accessibility and care
- ▶ On August 14<sup>th</sup>, **AQUA Dermatology (“AQUA”)**, a provider of comprehensive full-service dermatology services in the Southeast US, announced that it has acquired **True Dermatology**, a skin cancer surgery and general dermatology services provider with six locations in Alabama, for an undisclosed amount. AQUA now has 15 locations in Alabama, making it the largest skin cancer surgical and medical practice in the state
- ▶ On August 8<sup>th</sup>, **US Digestive Health (“USDH”)**, one of the largest gastroenterology practices in the US, managed by **US Digestive Health Management**, a management services organization focused on gastroenterology care, announced the acquisition of Pennsylvania-based **Blair Gastroenterology Associates**, for an undisclosed amount. The purchase allows USDH to enhance its presence in Central Pennsylvania
- ▶ On August 3<sup>rd</sup>, **Forum Health, LLC (“Forum Health”)**, a US-based network of integrative and functional medicine providers, announced that it has acquired **InShape Medical**, a Cary, North Carolina-based functional medicine and weight loss clinic, for an undisclosed amount. The acquisition will help Forum Health meet the growing demand for medical weight loss
- ▶ On August 1<sup>st</sup>, **MyTown Health Partners (“MTHP”)**, a Pennsylvania-based comprehensive practice management services organization recently formed by Florida-based **Webster Equity Partners**, announced the acquisition of Kentucky-based **St. Camillus Urgent Care & Family Practice**, for an undisclosed amount. The deal will enhance MTHP’s presence in Kentucky

## Key Indicators

In \$CAD millions	Market		TEV / Revenue		TEV / EBITDA		Price % of 52-Week High
	Cap	TEV	2023E	2024E	2023E	2024E	
dentalcorp Holdings Ltd.	1,297.9	2,554.2	1.8x	1.6x	9.7x	8.6x	62.2%
Neighbourly Pharmacy Inc.	668.6	959.9	1.1x	1.0x	10.3x	8.4x	58.7%
CareRx Corporation	116.0	216.2	0.6x	0.6x	7.6x	6.3x	50.3%
Akumin Inc.	17.3	2,228.0	2.1x	2.0x	10.9x	9.0x	6.1%
<b>Average</b>			<b>1.4x</b>	<b>1.3x</b>	<b>9.6x</b>	<b>8.1x</b>	<b>44.3%</b>

- ▶ On August 23<sup>rd</sup>, **WellSky**, a US-based health and community care technology company, announced that it has acquired **Experience Care**, a US-based tech company offering software solutions for post-acute and long-term care providers, for an undisclosed amount. This will help position WellSky as a top tech partner for post-acute and long-term care providers
- ▶ On August 22<sup>nd</sup>, **Mahana Therapeutics**, a provider of prescription digital therapeutics, announced that it has entered into a multi-million-dollar distribution and marketing partnership with the **Consumer Health division of Bayer** to commercialize digital therapeutics; the dollar amount was not disclosed. Mahana IBS was the first digital therapeutic to receive FDA clearance to treat IBS and provide cognitive behavioral therapy to adults with IBS. Bayer is expanding into digital therapeutics to tap into the consumer looking for drug-free treatments
- ▶ On August 22<sup>nd</sup>, **Youme Healthcare**, a US-based multilingual platform for managing health details, care, and communication, and a subsidiary of Japanese tech conglomerate **Konica Minolta**, announced that it has acquired **Hurdle Health**, a US-based digital mental health platform, for an undisclosed amount, and rebranded to **Backpack Healthcare**. Backpack Healthcare's mental health self care app will combine its pediatric expertise with Hurdle Health's renowned experience in delivering tailored care to individuals from different backgrounds
- ▶ On August 14<sup>th</sup>, **Experity**, a US-based software and services company for on-demand healthcare in the urgent care market, announced that it has acquired **OnePACS**, a US-based SaaS PACS platform for teleradiology, for an undisclosed amount. The deal further strengthens Experity's position as the leading urgent care teleradiology provider
- ▶ On August 14<sup>th</sup>, **Jackson Healthcare**, a US-based healthcare staffing, search and technology company, through its subsidiary **LocumTenens.com**, a US-based specialist in optimizing healthcare staffing through both onsite and telehealth services, announced that it has acquired **Inlightened**, a US-based tech-enabled platform that connects client companies to a network of vetted healthcare professionals providing on-demand consultation and expertise, for an undisclosed amount. The acquisition will help LocumTenens.com meet the growing demand for non-patient facing, flexible gig work
- ▶ On August 7<sup>th</sup>, US-based **Nautic Partners**, through its portfolio company **ExactCare Pharmacy**, a US-based medication management and pharmacy care provider, announced that it has entered into a definitive agreement to acquire **Tabula Rasa HealthCare, Inc. ("TRHC") (NASDAQ: TRHC)**, a US-based provider of technology solutions that supports health plan providers, hospital systems, and PACE plans, for US\$570 million. For the year ending June 30<sup>th</sup>, 2023, TRHC had revenue of US\$338 million. TRHC's tech-enabled solutions that individualize care will help to make the combined companies' products and solutions more readily extendable into larger adjacent markets
- ▶ On August 1<sup>st</sup>, **MD Revolution**, a US-based provider of remote care management and clinical services, announced that it has acquired **NavCare**, a US-based remote patient care services company specializing in comprehensive chronic care management (CCM), for an undisclosed amount. The acquisition provides NavCare clients with enhanced clinical and patient management tools, patient engagement applications and bi-directional integrations

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In \$CAD millions	Market Cap	TEV	TEV / Revenue		TEV / EBITDA		Price % of 52-Week High
			2023E	2024E	2023E	2024E	
WELL Health Technologies Corp.	1,135.1	1,509.2	2.0x	1.7x	13.1x	11.0x	80.1%
Dialogue Health Technologies Inc.	343.7	290.9	2.8x	2.2x	neg	46.8x	98.9%
Vitalhub Corp.	120.9	98.7	1.9x	1.7x	8.2x	6.7x	93.3%
CloudMD Software & Services Inc.	46.8	53.1	0.5x	0.5x	neg	13.9x	43.1%
LifeSpeak Inc.	30.2	110.3	2.1x	1.9x	7.9x	6.6x	23.8%
Think Research Corporation	20.7	66.6	0.7x	0.7x	12.4x	7.8x	38.4%
MCI Onehealth Technologies Inc.	18.3	35.2	na	na	na	na	28.8%
<b>Average</b>			<b>1.7x</b>	<b>1.5x</b>	<b>9.9x</b>	<b>14.2x</b>	<b>53.8%</b>

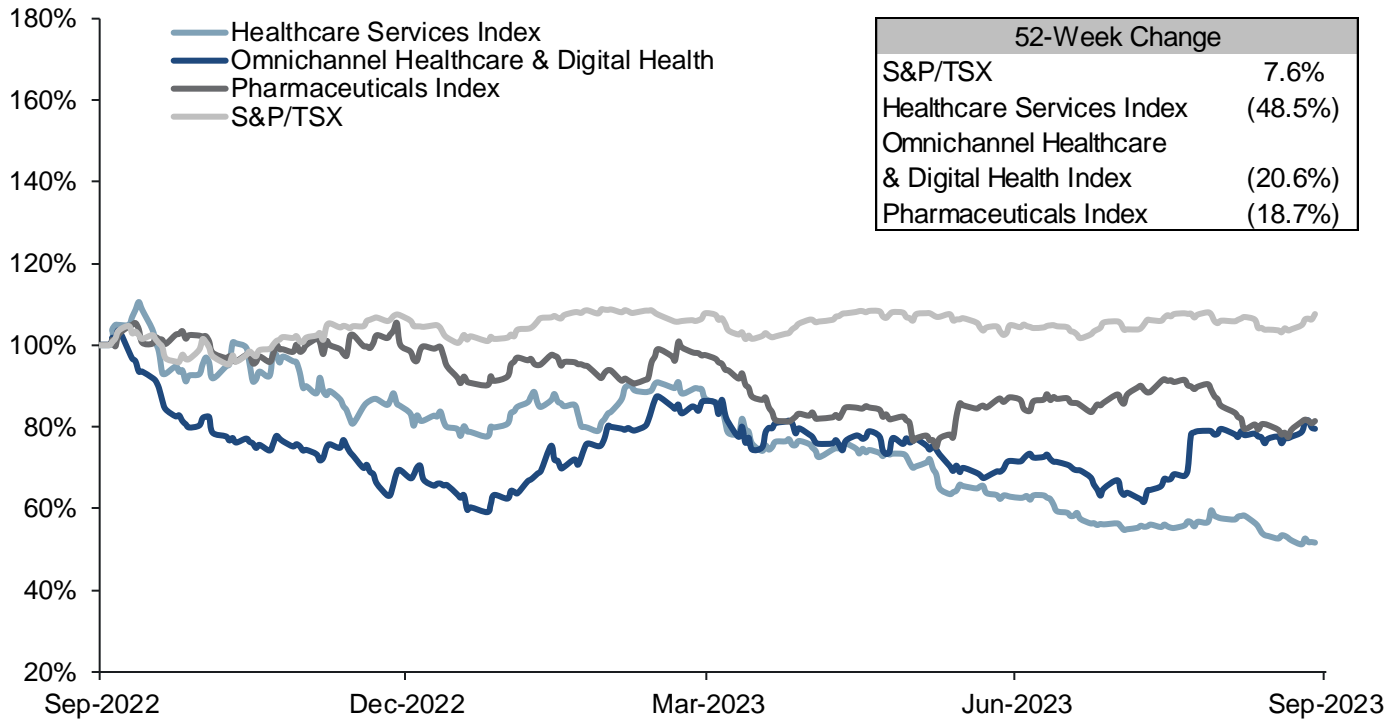
- ▶ On August 31<sup>st</sup>, **Mindset Pharma Inc. (CSE: MSET)**, a Canadian-based drug discovery company developing novel, optimized, next-generation psychedelic and non-psychedelic medications to treat neuropsychiatric and neurological disorders, announced it has entered into a definitive agreement to sell all of its outstanding shares to **Otsuka Pharmaceutical Co. Ltd. ("Otsuka")** in an all-cash transaction worth approximately C\$80 million. Headquartered in Japan, Otsuka is a global healthcare company and has designated psychiatry and neurology as a top priority therapeutic area
- ▶ On August 17<sup>th</sup>, **Bruker Corporation ("Bruker") (Nasdaq: BRKR)**, a US-based developer of scientific instruments and analytical and diagnostic solutions, announced that it has signed a definitive agreement to acquire **PhenomeX Inc. ("PhenomeX") (Nasdaq: CELL)**, for US\$108 million. For the year ending June 30<sup>th</sup>, 2023, PhenomeX had revenue of US\$59.7 million. The acquisition marks Bruker's entry into functional single-cell biology research solutions
- ▶ On August 14<sup>th</sup>, **Harmony Biosciences Holdings, Inc. ("Harmony") (Nasdaq: HRMY)**, a US-based pharmaceutical company focused on rare neurological diseases, announced a definitive agreement to acquire **Zynerba Pharmaceuticals, Inc. ("Zynerba") (Nasdaq: ZYNE)**, a US-based developer of pharmaceutically-produced transdermal cannabinoid therapies for orphan neuropsychiatric disorders, for up to US\$200 million, including US\$60 million in cash and one non-tradeable contingent value right (CVR) per share, representing the right to receive up to US\$140 million in aggregate. The transaction will diversify Harmony's sleep/wake portfolio, adding Zynerba's clinical development programs to its pipeline
- ▶ On August 10<sup>th</sup>, **Novo Nordisk** announced that it has agreed to acquire **Inversago Pharma**, a Canadian developer of CB1 receptor-based therapies for the potential treatment of obesity, diabetes and complications associated with metabolic disorders, for up to US\$1.075 billion. The acquisition will further strengthen Novo Nordisk's clinical development pipeline in obesity and related disorders
- ▶ On August 9<sup>th</sup>, **Addimmune**, a US-based clinical-stage gene and cell therapy company developing a functional cure for HIV, announced that it has entered into a merger agreement with **10X Capital Venture Acquisition Corp. III ("10X III") (NYSE: VCXB)**, a US-based SPAC, for US\$500 million, with up to US\$300 million more in a potential earnout. Addimmune's AGT103-T showed positive safety results in a Phase I trial of seven patients
- ▶ On August 9<sup>th</sup>, **Regeneron Pharmaceuticals, Inc. ("Regeneron") (NASDAQ: REGN)**, a US-based biotechnology company, announced a definitive agreement for the acquisition of **Decibel Therapeutics, Inc. ("Decibel") (NASDAQ: DBTX)**, a US-based clinical-stage biotechnology company dedicated to restoring and improving hearing and balance, for up to US\$213 million, including US\$109 million in cash and up to US\$104 million in CVRs. The acquisition builds on existing collaboration between Decibel and Regeneron and will accelerate and further resource key gene therapy programs for hearing loss

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In \$CAD millions	Market		TEV / Revenue		TEV / EBITDA		Price % of
	Cap	TEV	2023E	2024E	2023E	2024E	52-Week High
Bausch Health Companies Inc.	4,156.3	25,063.3	2.2x	2.1x	6.2x	5.6x	83.2%
Knight Therapeutics Inc.	489.0	418.1	1.3x	1.3x	7.8x	8.4x	80.2%
HLS Therapeutics Inc.	150.6	223.7	2.5x	2.0x	7.5x	5.0x	41.3%
Cipher Pharmaceuticals Inc.	100.4	64.4	2.3x	2.2x	4.0x	4.0x	94.5%
Theratechnologies Inc.	30.5	71.8	0.6x	0.6x	neg	6.6x	8.4%
<b>Average</b>			<b>1.8x</b>	<b>1.6x</b>	<b>6.4x</b>	<b>5.9x</b>	<b>61.5%</b>



## Indexed Segment Performance<sup>1</sup>



## Charting the Course

- ▶ The TSX index increased 7.6% over the last 12-months, in line with July's 52-week increase of 7.7%, as the markets take more of a wait-and-see approach to incoming economic data and further central bank commentary on the outlook for the economy and interest rates
- ▶ Our Healthcare Services Index reflects a 12-month decrease of 48.5%, down from July's decrease of 39.9%, as wage inflation and higher costs of capital continue to weigh on the outlook for these names
- ▶ Our Omnichannel Healthcare & Digital Health Index has recorded a decline of 20.6% over the past 12-months, up significantly from July's 32.6% drop, in line with the broader recovery of the technology sector, on the back of optimism fuelled by AI-related advancements
- ▶ Our Pharmaceuticals Index decreased 18.7% over the last 12-months, down from July's 10.6% decline, over some performance misses and persistent inflation concerns

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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