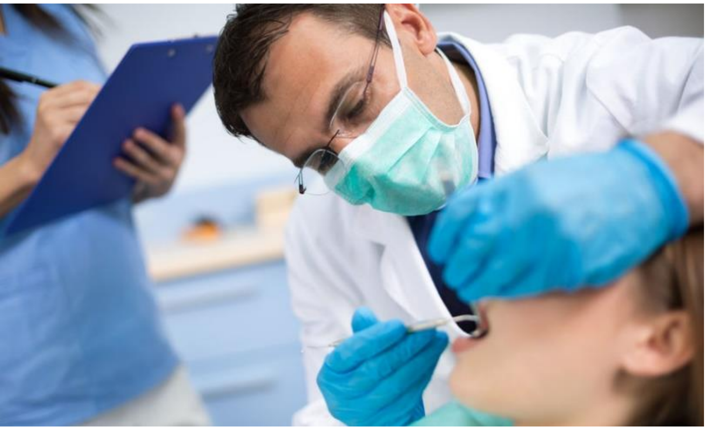
SCOPE RESEARCH



SPECIAL REPORT

HEALTHCARE M&A REVIEW 2023

ANNOUNCED DEAL VOLUME TRENDS AND SELECTED TRANSACTIONS

Scope Research maintains databases of information related to healthcare M&A transactions reliably sourced from public documentation. The following report details publicly announced deal volume trends from 2019 through 2023, with more detailed context for select 2023 transactions with disclosed financial information. Hope you enjoy!

Questions or comments? Contact Will Hamilton at will@scoperesearch.co.

SOURCES OF DATA

- Fairness opinions
- SEC filings
- Press releases
- Bond market research
- Medicare cost reports
- CON filings (FOIA)
- Form 990s
- Public audit reports
- AG reports
- Insurance department filings

SCOPE RESEARCH

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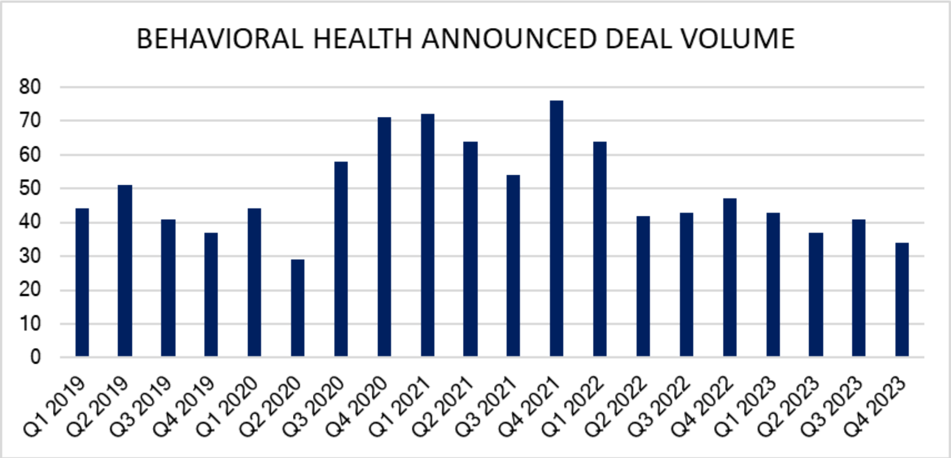
BEHAVIORAL HEALTH

2023 ANNOUNCED VOLUME TRENDS AND DATABASE UPDATE

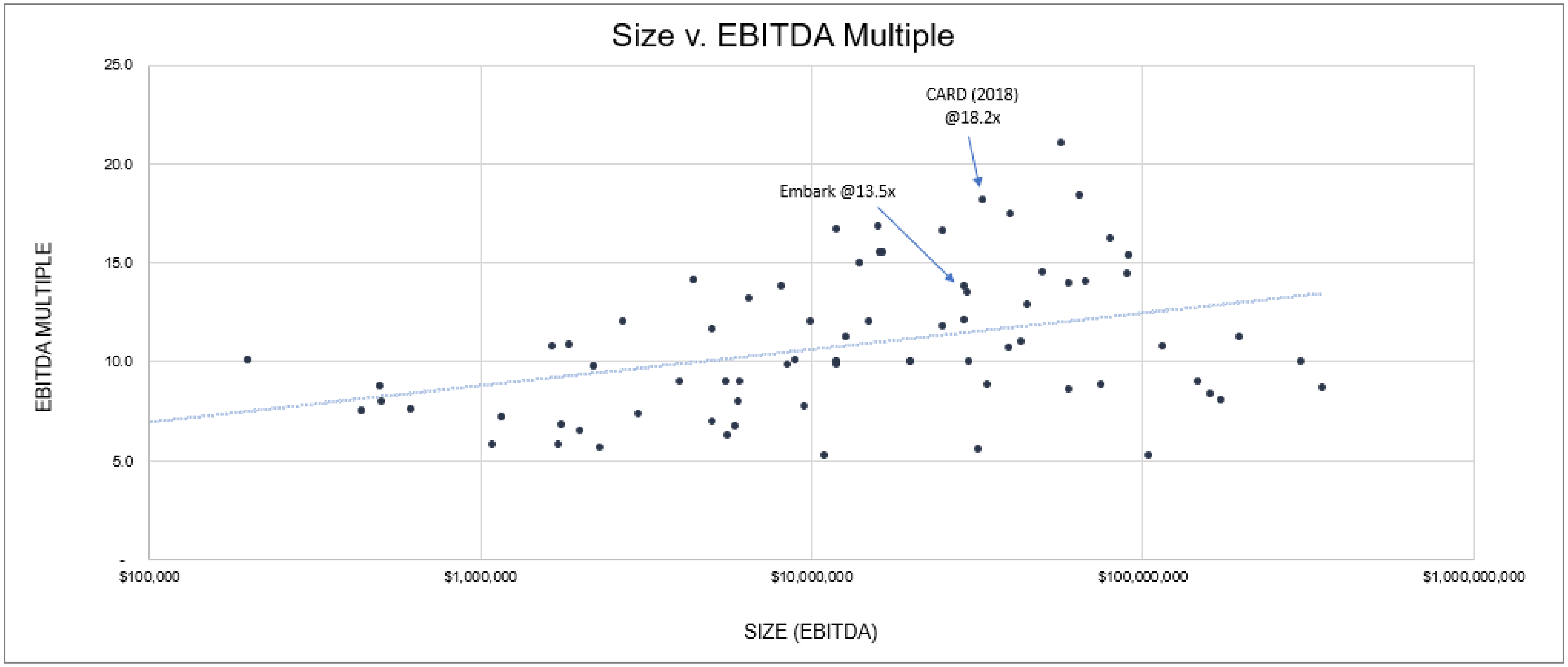
The number of announced U.S. behavioral health deals declined again in 2023 according to our research, dropping to an average of 39 per quarter, which is below 2019 levels (average of 43 per quarter). This bust comes after a major boom in late 2020 and 2021, reaching a peak of 76 deals in Q4 2021, and represents one of the largest recent declines for any segment we cover. The fall was particularly acute in the addiction services and intellectual and developmental disorders (IDD) segments, as mental health M&A volumes remain relatively strong.

As of the end of 2023, the *Scope Research M&A Valuation Database* contains financial details related to 113 behavioral health deals, segmented by type, including 78 deals with disclosed EBITDA multiples.



CENTER FOR AUTISM AND RELATED DISORDERS

The Center for Autism and Related Disorders (CARD), a prominent provider of autism treatment services, announced over the summer that it has emerged from bankruptcy proceedings under new ownership. The successful bid of a combined $48.5 million comes from two separate groups – Pantogran, an organization led by CARD founder and former CEO Doreen Granpeesheh, and PE firm Audax Group and its portfolio companies, including Proud Moments ABA and New Story. Pantogran will pay $37.4 million and take control of 10 CARD state markets and other assets, while the remainder will be split between Audax's portfolio companies for $11.1 million, according to sale documents and several other court papers. According to the original disclosure document, CARD generated revenue of $160 million in the last twelve months ended April 2023, and an EBITDA loss of (-$22 million), implying a multiple of 0.3x revenue. The bankruptcy reorganization comes about five years after CARD set the bar for autism services platform deals in April 2018, when it was acquired by PE giant Blackstone for a reported $600 million, or 26.1x FY 2017 adjusted EBITDA and 18.2x pro forma 2018 adjusted EBITDA.



Source: Scope Research Healthcare M&A Valuation Database

EMBARK BEHAVIORAL HEALTH

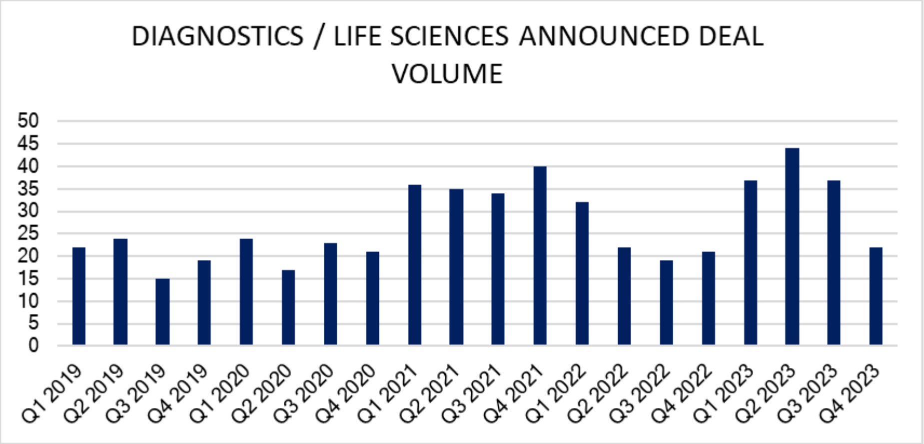
Consonance Capital Partners acquired a majority stake in Embark Behavioral Health, a provider of integrated behavioral health services for children and adolescents, in a transaction valued at approximately $400 million, and a multiple within the range of 12x to 15x EBITDA. Embark offers a comprehensive portfolio of outpatient and in-home services, including individual therapy, group therapy, family therapy, and medication management. The company operates across multiple states and serves a diverse population of children / adolescents facing various mental health challenges. While reported data is limited within Embark's specific niche, the deal appears to be the highest reported multiple for a provider of its kind.

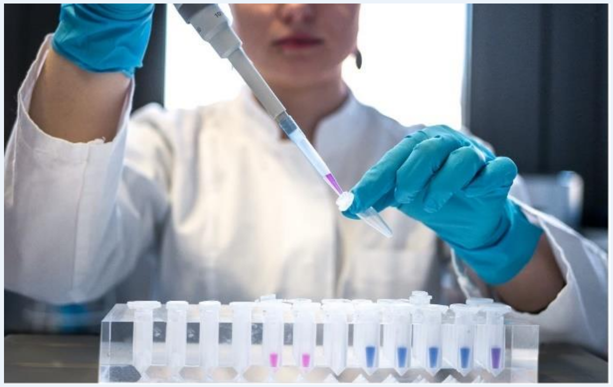
DIAGNOSTICS / LIFE SCIENCES

2023 ANNOUNCED VOLUME TRENDS AND DATABASE UPDATE

The number of announced diagnostics and life science tools deals returned to 2021 levels after a steep decline in 2022 according to our research. Deal volume actually reached a record of 44 deals in Q2, and averaged 35 per quarter for the year (slightly below the 2021 average). The increases occurred primarily in the equipment / supplier and laboratory segments, while the diagnostic tools segment remains well below 2021 levels.

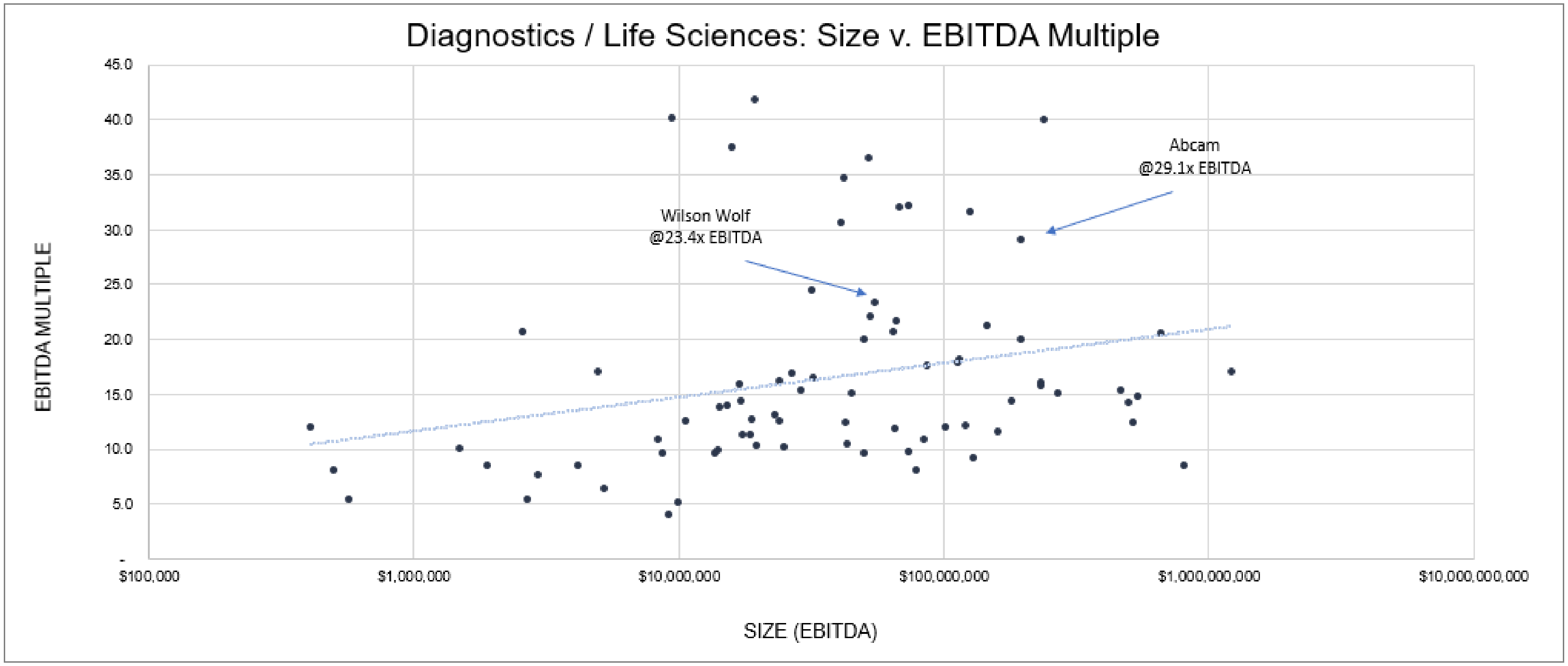
As of the end of 2023, the *Scope Research M&A Valuation Database* contains financial details related to 181 diagnostics and life sciences deals, segmented by type, including 78 deals with disclosed EBITDA multiples.





ABCAM PLC

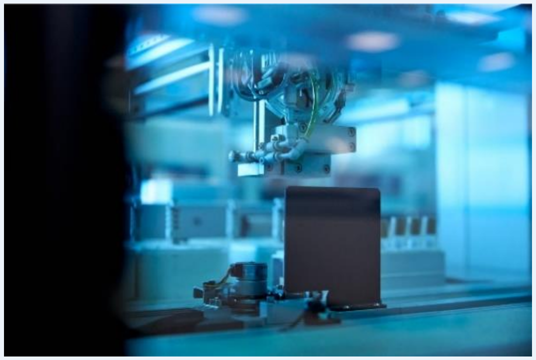
In August, life sciences giant Danaher Corporation announced its acquisition of Abcam plc, a leading provider of research antibodies and proteins, for a hefty $5.7 billion (total enterprise value). The deal is significant for Danaher in scope, as it seeks to strengthen its foothold in the life sciences research market. Danaher paid $24.00 per share for Abcam, translating to a price-to-EBITDA multiple of ~29x estimated 2023 EBITDA, per the fairness opinion, and ~22.4x estimated 2024 EBITDA of $266m. The implied multiple was on the high end of the range compared to other diagnostics and life sciences tools companies due to Abcam's elevated margins (35-40%) and lofty growth expectations (21.6% 5-year CAGR per the fairness opinion).



Source: Scope Research Healthcare M&A Valuation Database

WILSON WOLF MANUFACTURING

Bio-Techne Corporation, a developer and manufacturer of life science reagents and instruments, announced it made a minority investment in Wilson Wolf Manufacturing, which focuses on the development and manufacture of cell production technology for use in cell and gene therapy (CGT). Wilson Wolf achieved trailing 12-month EBITDA of $55 million, triggering Bio-Techne's initial 20% investment in the company for $257 million. The deal implies a 100% interest valuation of $1.285 billion, representing a multiple of approximately 23.4x EBITDA. The implied multiple was on the high end of the range compared to other diagnostics and life sciences tools companies, signaling BioTechne's confidence in Wilson Wolf's growth potential and expertise in high-demand areas.

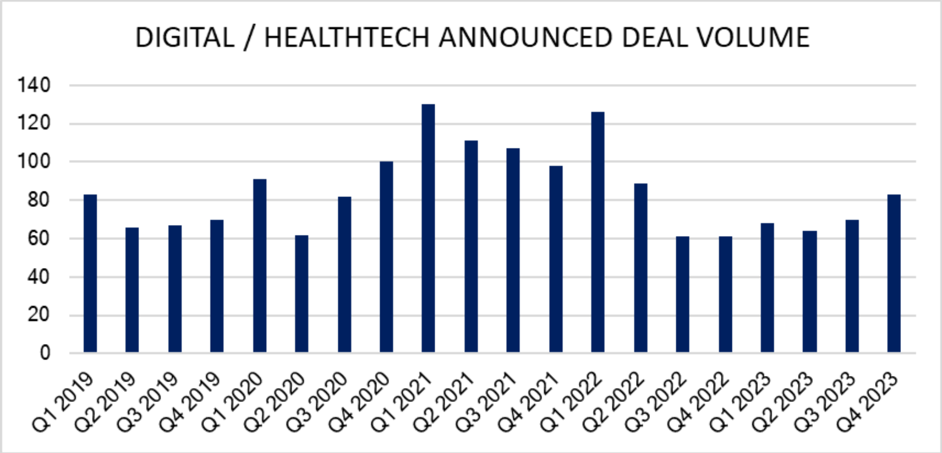


DIGITAL / HEALTHTECH

2023 ANNOUNCED VOLUME TRENDS AND DATABASE UPDATE

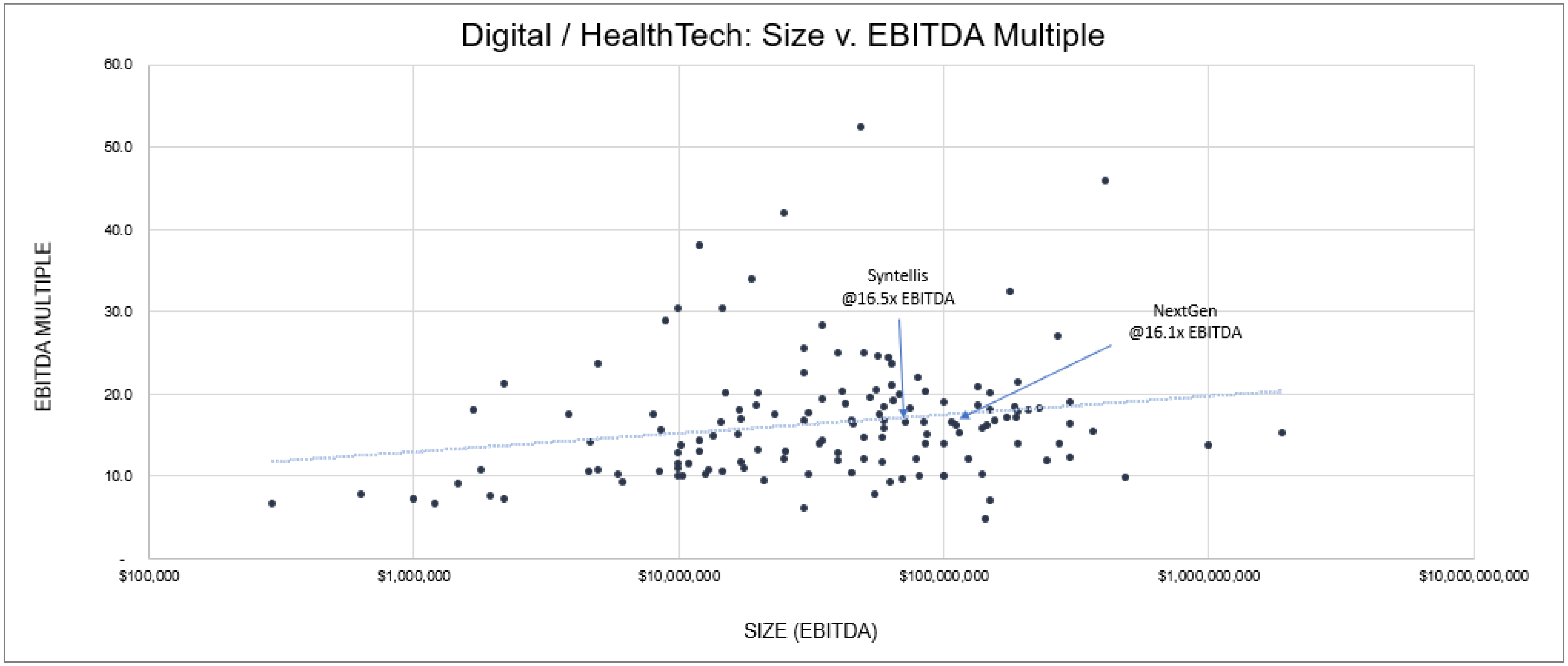
The number of announced digital health deals remained at the same depressed levels as the second half of 2022, at an average of 71 per quarter, which also approximates 2019 levels. Announced transaction volume reached a peak of 130 deals in Q1 2021 and volume remained near or above 100 per quarter from Q4 2020 to Q1 2022. The recent declines are particularly acute in the telemedicine subsegment.

As of the end of 2023, the *Scope Research M&A Valuation Database* contains financial details related to 252 digital health and information technology deals, segmented by type, including 139 deals with disclosed EBITDA multiples.



NEXTGEN HEALTHCARE

In September, private equity giant Thoma Bravo announced it is acquiring healthcare software provider NextGen Healthcare for $23.95 per share, implying a $1.8 billion deal value, including net debt. As a provider of electronic health record (EHR) and ambulatory care software, NextGen's technology platform helps streamline healthcare provider operations ranging from the digitalization of patients' health records to tools that support financial administration. NextGen generated revenue and adjusted EBITDA of $653.4 million and $111.7 million, respectively, in its fiscal year ended March 31, 2023, implying multiples of 2.8x revenue and 16.1x EBITDA. The EBITDA multiple is near the average for a healthcare technology business of NextGen's size, according to our database. According to the fairness opinion prepared in connection with the transaction, management projects $243.5m EBITDA by 2028, implying a five-year CAGR of 16.9%.



Source: Scope Research Healthcare M&A Valuation Database

SYNTELLIS PERFORMANCE SOLUTIONS

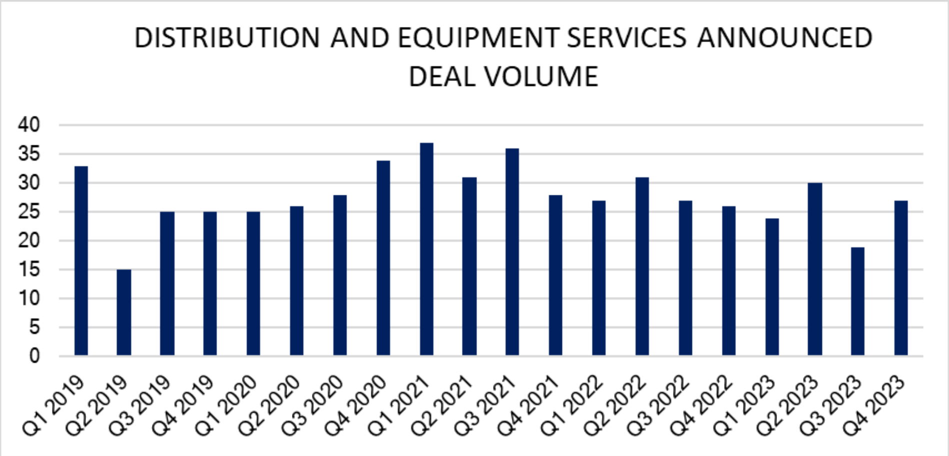
Also in August 2023, Roper Technologies, Inc. announced it completed its acquisition of Syntellis Performance Solutions for a net purchase price of $1.25 billion, including a $135 million tax benefit resulting from the transaction. The purchase price was reported as $1.381 billion according to Roper's SEC filings. Syntellis provides enterprise performance management software, data and intelligence solutions for healthcare, higher education and financial institutions. Solutions include Axiom, Connected Analytics and Stratasan software. Syntellis is expected to contribute approximately $185 million of revenue and $85 million of EBITDA to Roper in 2024, including planned cost synergies, implying multiples of 7.6x revenue and 16.5x synergy adjusted forward EBITDA. These multiples are consistent with multiples for other healthcare technology acquisitions of similar size, indicating that the deal likely implied a premium multiple on a trailing basis, and excluding synergies.

DISTRIBUTION AND EQUIPMENT SERVICES

2023 ANNOUNCED VOLUME TRENDS AND DATABASE UPDATE

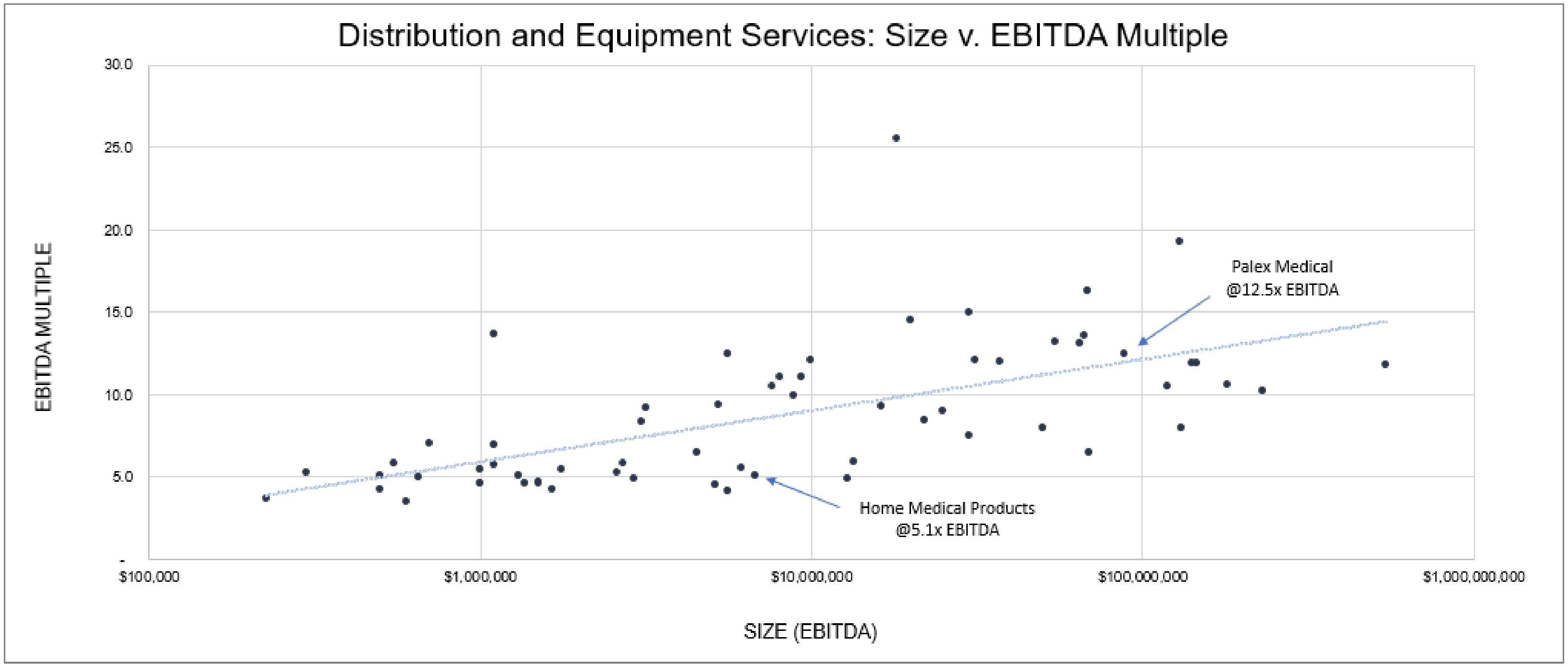
The number of announced healthcare distribution and equipment services deals has declined from the 2021 peak, but not as precipitously as in many of the other healthcare segments we track. Announced transaction volume reached a peak of 37 deals in Q1 2021, declining to an average of 25 per quarter in 2023. In fact, all of the declines are related to declines in the home medical equipment (HME/DME) segment, as announcement volumes have remained steady in the biomedical / equipment services and distribution segments.

As of the end of 2023, the *Scope Research M&A Valuation Database* contains financial details related to 87 distribution and equipment services deals, segmented by type, including 61 deals with disclosed EBITDA multiples.



PALEX MEDICAL

According to a Reuter's report from July, private equity firm Apax was set to acquire a 50% stake in Palex Medical, a Spanish distributor of medical devices and equipment, in a deal that values the company at around 1 billion euros ($1.1 billion) including net debt. Palex provides high-value added equipment distribution services and related solutions to hospitals and other healthcare providers in Spain, Portugal and Italy, offering a product portfolio of over 150,000 product references from 600+ manufacturers. The deal price is based on 80 million euros of estimated 2023 EBITDA ($88 million), implying a multiple of 12.5x, which is in line with other healthcare distribution and equipment services deals of similar size.



Source: Scope Research Healthcare M&A Valuation Database

HOME MEDICAL PRODUCTS, INC.

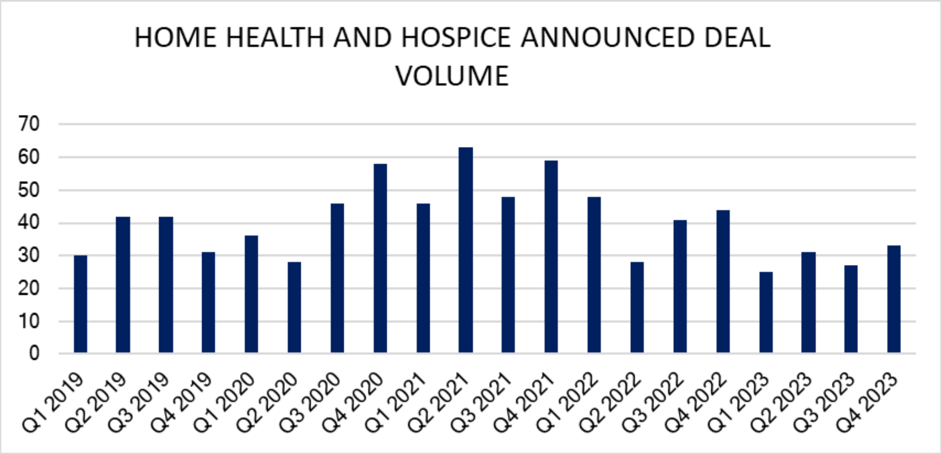
Viemed Healthcare, Inc., a national respiratory care and technology-enabled home medical equipment services provider, announced in April that it entered into a definitive agreement to acquire Tennessee-based Home Medical Products, Inc. ("HMP"), a large regional respiratory-focused home medical solutions company. According to Viemed's SEC filings, the purchase price was $29.4m plus $5.2m of assumed net debt. With $28 million revenue and $6.8 million EBITDA in FY 2022, the deal implies multiples of 1.2x revenue and 5.1x EBITDA. The EBITDA multiple is on the low end of healthcare distribution deals, but more or less in line with other HME / DME deals of similar size.

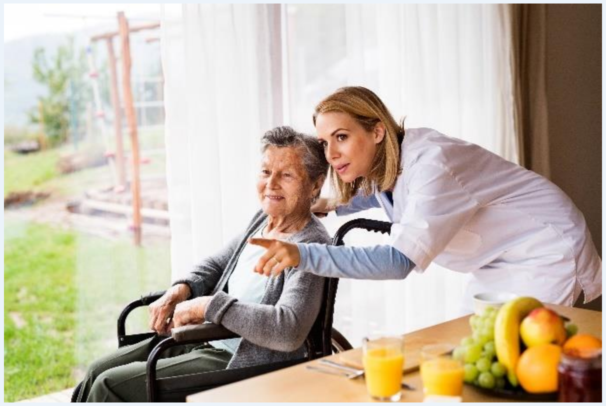
HOME HEALTH AND HOSPICE

2023 ANNOUNCED VOLUME TRENDS AND DATABASE UPDATE

Similar to behavioral health, the home-based services segment has also experienced one of the more pronounced boom/bust cycles of the past few years. The number of announced U.S. home health and hospice deals has declined significantly from the 2021 peak to well below 2019 levels in 2023. Volume averaged 29 per quarter in 2023, down from 40 in 2022 and 54 in 2021. Significant declines have occurred across the board from the peak of 63 deals in Q2 2021, although the private duty / personal care segment has held up significantly better than the home health and hospice segments.

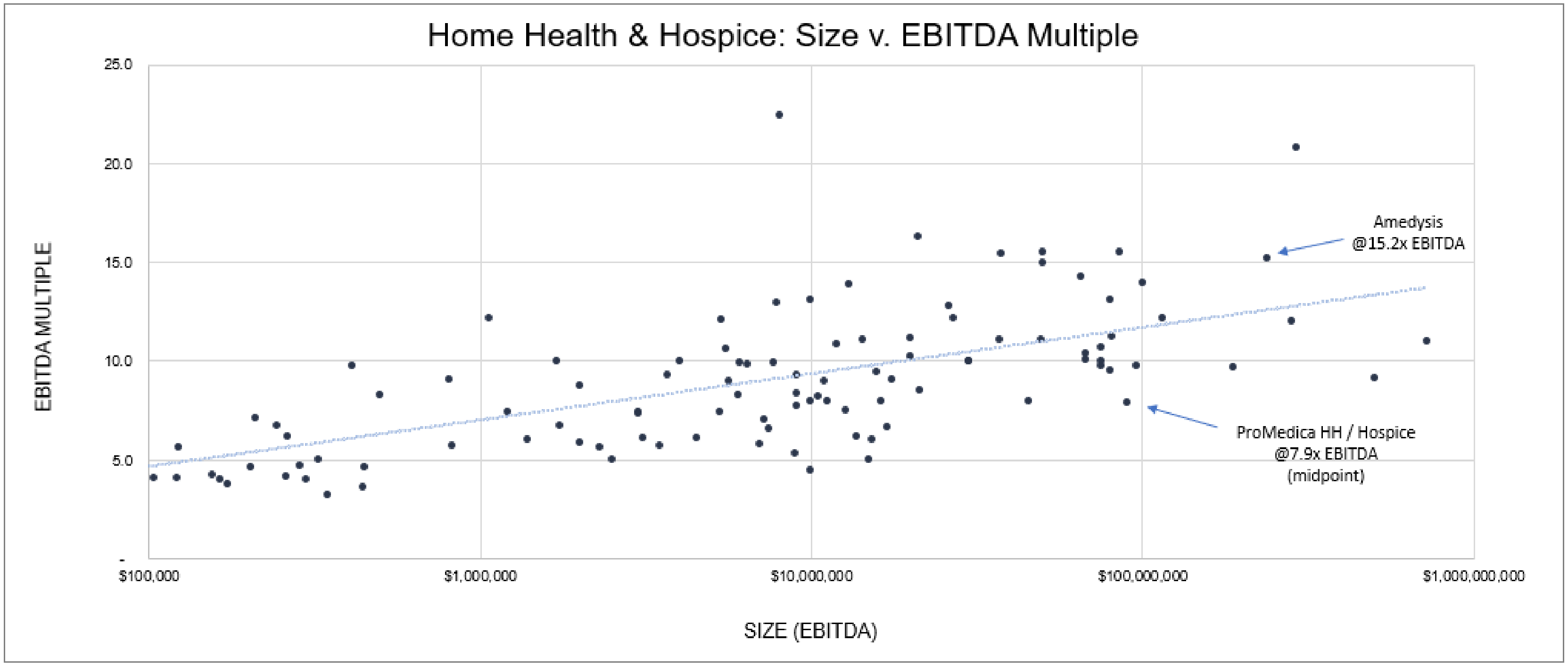
As of the end of 2023, the *Scope Research M&A Valuation Database* contains financial details related to 169 home health and hospice deals, segmented by type, including 113 deals with disclosed EBITDA multiples.





AMEDISYS

Optum, the health services arm of UnitedHealth Group, outbid Option Care to acquire Amedisys in a deal valued at $3.64 billion including net debt of approximately $350 million, or 15.2x estimated 2023 EBITDA of $239 million per to the fairness opinion prepared in support of the transaction. While the multiple represents a significant premium compared to most home-based services deals, it's also a pretty significant discount compared to Optum's ~$6b acquisition of LHC Group in early 2022 (20.8x EBITDA), which is the third largest home-based services deal in the Scope Research database. LHC was growing at a faster rate than Amedisys at the time of the transaction, with a projected 5-year EBITDA CAGR of 17.4%, compared to 5.9% for Amedisys. Even eliminating the impact of M&A on EBITDA growth, LHC management was projecting a 12.2% 5-year CAGR.



Source: Scope Research Healthcare M&A Valuation Database

PROMEDICA'S HOME HEALTH AND HOSPICE

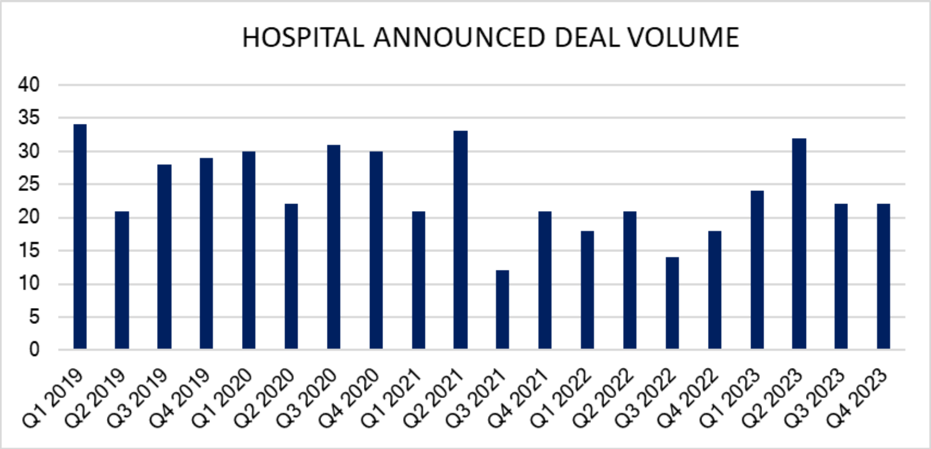
Gentiva, a home health and hospice operator backed by Clayton Dubilier & Rice, announced in February that it would acquire ProMedica's home health and hospice business for $710 million. The acquisition will provide Gentiva with a significant presence in the Midwest and Southeast, where ProMedica is a strong player. The business was previously part of the HCR Manorcare, Inc. Chapter 11 bankruptcy reorganization and related acquisition in 2018. ProMedica's home health and hospice operations were reportedly marketed off between $80 and $100 million of EBITDA, which would imply a multiple within the range of 7.1x to 8.9x EBITDA. The implied multiple at the mid-point ($90 million) is the lowest in our database for a home-based services deal over $200 million. The other four transactions in the bottom five were announced in 2016 or earlier. According to ProMedica's audited financial statements, revenue growth has been anemic for the business unit over the past few years.

HOSPITALS

2023 ANNOUNCED VOLUME TRENDS AND DATABASE UPDATE

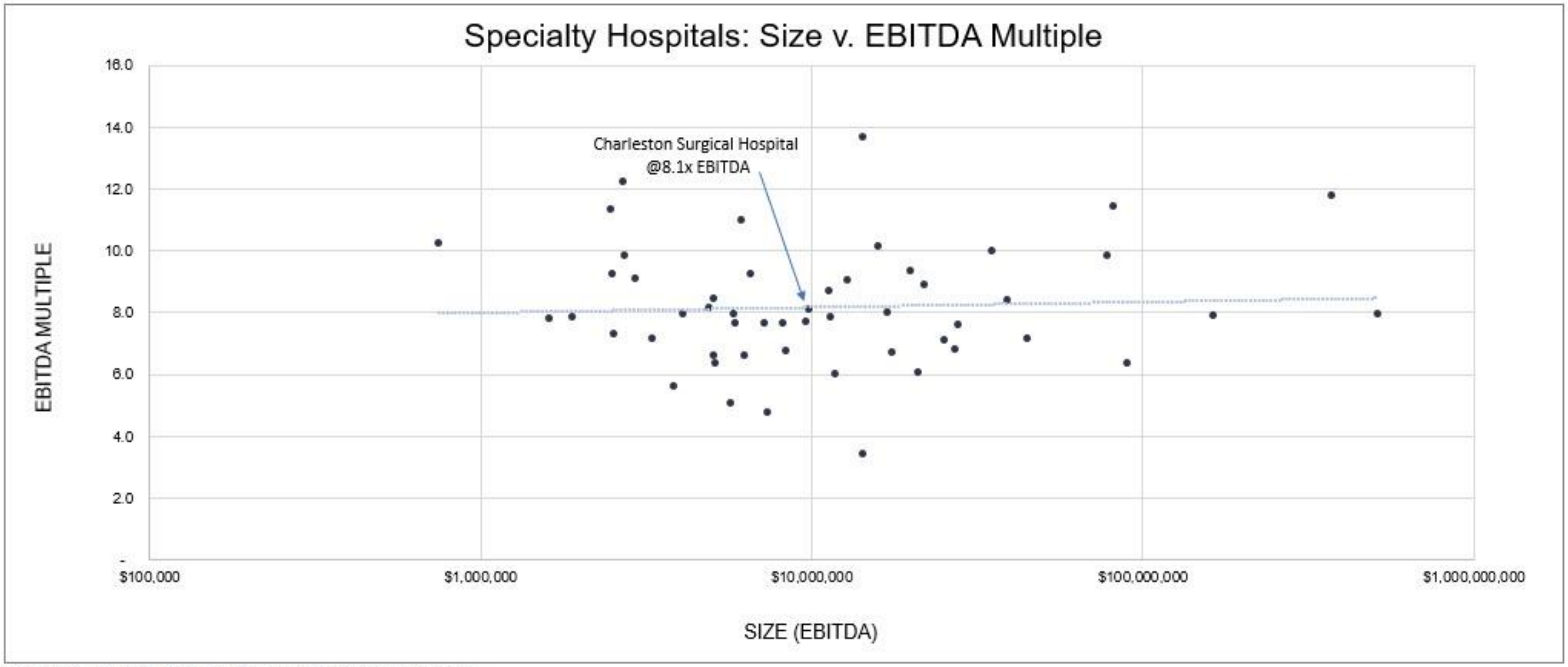
The number of announced U.S. general acute care and specialty hospital deals has rebounded nicely from the declines that occurred in the second half of 2021. Volume averaged 25 per quarter in 2023, up from 18 in 2022, and down slightly from 28 per quarter in 2019.

As of the end of 2023, the *Scope Research M&A Valuation Database* contains financial details related to 384 general acute care and specialty hospital deals, segmented by type, including 235 deals with disclosed EBITDA multiples.



TRACE REGIONAL MEDICAL CENTER

In December, SunLink Health Systems, Inc. announced it signed an agreement with Progressive Health Group to sell the subsidiary that owns Trace Regional Medical Center (TRMC), which includes a 24-bed medical/surgical hospital, an 18-bed psychiatric unit, a 66-bed skilled nursing facility, and three outpatient clinics in Houston, Mississippi, for approximately $8 million. This represents the last of six healthcare facility divestitures by SunLink spread out over the past 11 years. Progressive Health Group owns or co-owns Panola Medical Center, Quitman Community Hospital, and several other health care facilities in Mississippi. According to SunLink's SEC filings, its healthcare services unit (TRMC) generated revenue of ~$14.4m and an EBITDA loss (~-$2m) in FY 2023, implying a revenue multiple of 0.55x for the deal. This is above the 90th percentile for small, unprofitable hospital transactions (sub $40m revenue) according to our database.



Source: Scope Research Healthcare M&A Valuation Database

CHARLESTON SURGICAL HOSPITAL

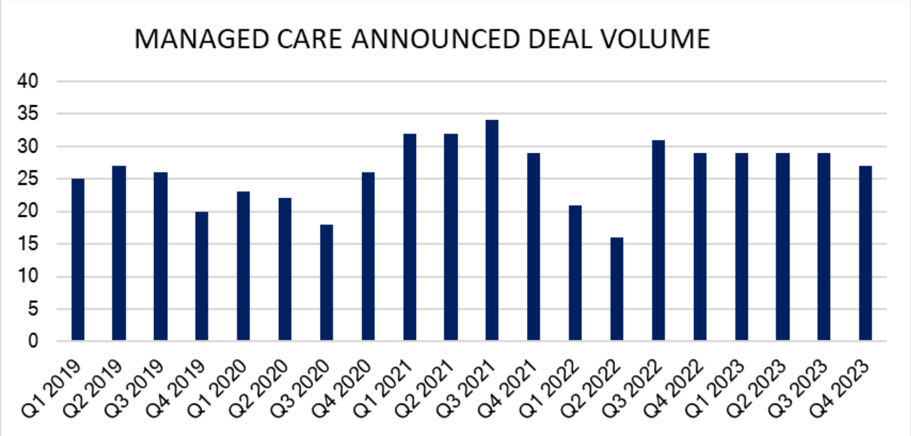
Charleston Area Medical Center announced in April that it filed a letter of intent with the West Virginia Health Care Authority to purchase a majority stake in Charleston Surgical Hospital. CSH is currently owned by a diverse group of physician surgical specialists and has provided inpatient and outpatient surgical services in the Charleston area for decades. Existing management and employees will remain as employees of the hospital once the purchase is complete. According to the state CON filings, the purchase price is $55.8 million for a 70% interest. The purchase will be financed with debt, but no existing debt will be assumed, implying a total enterprise value of $79.7 million. With revenue of ~$37m and EBITDA of ~$9.9m per CSH's Medicare cost reports, the deal implies multiples of 2.2x revenue and 8.1x EBITDA for the surgical specialty hospital.

MANAGED CARE

2023 ANNOUNCED VOLUME TRENDS AND DATABASE UPDATE

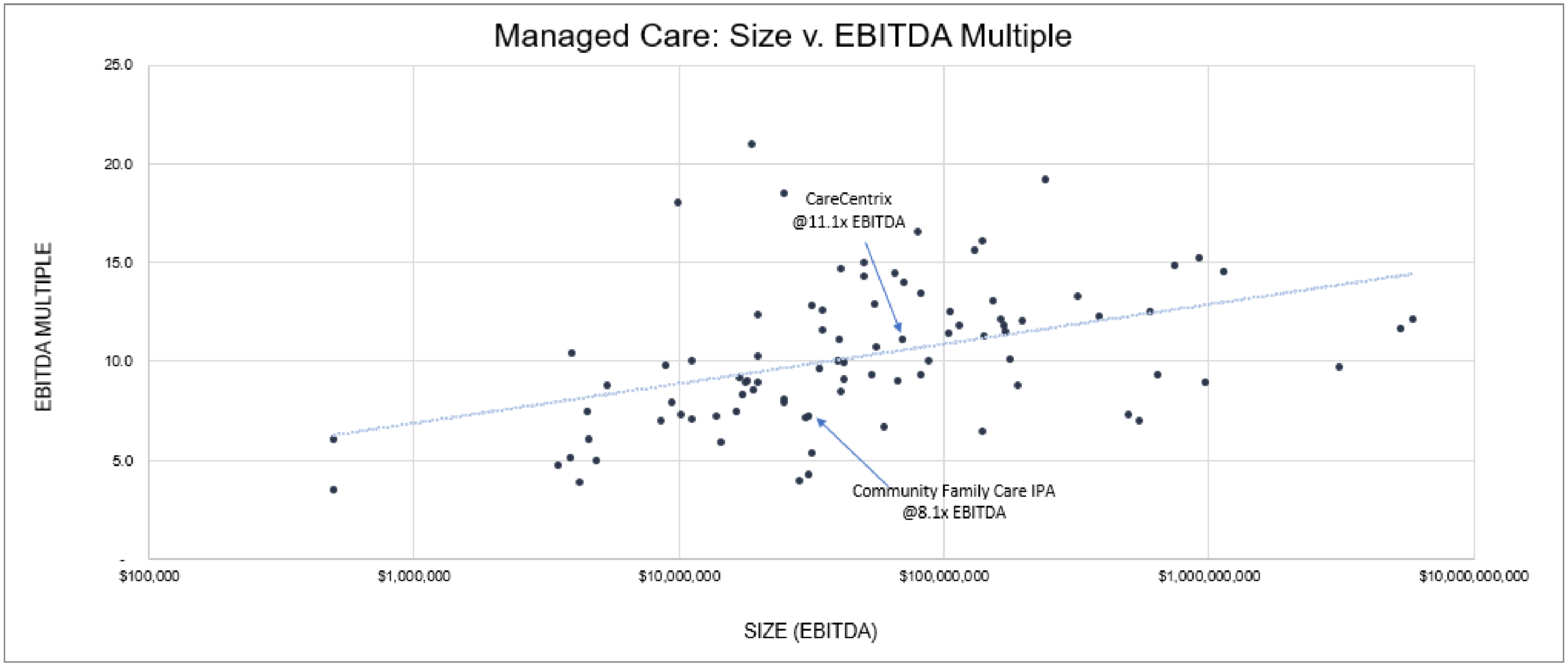
The number of announced managed care deals, which include health plans, population health, and payer services deals, among others, remained steady in 2023 near peak levels. Volume averaged 29 per quarter in 2023, up from 24 in 2022 and just below the average from 2021. Looking at the individual segments, declines in health plan deal volumes have been offset by increases in the payer services and health insurance brokerage segments.

As of the end of 2023, the *Scope Research M&A Valuation Database* contains financial details related to 145 managed care deals, segmented by type, including 89 deals with disclosed EBITDA multiples.



CARECENTRIX

CareCentrix, Inc., an independent home-centered platform that coordinates home-based care for health plans, patients, and providers, announced that Walgreens Boots Alliance acquired the company in a two part deal. CareCentrix manages care for 19 million members through approximately 7,400 affiliated provider locations, offering a suite of services needed to support emerging home care models, including care transitions, home nursing, durable medical equipment, home infusion, and in-home palliative care. According to a presentation prepared by Walgreen's, the first "55% stake was acquired for ~$330m cash, implying an approximately $800m enterprise value." Combing through the purchase price allocation, the actual numbers worked out to $327m cash, $4m contingent consideration, and $66m of share-based compensation awards, resulting in total consideration of $397m for the initial stake. As outlined in the presentation, the deal included an option to purchase the remaining 45% stake at 12x EBITDA in the first half of 2023, which ultimately was exercised for $378m on March 31, 2023. As a result, total combined consideration was $775m, for a business that appears to have generated approximately $70m of EBITDA in the LTM ended 3/31/2023 ($378m / 45% / 12x), implying a combined multiple of 11.1x EBITDA.



Source: Scope Research Healthcare M&A Valuation Database

COMMUNITY FAMILY CARE MEDICAL GROUP IPA

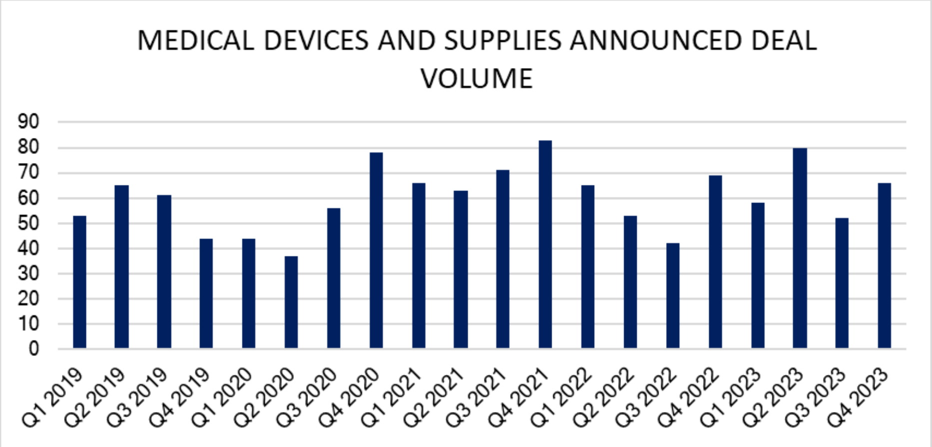
In November, Apollo Medical Holdings, Inc. announced that it entered into a definitive agreement to acquire Community Family Care Medical Group IPA, Inc. (CFC), including the CFC independent physician association (IPA), the CFC Health Plan (HP), and CFC's management services organization (MSO) entities. CFC's provider group includes more than 350 primary care physicians and 500 specialists, and manages the healthcare of over 200,000 members in the Los Angeles, California area. The group serves patients across Medicare, Medicaid, and commercial payers. While the relative contribution of each CFC business line is undisclosed, we believe the transaction likely fits within the multi-provider network subsegment of the managed care industry, although it contains elements of the health plan and possibly physician group subsegments as well. According to the press release, the purchase price was $202 million for a business with $190 million of estimated 2023 revenue and $25 million reported EBITDA, implying multiples of 1.1x revenue and 8.1x EBITDA.

MEDICAL DEVICES, EQUIPMENT AND SUPPLIES

2023 ANNOUNCED VOLUME TRENDS AND DATABASE UPDATE

The number of announced U.S. medical devices and supplies deals remained fairly strong in 2023 despite modest declines. Volume averaged 64 per quarter in 2023, up from 57 in 2022 and 55 in 2019, but still down from 70 in 2021. Looking at the individual segments, significant increases in deal volume in the relatively small CDMO / OEM / components segment helped offset steady declines across the rest of the category.

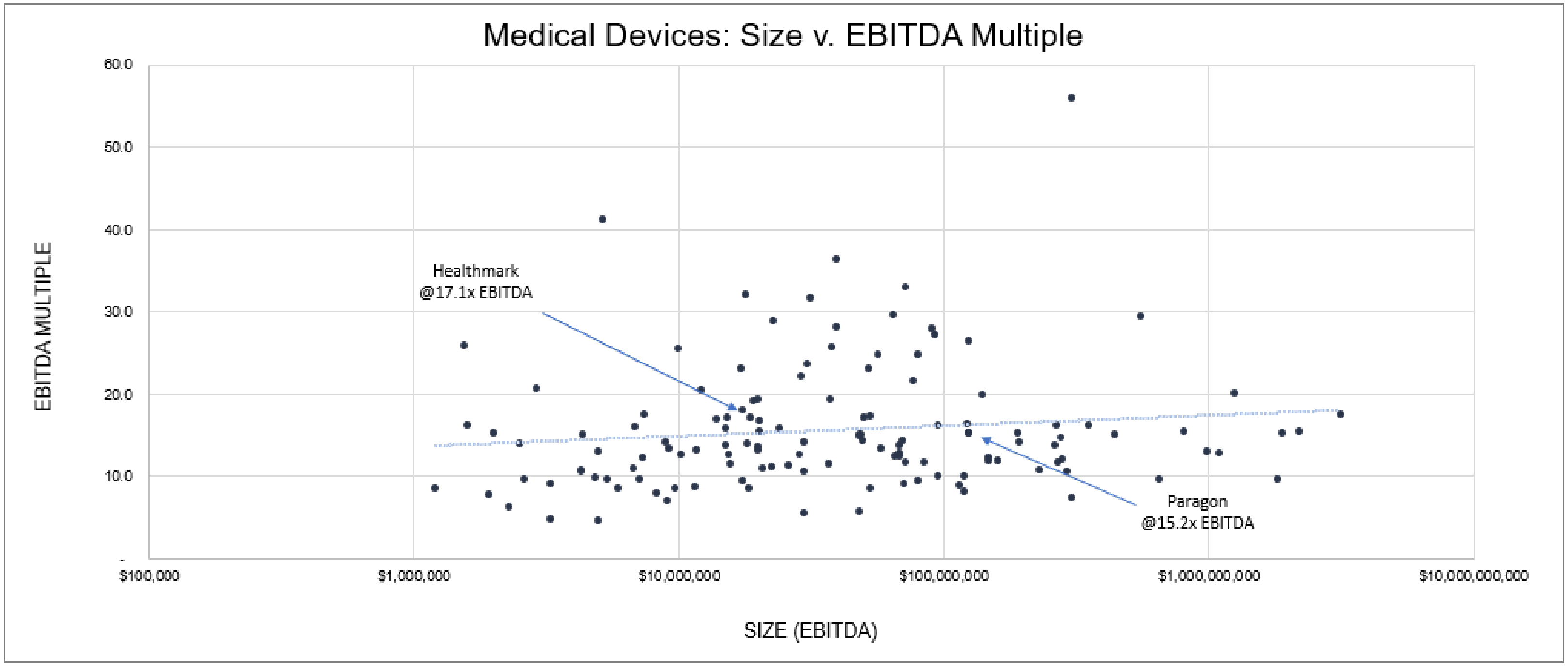
As of the end of 2023, the *Scope Research M&A Valuation Database* contains financial details related to 262 medical devices, equipment and supplies deals, segmented by type, including 133 deals with disclosed EBITDA multiples.



PARAGON MEDICAL

In November, AMETEK, Inc. announced it entered into a definitive agreement to acquire Paragon Medical, a provider of highly engineered medical components and instruments, from affiliates of American Securities in an all-cash transaction valued at approximately $1.9 billion. With annual sales of approximately $500 million and reported EBITDA margins of approximately 25%, the deal (preliminarily) implies multiples of 3.8x revenue and 15.2x EBITDA. This is the third time the medical device CDMO has changed hands since 2018:

- In May 2018, NN, Inc. acquired Paragon for a base price of $375 million that was later adjusted to $377.3 million net of cash acquired. According to an NN investor presentation, Paragon generated 2017 revenue of $141 million of revenue and EBITDA of $24 million (EBITDA margin ~17%), implying multiples of 2.7x and 15.7x revenue and EBITDA, respectively.
- Paragon was likely combined with existing NN operations to form its life sciences division, which was then divested to American Securities in August 2020 for $825 million, consisting of $755 million cash and the remainder in an earnout, implying a 12.5x multiple of estimated 2020 EBITDA (according to the investor presentation).



Source: Scope Research Healthcare M&A Valuation Database

HEALTHMARK INDUSTRIES

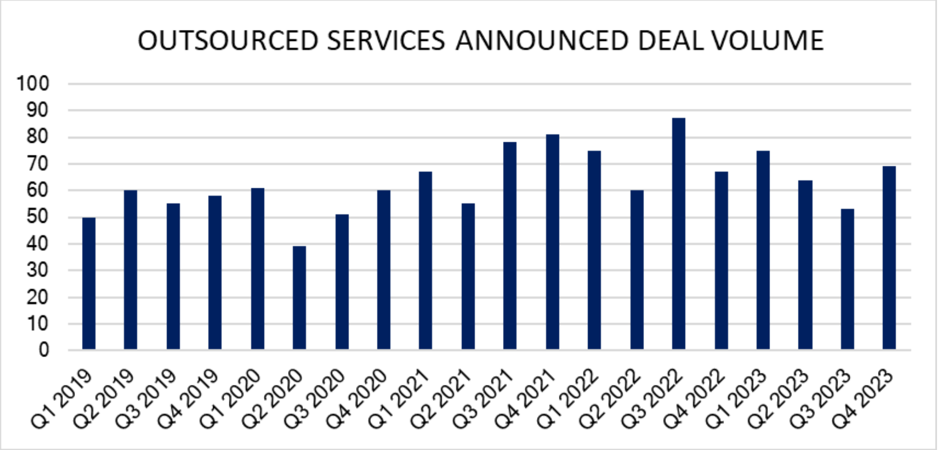
In October, Swedish healthcare giant Getinge announced the acquisition of US-based instrument cleaning and packaging consumables supplier, Healthmark Industries, for $320 million. In its fiscal year ending October 31, 2023, Healthmark expects revenue of nearly $126 million, an approximate 15% increase over fiscal year 2022. According to the press release, the purchase price implies an EBITDA multiple of 17.1x, or 15.5x net of the present value of tax benefits. Getinge expects approximately $30 million in gradual net synergies (revenues and costs) over the next five years. The multiple is on the very high end of the medical equipment and supplies comparables in our database, although it is fairly close to the multiples from more recent deals, such as Ohio Medical, Hill-Rom, Medline Industries, Cantel Medical, and Key Surgical. The elevated multiple signals Getinge's belief that Healthmark holds a leading position in a growing U.S. instrument cleaning and packaging consumables market, and a promising pipeline of innovative products. It also likely reflects the immense opportunity for both revenue and cost synergies as a result of the deal.

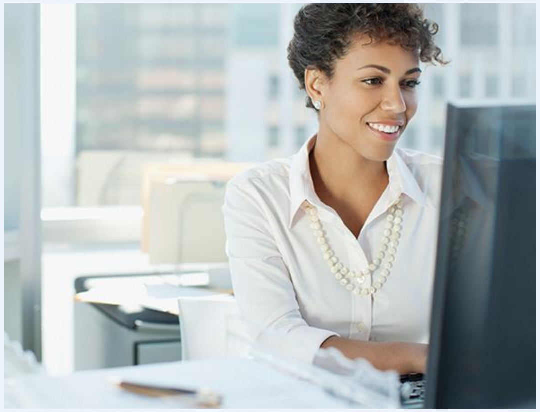
OUTSOURCED SERVICES

2023 ANNOUNCED VOLUME TRENDS AND DATABASE UPDATE

The number of announced provider outsourced services deals remained fairly strong in 2023 despite modest declines. Volume averaged 65 per quarter in 2023, down from 72 in 2022 and 70 in 2021, but still up significantly from 2019 levels (56). Declines in the staffing and education / training segment have been offset by modest increases in the consulting, revenue cycle, and IT managed services segments.

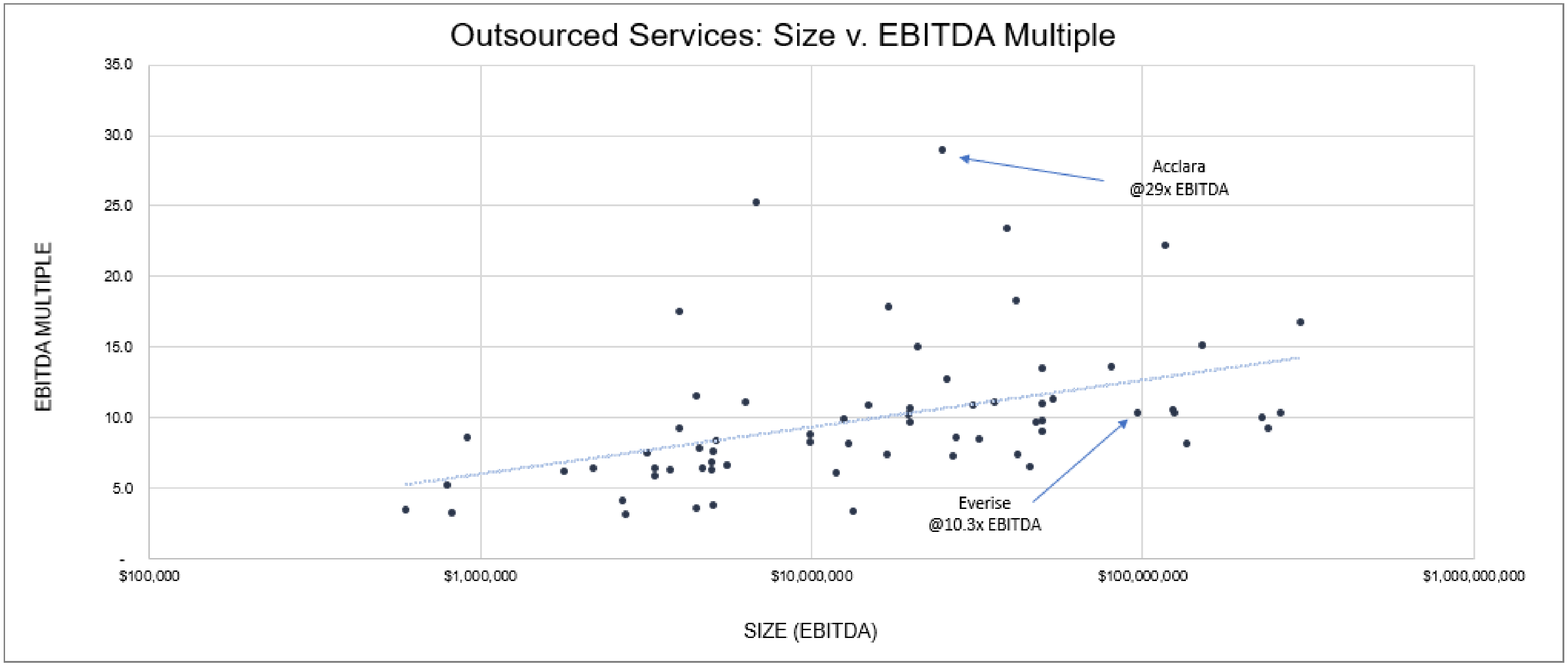
As of the end of 2023, the *Scope Research M&A Valuation Database* contains financial details related to 90 provider outsourced services deals, segmented by type, including 67 deals with disclosed EBITDA multiples.





ACCLARA

R1 RCM Inc. announced in December that it entered into an agreement to acquire Acclara, a revenue cycle management company owned by Providence, a national not-for-profit health system that primarily operates in the western US. Consideration consists of $675 million in cash and warrants to purchase 12.2 million shares of R1 RCM stock at a strike price of $10.52 per share. Using a 3-year expiry and 50% assumed price volatility results in an estimated value of approximately $4 per warrant, or $48.8 million, which we have utilized as an estimate pending more information from the PPA (total consideration of $723.8m). According to the investor presentation published by R1, Acclara generated revenue and adjusted EBITDA of approximately $300m and $25m, respectively, over the twelve months ended June 30, 2023, implying multiples of 2.4x revenue and 29.0x trailing EBITDA. The EBITDA multiple is a massive outlier on the high side compared to the other billing / revenue cycle deals in the outsourced services and digital / healthtech segments of our database, likely due to the immense potential for cost synergies ($50m annually according to the investor presentation) and growth from the related 10-year agreement with Providence (projected revenue and EBITDA of $625m and $185m by year 5 post-close).



Source: Scope Research Healthcare M&A Valuation Database

EVERISE

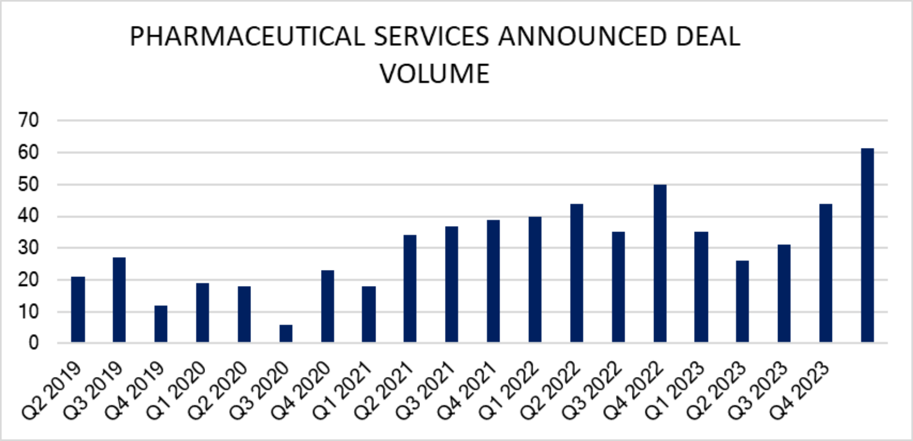
In October, private equity giant Warburg Pincus announced it joined Brookfield as an investor in Everise, a global business process outsourcing (BPO) firm specializing in customer experience solutions for the healthcare industry. The deal, finalized in December, values Everise at around $1 billion and highlights the growing significance of outsourcing administrative services within the healthcare industry. According to press reporting, Everise posted revenue of $475-500 million and EBITDA of $95-100 million in CY23, against $417 million revenue and $78 million EBITDA in CY22. Using midpoints from the 2023 ranges, the implied multiples work out to 2.1x revenue and 10.3x EBITDA. Also according to the reporting, the top 10 customers accounted for about 75% of 2022 revenue, indicating that customer concentration may pose a significant risk to the firm.

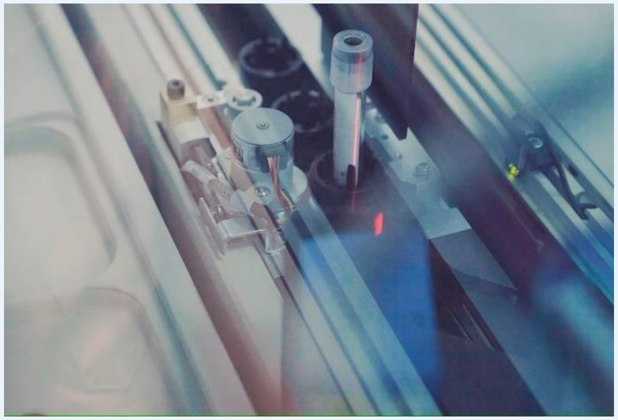
PHARMACEUTICAL SERVICES

2023 ANNOUNCED VOLUME TRENDS AND DATABASE UPDATE

The number of announced pharmaceutical services deals remained steady at 41 per quarter, matching 2022 levels. Announced deal volume is double 2019 levels. Looking at the individual segments, the smaller consulting segment continues to grow deal volume at high rates, while CRO experienced increases as well, after briefly being passed in terms of announced volume by CDMO in 2022.

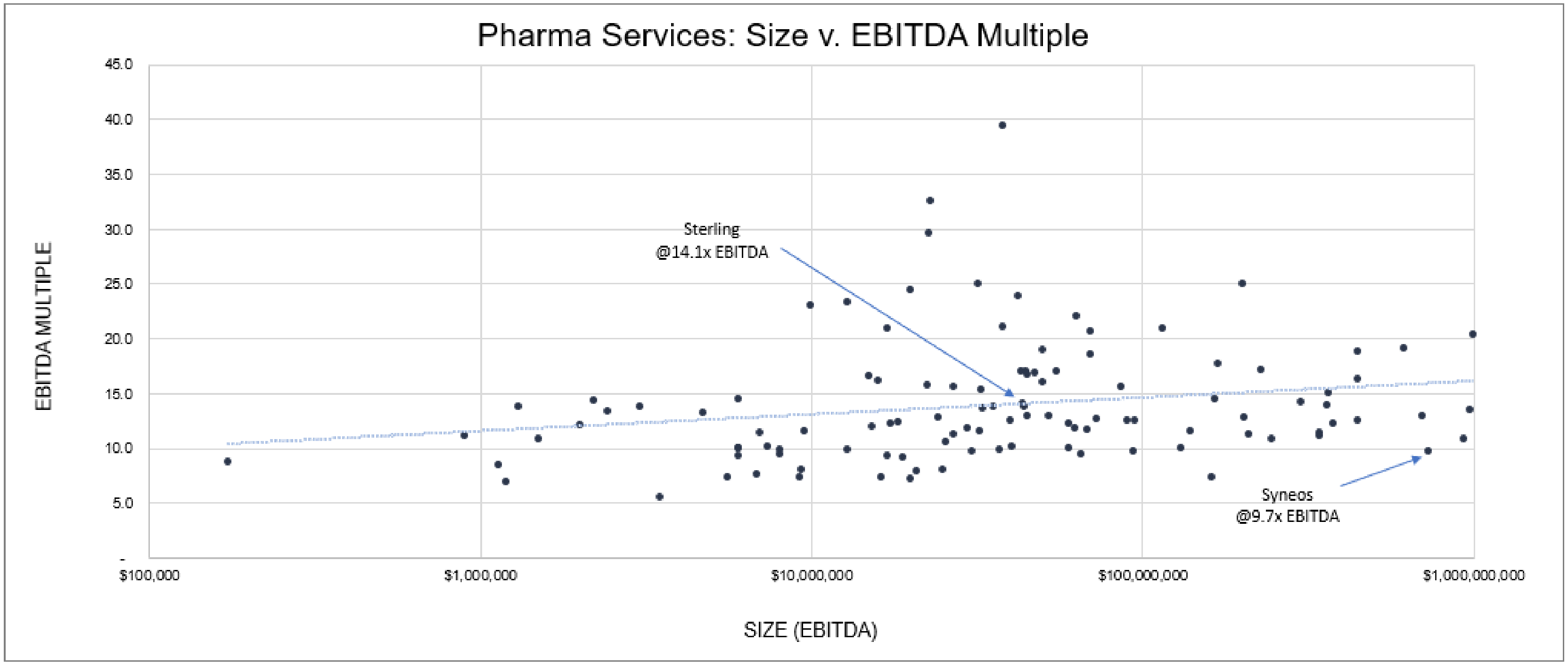
As of the end of 2023, the *Scope Research M&A Valuation Database* contains financial details related to 134 pharmaceutical services deals, segmented by type, including 111 deals with disclosed EBITDA multiples.





SYNEOS HEALTH

Syneos Health, Inc. , an integrated biopharmaceutical solutions organization, announced in May that it would be acquired by a consortium of private investment firm affiliates for $43.00 per share in cash in a transaction valued at approximately $7.1 billion, including outstanding debt. The purchase price represented a 24% premium to Syneos Health's unaffected closing stock price on February 13, 2023, the last trading day prior to media speculation regarding the deal. Syneos provides clinical research and commercialization services to the pharmaceutical industry, with a specialty in late-stage clinical trials. According to the fairness opinion prepared in connection with the transaction, Syneos was projected to generate EBITDA of $731 million off of $5.154 billion revenue, implying multiples of 1.4x revenue and 9.7x EBITDA. The deal came after a disclosed 12.4% reduction in backlog of contracts for providing clinical research to drug developers, which contributed to a 52% stock price plunge in 2022.



Source: Scope Research Healthcare M&A Valuation Database

STERLING PHARMA SOLUTIONS

In May, Sterling Pharma Solutions, a pharmaceutical contract development and manufacturing organization (CDMO), received a significant minority investment from Partners Group and additional funds from existing majority owner GHO Capital. According to the press release, the new investment will support Sterling's growth trajectory by expanding production capacity, adding complementary capabilities, and supporting the pursuit of further strategic acquisitions. According to an Axios report, the investment was based on a valuation of just under £500 million ($618.25 million USD at the current conversion rate of 1:1.2365). According to Sterling's financial statements, the company generated revenue of £118.6 million ($146.6 million) and EBITDA of £35.4 million ($43.75 million) in FY 2022, implying trailing multiples of 4.2x revenue and 14.1x EBITDA. The implied EBITDA multiple is in line with other recent CDMO transactions, including Carlyle's 2021 acquisition of fellow British CDMO Vectura Group.

PROFESSIONAL SERVICES

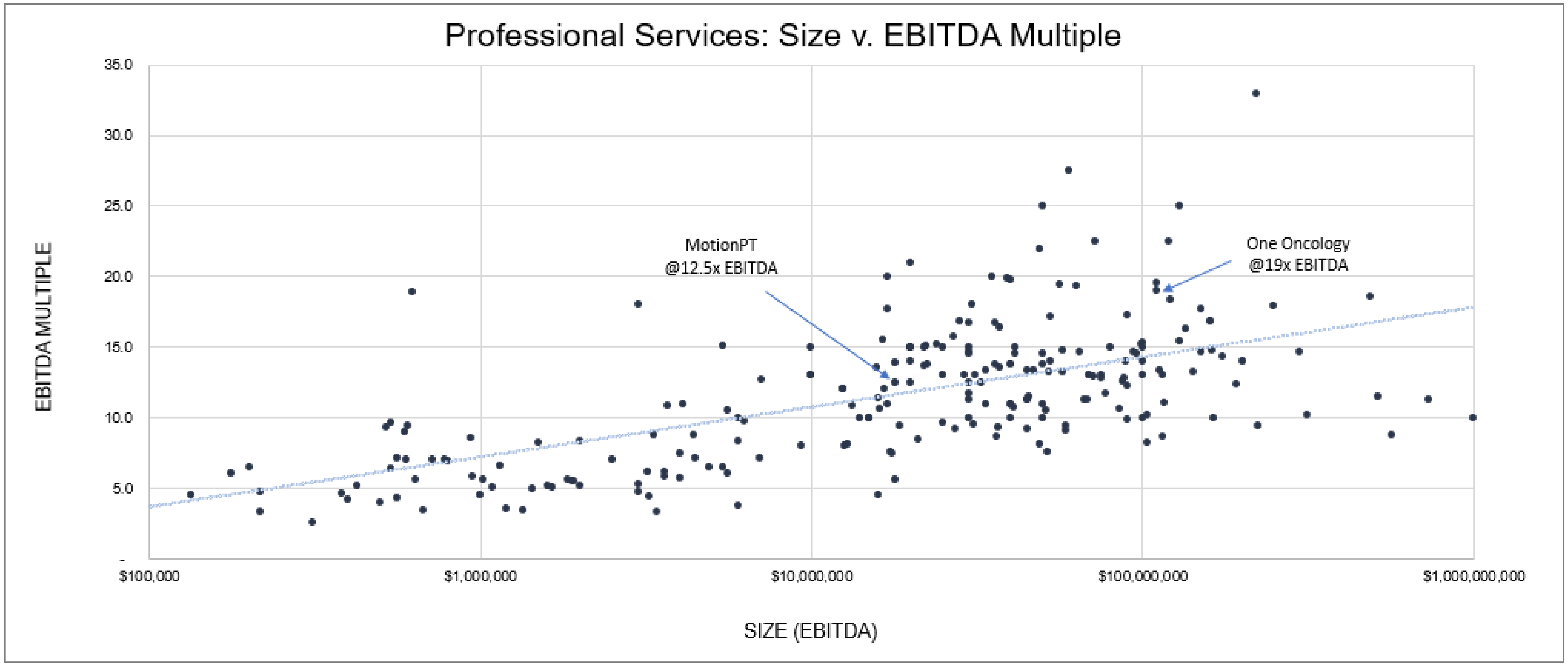
2023 ANNOUNCED VOLUME TRENDS AND DATABASE UPDATE

The number of announced U.S. professional services deals (licensed healthcare provider groups like physicians, dentists, and physical therapists) declined (barely) for the first time in years in 2023. Volume averaged 295 per quarter in 2023, down from 298 in 2022 but still up from 289 in 2021 and up a whopping from 201 in 2019. As always, it's unclear if this is a reflection of true deal volume growth, or simply an increase in public deal announcements. Generally, continued growth in the dentistry and aesthetics segments have offset modest declines across the remaining segments.

As of the end of 2023, the *Scope Research M&A Valuation Database* contains financial details related to 362 dentistry, physical therapy, and physician practice deals, segmented by specialty, including 231 deals with disclosed EBITDA multiples.

ONEONCOLOGY

In April, TPG and AmerisourceBergen announced the acquisition of OneOncology from General Atlantic for $2.1 billion. OneOncology is one of the largest and fastest growing community oncology practice management platforms in the United States with over 900 affiliated providers across 14 states. AmerisourceBergen purchased a 35% minority stake while TPG holds the remaining 65% in the joint venture. On the third anniversary of the deal's closing (and until the fifth anniversary), TPG has the right to force AmerisourceBergen to buy the remaining 65% of OneOncology at 19x EBITDA. If the option has not been exercised by the fifth anniversary, AmerisourceBergen will then have the right to force the sale on the same terms. Using 19x as a ballpark multiple for the transaction today roughly implies around ~$110 million in EBITDA for OneOncology currently.



Source: Scope Research Healthcare M&A Valuation Database

MOTION PT GROUP

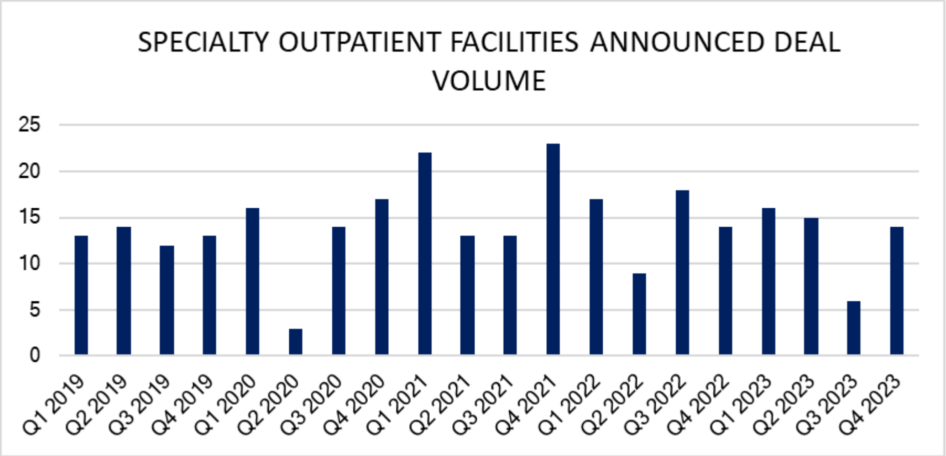
In February, Partners Group -backed Confluent Health announced a new partnership with MOTION PT, a physical therapy, occupational therapy, and speech therapy company with 59 clinic locations across Connecticut, Massachusetts, Maryland, and New York. The partnership reportedly will allow the company to maintain its existing brand while gaining access to Confluent Health's established ecosystem of management services as well as education and musculoskeletal health resources. Support services include efficient community outreach, digital innovations, value-based care pathway models, and marketing and finance tools. According to Axios reporting, the purchase price was within the range of $200 to $250 million for a business that was marketed off of $18 million in EBITDA. Using the mid-point of the range implies an EBITDA multiple of 12.5x, which is line with previous physical therapy deals of similar size, but lower than the multiples from a number of deals reported between 2020 and 2022.

SPECIALTY OUTPATIENT FACILITIES

2023 ANNOUNCED VOLUME TRENDS AND DATABASE UPDATE

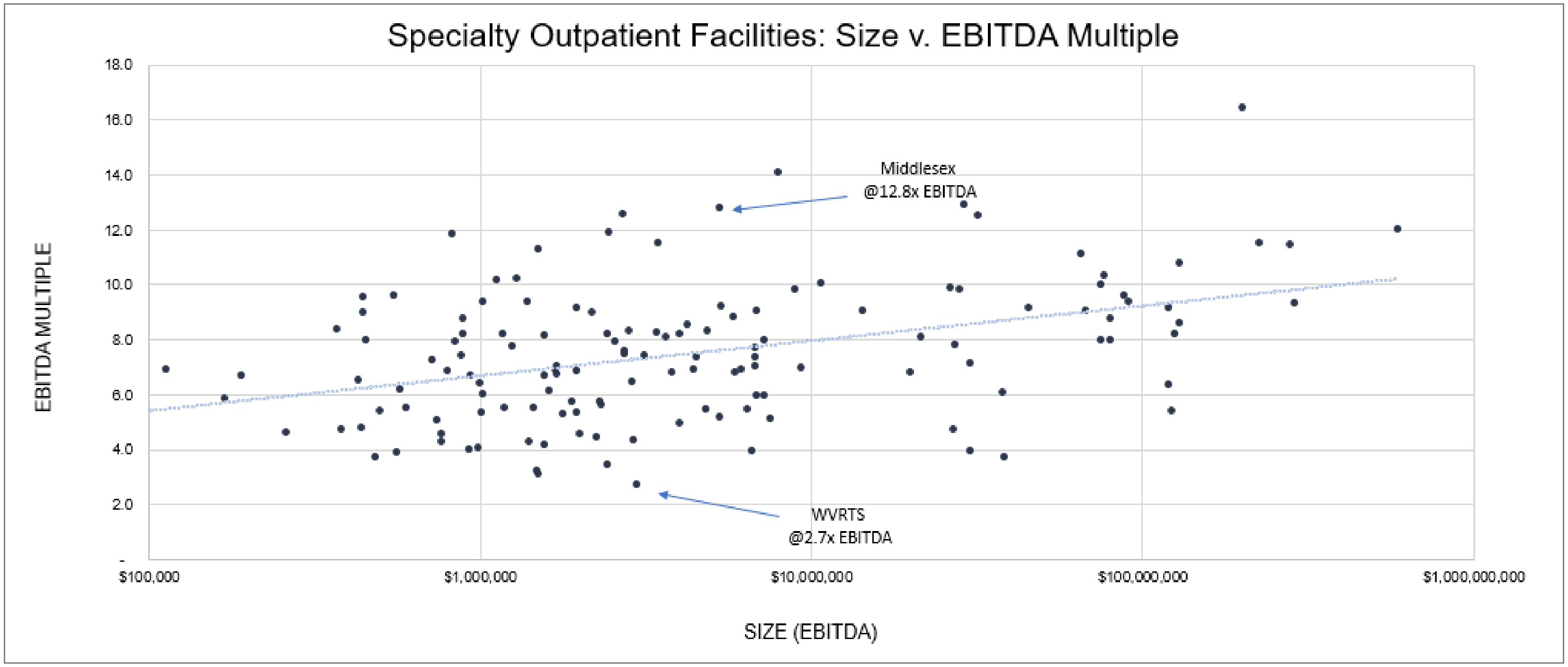
The number of announced U.S. specialty outpatient facility deals (ambulatory surgery centers, dialysis, imaging, and radiation therapy) declined to an average of 13 per quarter, down from 15 in 2022 and 18 in 2021. Due to low volumes of announced deals, it's hard to draw any significant conclusions at the subsegment level.

As of the end of 2023, the *Scope Research M&A Valuation Database* contains financial details related to 201 ambulatory surgery center, cancer center, dialysis, and diagnostic imaging deals, segmented by type, including 154 deals with disclosed EBITDA multiples.



MIDDLESEX CENTER FOR ORTHOPEDICS

MCAOS Holdings, a 50/50 joint venture between Middlesex Hospital and an orthopedist-owned entity, is acquiring a 65% interest in Middlesex Center for Advanced Orthopedic Surgery, LLC for $44 million, according to Connecticut CON filings. With minimal entity-level debt, the transaction implies an enterprise value of $67.7 million. The financial statements included in the filings show projected 2023 revenue of $16.8m and EBITDA of $5.3m, implying deal multiples of 4.0x revenue and 12.8x EBITDA. However, the projections include significant assumed profit growth in Years 1 and 2 post-transaction, likely due improving commercial rates, resulting in $7.6m of projected EBITDA by 2025, which implies a much more typical multiple (~8.9x).



Source: Scope Research Healthcare M&A Valuation Database

WEST VIRGINIA RADIATION THERAPY SERVICES

GenesisCare USA, the business formerly known as 21st Century Oncology, currently a subsidiary of KKR-backed, Australia-based GenesisCare, announced in June that it filed for U.S. bankruptcy protection. The business has since divested many of its assets, including wholly-owned subsidiary West Virginia Radiation Therapy Centers, Inc., which owns two radiation therapy centers in West Virginia (Princeton and Fairlea). According to our review of West Virginia CON filings, the assets of the two centers are being acquired by a subsidiary of U.S. Oncology, the McKesson -owned oncology management company, for $8 million. The filings also include historical financial results and projections, which indicate that the two centers are projected to generate revenue and EBITDA of $7.5m and $3m, respectively, in Year 1 post-transaction, which is very similar to FY 2022 actual results. As a result, the deal works out to 1.1x revenue and 2.7x EBITDA, one of the lowest valuations in our database, and likely a symptom of the forced sale.