

August 2024

Industry Highlights on
Healthcare



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



- ▶ On August 26th, **McKesson Corporation ("McKesson")** (NYSE: MCK), a US-based healthcare services provider, announced that it signed a definitive agreement to acquire a controlling interest in **Core Ventures, LLC**, a business and administrative services organization established by **Florida Cancer Specialists & Research Institute ("FCS")**, a US-based physician-owned community oncology practice, for US\$2.49 billion. The acquisition aims to enhance McKesson's integrated oncology services, bringing advanced treatments and improved care experiences to patients while reducing the overall cost of care
- ▶ On August 26th, **Principle Health Systems ("Principle")**, a US-based provider of mobile laboratory services for long-term care facilities, backed by **Platform Partners LLC**, a US-based PE firm, announced that it has acquired **BioStat Imaging**, a mobile imaging provider based in Dallas, Texas, for an undisclosed amount. The acquisition allows Principle to expand its service offerings across Texas
- ▶ On August 20th, **OneOncology**, a US-based national platform for independent oncology practices, backed by **TPG**, a US-based global alternative asset firm, and **Cencora (formerly AmerisourceBergen)**, a US-based healthcare services company, announced that it has agreed to acquire **United Urology Group**, a US-based urology management services organization, for an undisclosed amount. The deal will expand OneOncology's portfolio by enhancing cancer care for prostate, bladder, and other genitourinary cancers
- ▶ On August 20th, **Versant Diagnostics ("Versant")**, a US-based physician services company focused on anatomic pathology, backed by **Iron Path Capital**, a US-based PE firm, announced that it has acquired **Cutaneous Pathology, P.A.**, a dermatopathology practice based in Winston-Salem, North Carolina, for an undisclosed amount. This acquisition strengthens Versant's network of dermatopathologists across the country
- ▶ On August 12th, **Neuronetics, Inc. ("Neuronetics")** (NASDAQ: STIM), a US-based provider of non-invasive neurostimulation therapy, announced a definitive agreement to acquire **Greenbrook TMS Inc. ("Greenbrook")** (OTCMKTS: GBNHF), a US-based provider of Transcranial Magnetic Stimulation (TMS) therapy for mental health conditions, for US\$158.8 million in an all-stock transaction. For the year ending June 30th, 2024, Greenbrook had a revenue of US\$75.2 million. The deal will create a vertically-integrated organization capable of providing access to TMS therapy at a significant scale across the US
- ▶ On August 5th, **Tenet Healthcare Corporation ("Tenet")** (NYSE: THC), a US-based diversified healthcare services company, announced a definitive agreement to sell **Brookwood Baptist Health** in Birmingham, Alabama, which includes five hospitals along with affiliated physician practices, to **Orlando Health, Inc.**, a US-based not-for-profit healthcare organization, for US\$910 million. For Orlando Health, the acquisition represents a strategic expansion into the Alabama market
- ▶ On August 2nd, **The Ensign Group, Inc. ("Ensign")** (Nasdaq: ENSG), a US-based provider of skilled nursing and senior living services, announced that it has acquired **Holly Heights Care and Rehabilitation**, a 133-bed skilled nursing facility located in Denver, Colorado, for an undisclosed amount. This acquisition continues Ensign's recent growth in Colorado and further expands its portfolio of healthcare operations across the US

Key Indicators

| In \$CAD millions | Market | | TEV / Revenue | | TEV / EBITDA | | Price % of 52-Week High |
|--------------------------|---------|---------|---------------|-------------|--------------|-------------|-------------------------|
| | Cap | TEV | 2024E | 2025E | 2024E | 2025E | |
| dentalcorp Holdings Ltd. | 1,500.0 | 2,794.8 | 1.8x | 1.6x | 9.9x | 8.8x | 93.2% |
| CareRx Corporation | 119.7 | 205.5 | 0.6x | 0.5x | 6.3x | 5.4x | 81.9% |
| Average | | | 1.2x | 1.1x | 8.1x | 7.1x | 87.5% |

- ▶ On August 26th, **HPS/PayMedix**, a US-based healthcare technology company focused on simplifying payments, announced that it has acquired **TempoPay**, a US-based payments solution provider that offers interest-free financing for medical, dental, pharmacy, and other healthcare expenses not covered by insurance, for an undisclosed amount. The acquisition expands HPS/PayMedix's service offerings, allowing all employees, regardless of credit history, to access comprehensive healthcare financing solutions
- ▶ On August 21st, **LetsGetChecked**, an Ireland-based health testing start-up, announced a definitive agreement to acquire **Truepill**, a US-based telehealth care technology platform, for US\$525 million, including potential earnout payments. Both companies are backed by **Optum**, which is part of **UnitedHealth Group**. The combined entity will leverage Truepill's telehealth capabilities with LetsGetChecked's at-home diagnostics to create a comprehensive digital health platform
- ▶ On August 13th, **Navient Corporation ("Navient") (Nasdaq: NAVI)**, a US-based provider of technology-enabled education finance and business processing solutions, announced a definitive agreement to sell its Healthcare Services business, operating as **Xtend Healthcare**, which specializes in end-to-end revenue cycle solutions for hospitals, health systems, and physician practices, to **CorroHealth**, a US-based health technology company, for US\$365 million. The transaction is part of Navient's ongoing strategy to simplify its operations, reduce its expense base, and enhance flexibility
- ▶ On August 12th, **Stryker Corporation ("Stryker") (NYSE: SYK)**, a US-based global leader in medical technologies, announced that it has entered into a definitive agreement to acquire **care.ai**, a US-based company specializing in AI-powered virtual care workflows, smart room technology, and ambient intelligence solutions, for an undisclosed amount. The acquisition aims to enhance Stryker's healthcare IT and digital solutions portfolio, with care.ai's technology integrating with Stryker's Vocera platform to address challenges such as nursing shortages, employee retention, and workplace safety
- ▶ On August 6th, **Cardiovascular Associates of America ("CVAUSA")**, a US-based cardiology practice management services organization, backed by US-based **Webster Equity Partners**, announced that it has acquired **Novolink Health ("Novolink")**, a US-based telemedicine organization focused on care for high-risk patients using remote patient monitoring, predictive data analytics, & specialty care, for an undisclosed amount. The acquisition aligns with CVAUSA's strategy to expand its comprehensive care model across its network, leveraging Novolink's expertise in home-based care
- ▶ On August 1st, **R1 RCM Inc. ("R1") (NASDAQ: RCM)**, a US-based provider of technology-driven solutions for healthcare financial performance and patient experience, announced that it has entered into a definitive agreement to be acquired by US-based PE firms **TowerBrook Capital Partners** and **Clayton, Dubilier & Rice**, for US\$8.9 billion. For the year ending June 30th, 2024, R1 had a revenue of US\$2.4 billion and an EBITDA of US\$554.6 million. The acquisition will allow R1 to further enhance its intelligent automation and revenue management solutions

Key Indicators

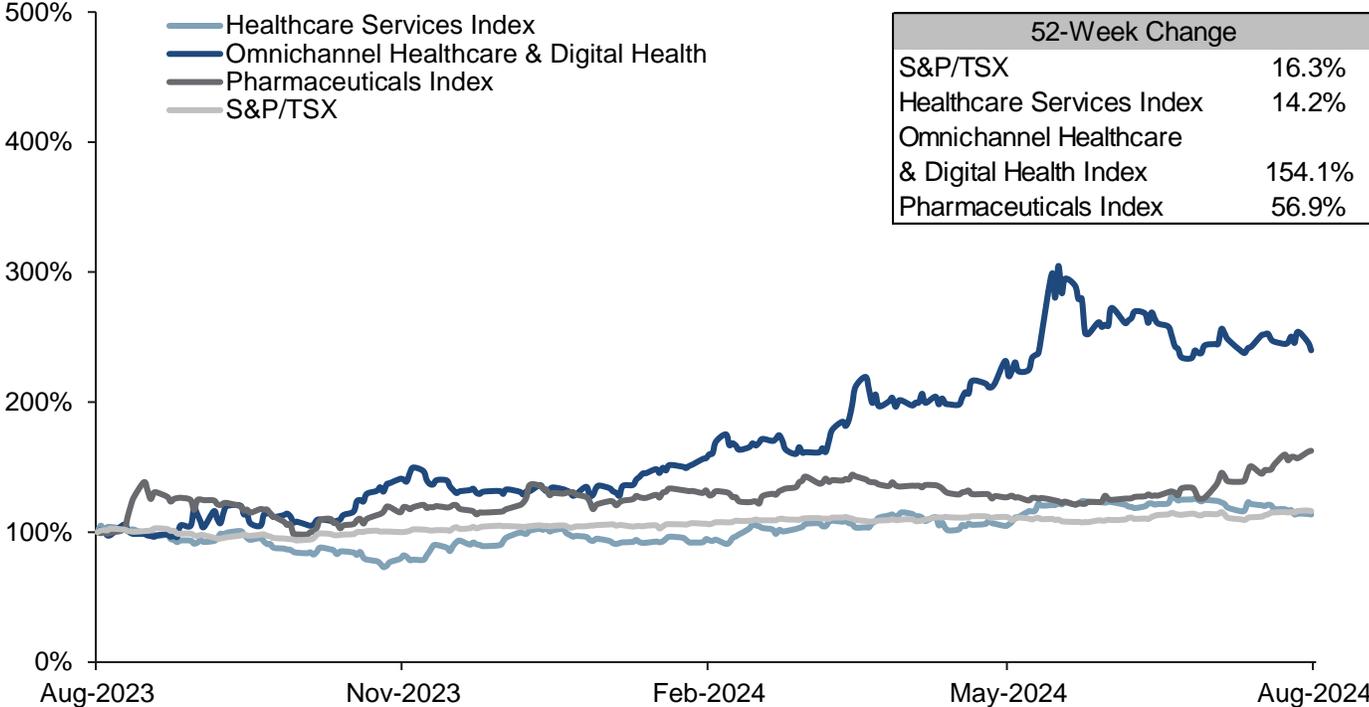
| In \$CAD millions | Market | | TEV / Revenue | | TEV / EBITDA | | Price % of 52-Week High |
|--------------------------------|---------|---------|---------------|-------------|--------------|--------------|-------------------------|
| | Cap | TEV | 2024E | 2025E | 2024E | 2025E | |
| WELL Health Technologies Corp. | 1,130.0 | 1,502.9 | 1.5x | 1.4x | 11.8x | 10.0x | 89.9% |
| Vitalhub Corp. | 433.3 | 400.5 | 6.1x | 5.4x | 23.2x | 18.6x | 97.1% |
| Healwell AI Inc. | 274.1 | 297.4 | na | 4.4x | neg | neg | 56.4% |
| LifeSpeak Inc. | 27.8 | 102.9 | 2.1x | 1.9x | 9.4x | 6.9x | 61.8% |
| Average | | | 3.2x | 3.3x | 14.8x | 11.8x | 76.3% |

- ▶ On August 20th, **Johnson & Johnson ("J&J") (NYSE: JNJ)** announced a definitive agreement to acquire **V-Wave Ltd.**, an Israel-based company focused on developing treatment options for heart failure, for up to US\$1.7 billion, including additional milestone payments up to US\$1.1 billion. The acquisition will integrate V-Wave's novel Ventura Interatrial Shunt into Johnson & Johnson MedTech, enhancing J&J's cardiovascular portfolio
- ▶ On August 13th, **Baxter International Inc. (NYSE: BAX)**, a US-based global medtech leader, announced a definitive agreement to divest its Kidney Care segment, which will be renamed **Vantive**, to **Carlyle Group ("Carlyle") (NASDAQ: CG)**, a US-based global investment firm, for US\$3.8 billion. For 2023, Vantive had a revenue of US\$4.5 billion. Carlyle, with its deep expertise in the medtech sector, aims to support Vantive in becoming a standalone leader in global kidney care
- ▶ On August 7th, **Pharmacosmos A/S ("Pharmacosmos)**, a Denmark-based developer of treatments for iron deficiency and iron deficiency anemia, announced a definitive agreement to acquire **G1 Therapeutics, Inc. ("G1") (Nasdaq: GTHX)**, a US-based commercial-stage oncology company, for US\$405 million. For the year ending June 30th, 2024, G1 had a revenue of US\$58.1 million. The acquisition will provide Pharmacosmos with a stronger presence in the oncology market, enhancing its ability to serve patients with Extensive Stage Small Cell Lung Cancer (ES-SCLC)
- ▶ On August 7th, **PetiQ, Inc. ("PetIQ") (Nasdaq: PETQ)**, a US-based pet medication, health, and wellness company, announced that it has entered into a definitive agreement to be acquired by **Bansk Group**, a US-based PE firm focused on consumer brands, for US\$1.5 billion. For the year ending June 30th, 2024, PetIQ had a revenue of US\$1.1 billion and an EBITDA of US\$101.7 million. The acquisition aims to leverage Bansk Group's operational and brand-building expertise to accelerate PetIQ's growth initiatives and enhance its ability to provide convenient access to affordable pet healthcare
- ▶ On August 5th, **Mallinckrodt plc ("Mallinckrodt")**, an Ireland-based specialty pharmaceutical company, announced a definitive agreement to sell its **Therakos business**, a fully integrated extracorporeal photopheresis (ECP) delivery system for autologous immunomodulatory therapy, to **CVC Capital Partners ("CVC")**, a UK-based investment firm, for US\$925 million. The sale aligns with Mallinckrodt's strategic priorities to optimize its capital structure and focus on core areas of expertise
- ▶ On August 1st, **Otsuka Pharmaceutical Co., Ltd. ("Otsuka")**, a Japan-based global healthcare company, announced a definitive agreement to acquire **Jnana Therapeutics Inc. ("Jnana")**, a US-based clinical-stage biotechnology company, for up to US\$1.125 billion, including milestone payments up to US\$325 million. The acquisition will expand Otsuka's specialty and autoimmune portfolio and leverage Jnana's RAPID chemoproteomics platform for drug discovery, further strengthening Otsuka's R&D capabilities in the US

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|------------------------------|---------|----------|---------------|-------------|--------------|-------------|-------------------------|
| | Cap | TEV | 2024E | 2025E | 2024E | 2025E | |
| Bausch Health Companies Inc. | 2,893.8 | 24,906.8 | 2.0x | 1.9x | 5.8x | 5.5x | 51.8% |
| Knight Therapeutics Inc. | 564.4 | 442.4 | 1.2x | 1.2x | 7.6x | 7.1x | 89.5% |
| Cipher Pharmaceuticals Inc. | 441.9 | 400.2 | 9.0x | 5.8x | 15.3x | 10.2x | 93.8% |
| HLS Therapeutics Inc. | 100.5 | 166.1 | 2.1x | 1.9x | 7.8x | 6.8x | 57.2% |
| Theratechnologies Inc. | 80.0 | 103.3 | 0.9x | 0.8x | 5.1x | 4.1x | 39.1% |
| Medexus Pharmaceuticals Inc. | 59.4 | 104.1 | 0.7x | 0.8x | 4.4x | 8.4x | 70.0% |
| Average | | | 2.6x | 2.1x | 7.7x | 7.0x | 66.9% |

Indexed Segment Performance¹



Charting the Course

- ▶ The TSX index increased 16.3% over the last 12-months, up from July’s increase of 10.0%, with dovish commentary from the Fed on the back of positive inflation data raising hopes for a smooth rate cut cycle
- ▶ Our Healthcare Services Index reflects a 12-month increase of 14.2%, up from July’s increase of 9.2%, signifying increased buyer activity after a period of moderation
- ▶ Our Omnichannel Healthcare & Digital Health Index has recorded an increase of 154.1% over the past 12-months, down from July’s 208.0% increase, as digital healthcare companies take a breather after a sustained rally
- ▶ Our Pharmaceuticals Index increased 56.9% over the last 12-months, up from July’s 35.4% increase, as investors continue to come in on the back of strong earnings

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 a leading North American independent investment bank that provides value added corporate finance specializing in mergers and acquisitions, capital raising, restructuring, and merchant banking delivered by experienced 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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