

HealthTech M&A Insights

SECOND HALF 2024



NUMA WAYNE
Capital Advisors

NUMA WAYNE CAPITAL ADVISORS
Los Angeles - New York - Atlanta
www.numawayne.com

Firm Overview

NUMA WAYNE

Capital Advisors is an independent investment banking firm that provides M&A, capital raising, corporate valuations, and related strategic advisory services to lower middle-market companies across North America.

Our transaction experience covers a broad range of industries, end markets and business models. We have domain expertise in working with companies serving the healthcare, fitness, and wellness markets.

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HEALTHTECH

M&A Insights | SECOND HALF 2024

Numa Wayne's HealthTech M&A Team brings Wall Street-caliber experience and expertise to lower middle market (LMM) companies within the HealthTech ecosystem.

Specializing in businesses with an Enterprise Value between \$10M and \$200M, our team leverages deep industry knowledge to provide high-quality M&A, institutional financing, and strategic advisory services to privately held companies. We are committed to delivering exceptional value and strategic insights to help our clients achieve their goals.

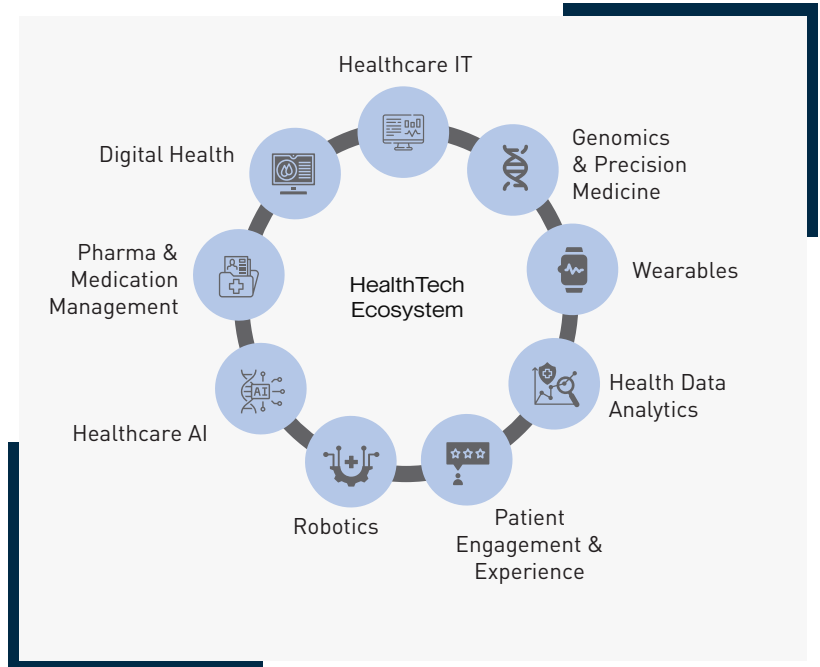
Key HealthTech Industry Observations

1. AI Integration in Healthcare:

Artificial Intelligence (AI) continues to revolutionize HealthTech, with significant advances in AI-driven diagnostics, predictive analytics, and personalized medicine. AI is increasingly being integrated into clinical workflows, helping to streamline operations and improve patient outcomes.

2. Telemedicine Growth:

The expansion of telemedicine services remains strong, driven by patient demand for convenient care and ongoing regulatory support. Hybrid care models combining virtual and in-person visits are becoming the standard in healthcare delivery.





Key HealthTech Industry Observations

3. Focus on Cybersecurity:

Cybersecurity has become a top priority as HealthTech companies and healthcare providers face increasing threats. Investments in advanced security measures and compliance with stricter regulations are critical for protecting patient data.

4. Patient Engagement Technology:

Enhancing patient engagement through digital tools like mobile apps and patient portals is a major focus. These technologies are helping to improve patient satisfaction, adherence to treatment plans, and overall health outcomes.

5. Interoperability Efforts:

Efforts to improve interoperability among healthcare systems are intensifying, with major tech players focusing on data integration and standardization. The adoption of FHIR (Fast Healthcare Interoperability Resources) standards is growing, facilitating better data exchange across platforms.

6. Rise of Digital Therapeutics:

Digital therapeutics, which use software to deliver evidence-based therapeutic interventions, are gaining traction. These tools are increasingly recognized for their ability to complement or replace traditional treatments, particularly in managing chronic conditions.

7. Expansion of Remote Patient Monitoring:

Remote patient monitoring (RPM) is seeing continued growth, especially for managing chronic diseases. Wearable devices and connected health technologies are enabling continuous monitoring of patients outside of traditional healthcare settings.

8. Health Data Analytics and Big Data:

The use of big data analytics in healthcare is expanding, enabling more precise and personalized treatment plans. HealthTech companies are leveraging data to predict patient outcomes, identify trends, and support population health management.

9. Investment in HealthTech Startups:

Venture capital investment in HealthTech startups remains robust, particularly in areas like AI, telemedicine, and digital health platforms. Investors are attracted by the sector's potential to transform healthcare delivery and outcomes.

10. Regulatory Challenges:

Regulatory compliance remains a significant challenge, particularly in navigating new rules related to data privacy, AI, and digital health. HealthTech companies must stay agile and informed to ensure compliance and avoid penalties.

These takeaways highlight the dynamic nature of the HealthTech sector, which is rapidly evolving due to technological advancements, regulatory changes, and shifting patient expectations. The continued focus on AI, cybersecurity, patient engagement, and data integration will shape the industry's future trajectory.



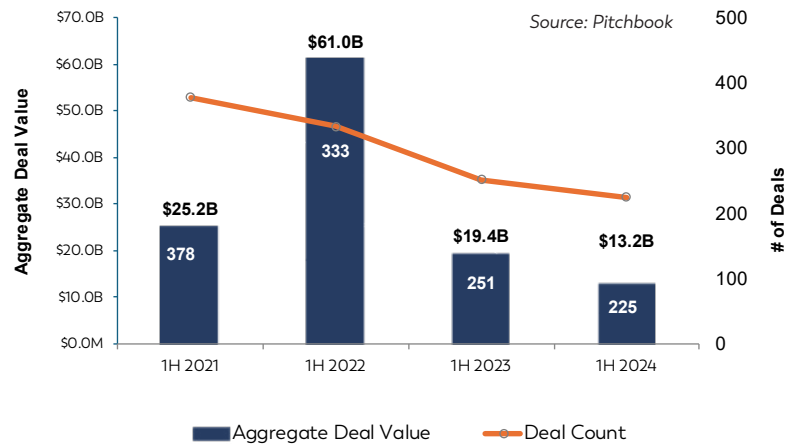
M&A Activity in HealthTech: A Resilient Outlook Amid Broader Market Challenges

M&A activity in the HealthTech sector has experienced a decline over the past several years; however, this downturn has been less severe compared to the broader M&A market. In the first half of 2024, HealthTech M&A transaction volumes decreased by 10.4% year-over-year (YOY), which is a marked improvement relative to the 24.6% YOY decline observed in the first half of 2023.

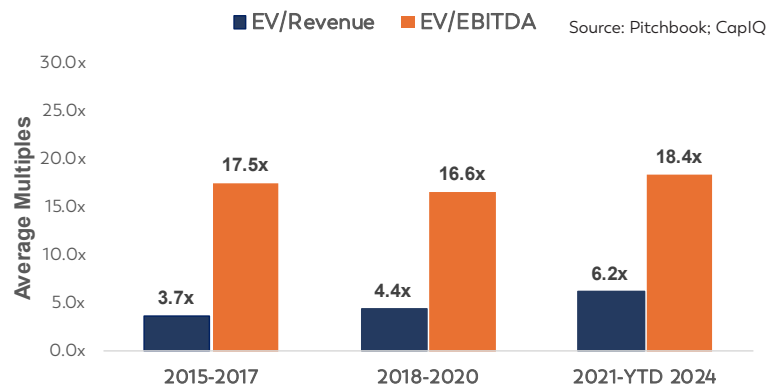
Looking ahead, we anticipate a resurgence in HealthTech M&A activity over the coming months, driven by improving macroeconomic and geopolitical conditions that have previously dampened the overall M&A market. This resurgence is expected to be primarily fueled by healthcare services businesses increasingly targeting HealthTech providers to mitigate labor shortages and enhance operational efficiencies, thereby improving their profit margins. Furthermore, the accelerated adoption of artificial intelligence (AI) and machine learning (ML) within the sector has unlocked significant revenue growth and M&A opportunities for industry participants.

M&A multiples in the HealthTech sector have averaged 6.2x EV/Revenue from 2021 through YTD, outpacing the average sector multiple from 2018 through 2020 (4.4x EV/Revenue) and 2015 through 2017 (3.7x EV/Revenue). Sector targets with a high degree of recurring revenue and interoperability have continued to garner strong multiples. The sector’s middle market has continued to yield significant levels of M&A activity at attractive valuations. From 2021 through YTD, middle market deals have comprised 83.8% of disclosed sector transactions, drawing an average multiple of 6.4x EV/Revenue during the same period.

HealthTech M&A Activity



HealthTech Valuations





Selected HealthTech Subsector M&A Highlights

The healthcare industry is undergoing a significant transformation driven by technological advancements. At the forefront of this change are three key sectors: Digital Health, Healthcare AI, and Healthcare Enterprise Management Systems (HEMS). Each plays a distinct role in shaping the future of how we deliver and experience healthcare.

Digital Health encompasses a broad range of digital tools and technologies that empower both patients and providers. From wearable devices that track personal health data to telehealth platforms that facilitate remote consultations, digital health solutions are making healthcare more accessible, convenient, and personalized.

Healthcare AI leverages artificial intelligence algorithms to analyze vast amounts of medical data. This allows for improved diagnostics, risk prediction, and treatment personalization. AI is also revolutionizing drug discovery and development, accelerating the pace of medical innovation.

Healthcare Enterprise Management Systems (HEMS) provide the integrated infrastructure for managing both clinical and administrative operations within healthcare organizations. These systems handle everything from electronic health records (EHRs) and revenue cycle management (RCM) to patient scheduling, human resources, and supply chain management. By facilitating efficient data exchange, optimizing resource management, and streamlining workflows, HEMS play a crucial role in enhancing both the quality of care and operational efficiency in healthcare delivery.

Understanding the opportunities and challenges within each of these sectors is essential for navigating the ever-evolving healthcare landscape. In this report, we will also explore the latest M&A activity in Digital Health, Healthcare AI, and HEMS over the trailing twelve months (TTM), providing insights into how these sectors are evolving through strategic consolidations and partnerships.

Selected HealthTech Subsector M&A Highlights



Digital Health M&A Heats Up: A Mid-Year Summary

The first half of 2024 has seen a flurry of M&A activity in the Digital Health sector, reflecting continued investor confidence and a rapidly evolving healthcare landscape. Here's a look at some key transactions:

“The future of healthcare is digital, and we are just at the beginning. Digital health is not just about technology; it's about fundamentally transforming the way healthcare is delivered, making it more personalized, more precise, and more patient-centric.”

- **Virtual & Behavioral Health:**
 - **Virtual Therapeutics merges with Akili Merger:** This merger of equals combines two leaders in digital mental health, creating a powerful entity capable of addressing the growing mental health crisis through scalable, VR-based and mobile app interventions.
- **Virtual-First Primary Care:**
 - **Centivo's acquires Eden Health:** Centivo's acquisition of Eden Health positions it as a leader in providing accessible virtual care solutions, integrating Eden's technology and clinical services to enhance its offerings to employers and employees nationwide.
- **Digital Pathology:**
 - **Sonic Healthcare acquires Pathology Watch:** This deal propels Sonic Healthcare to the forefront of digital pathology, streamlining workflows, enhancing pathologist efficiency, and enabling future AI integration.
- **Pharmaceutical Marketing:**
 - **OptimizeRx acquires Medicx:** The merger of OptimizeRx's healthcare professional-focused platform with Medicx's patient-centric marketing capabilities creates a comprehensive solution for life sciences companies to engage both healthcare professionals and patients effectively.
- **Patient Education & Engagement:**
 - **WebMD acquires Healthwise:** By acquiring Healthwise, WebMD strengthens its patient engagement capabilities, enhancing its ability to deliver personalized educational content to healthcare organizations.
- **Value-Based Care:**
 - **ExactCare Pharmacy acquires Tabula Rasa Healthcare:** This strategic partnership merges pharmacy services with personalized care management, catering to value-based care organizations and optimizing medication management.
- **Chronic Condition Management & Digital Therapeutics**
 - **DarioHealth acquires Twill:** The acquisition creates a comprehensive platform addressing both chronic conditions and emotional health, combining expertise in chronic disease management with digital-led emotional care.
- **Clinical Trial Optimization:**
 - **eMed acquires Science37:** This acquisition allows eMed to enhance patient enrollment in clinical trials, utilizing Science37's Metasite platform to facilitate remote participation and accelerate research timelines.



Selected HealthTech Subsector M&A Highlights



Digital Health M&A Heats Up: A Mid-Year Summary (con't)

- **Telemedicine:**

→ **Kayne Anderson makes a majority investment in TeleMed2U:** This investment supports TeleMed2U's expansion, enabling greater access to remote healthcare across various specialties.

- **Language Accessibility:**

→ **GTCR acquires Cloudbreak Health:** This acquisition strengthens Cloudbreak Health's position as a leader in video-based language interpretation, expanding its technology and network to improve communication access for patients with limited English proficiency.

Sector Outlook















These transactions highlight the growing emphasis on digital solutions to address critical healthcare challenges. With ongoing innovation and consolidation, the Digital Health sector is expected to continue experiencing significant M&A activity throughout the remainder of 2024, driven by the need for improved operational efficiencies, enhanced patient care, and the integration of advanced technologies like AI and machine learning.

Selected HealthTech Subsector M&A Highlights



Digital Health M&A Activity

DIGITAL HEALTH: SELECT M&A TRANSACTIONS (TTM 6/30/2024)

Deal Date	Target	Acquirer	Enterprise Value (\$M)	EV/LTM Rev.	EV/LTM EBITDA
06/21/24	 sharecare	ALTARIS	\$518.2	1.2x	N/A
05/29/24	 AKILI	 Virtual Therapeutics	N/A	N/A	N/A
05/20/24	 edenhealth	CENTIVO.	N/A	N/A	N/A
03/15/24	 CLOUDBREAK	GTCR	180.0	N/A	N/A
03/11/24	 Science 37	eMed	38.0	0.6x	NM
02/29/24	 healthwise for every health decision	 WebMD	N/A	N/A	NM
02/15/24	 twill	 DARIO	34.6	3.3x	N/A
01/08/24	 PATHOLOGY WATCH	SONIC HEALTHCARE	150.0	N/A	N/A
11/03/23	 TabulaRasa HealthCare	 EXACTCARE	570.0	1.5x	N/A
10/24/23	 medicx	OptimizeRx	95.9	N/A	N/A

Source: Pitchbook

Selected HealthTech Subsector M&A Highlights



Consolidation in Healthcare Enterprise Management Systems (HEMS)

The recent M&A activity in the HEMS sector highlights a trend of consolidation and a focus on specific areas of growth. Here's a breakdown of some key deals:

“HEMS are transforming healthcare from a reactive model to a proactive one. With integrated data and advanced analytics, these systems empower providers to anticipate patient needs and deliver personalized care at scale.”

- **Revenue Cycle Management (RCM):**

- **Med-Metrix acquires HBCS:** This deal strengthens Med-Metrix's end-to-end RCM offerings by combining HBCS' best-in-class patient financial engagement solutions with Med-Metrix's back-end RCM capabilities.

- **ACU-Serve receives a majority growth investment from Lovell Minnick Partners:** This capital infusion will enable ACU-Serve to expand its RCM solutions specifically for post-acute and home-based care providers.

- **Patient Engagement:**

- **Phreesia acquires MediFind:** This merger combines Phreesia's patient intake and outreach platform with MediFind's AI-powered solution that helps patients find specialists for complex conditions.

- **L Catterton provides additional capital to PatientPoint:** This investment allows PatientPoint, a leader in point-of-care patient engagement, to expand its product offerings and strengthen its market position.

- **Other notable deals:**

- **IKS Health acquires AQuity Solutions:** This deal creates a combined entity with a broader reach across the care continuum, offering clinical documentation, medical coding, and revenue integrity solutions.

- **Thoma Bravo acquires NextGen Healthcare:** This acquisition provides NextGen, a leading provider of cloud-based healthcare technology solutions, with capital to accelerate growth and product innovation.

- **TPG signs a definitive agreement to acquire NexTech:** This deal focuses on the specialty physician practice market, with NexTech offering a comprehensive suite of electronic medical record and practice management software solutions.

- **Model N enters into an acquisition agreement with Vista Equity Partners:** Model N, a leader in revenue optimization and compliance solutions for the life sciences and technology sectors, will benefit from Vista's resources to drive further growth.

Sector Outlook





















Overall, the M&A activity in the HEMS sector suggests a focus on streamlining workflows, improving patient engagement, and leveraging technology to optimize revenue cycles. These trends are likely to continue as healthcare providers seek to improve efficiency and deliver better care

Selected HealthTech Subsector M&A Highlights



HEMS M&A Activity

HEMS: SELECT M&A TRANSACTIONS (TTM 6/30/2024)

Deal Date	Target	Acquirer	Enterprise Value (\$M)	EV/LTM Rev.	EV/LTM EBITDA
06/24/24	 Model N	 VISTA	\$1,250.0	3.6x	N/A
06/21/24	 Get Well	 SAI Group	N/A	N/A	N/A
06/04/24	 HBCS REVENUE CYCLE	 MEDMETRIX™	N/A	N/A	N/A
04/16/24	 myndshft	 DrFirst	N/A	N/A	N/A
11/07/23	 nextgen healthcare	 THOMABRAVO	1800.0	2.3x	37.9x
10/27/23	 AQuity Solutions	 IKS HEALTH Quality Practice. Quality Care.	200.0	1.1x	8.0x
10/18/23	 ACU-SERVE	 LMP LOVELL MINNICK PARTNERS Industry Experts. Collaborative Partners.	N/A	N/A	N/A
10/16/23	 viewgol	 cpsii	38.2	N/A	N/A
08/31/23	 Nextech	 TPG	1400.0	N/A	N/A
08/14/23	 VBA	 SPECTRUM EQUITY	220.0	N/A	N/A

Source: Pitchbook

Selected HealthTech Subsector M&A Highlights



A Wave of Innovation: M&A Deals Reshape Healthcare AI Landscape

Over the past year, the healthcare industry is witnessing a surge in mergers and acquisitions (M&A) within the artificial intelligence (AI) space. This trend reflects the growing recognition of AI's potential to revolutionize various aspects of healthcare delivery. Let's delve deeper into some recent deals and the trends they illuminate.

“AI has the potential to democratize healthcare, bringing quality care to underserved populations. But this requires that we approach AI development with a commitment to ethics, transparency, and fairness.”

- **Targeted Solutions for Enhanced Care:**

Precision Medicine Takes Flight:

→ **Covera Health's acquires CoRead:** Covera Health, an AI-enabled diagnostic technology company focused on radiology, has acquired CoRead, an AI quality assurance company, to integrate CoRead's services into its platform. CoRead's technology offers the potential for earlier and more accurate diagnoses, leading to better treatment outcomes.

→ **Fountain Life's acquisition of LifeOmic:** The acquisition of LifeOmic, a company specializing in AI-driven health data analysis, highlights the increasing emphasis on personalized medicine. LifeOmic's platform offers insights into individual health factors, facilitating the development of customized treatment plans.

- **Streamlining Patient Journeys:**

→ **Fabric acquires GYANT (conversational AI care assistant) and Zipnosis (asynchronous care platform):** These acquisitions highlight the growing role of AI in patient engagement. These solutions can automate tasks like scheduling appointments and answering basic questions, freeing up healthcare providers' time for more complex consultations.

→ **Truentity Health acquires IndyCare:**

This deal showcases the potential of AI to transform pharmacies into healthcare hubs. Truentity Health's technology simplifies tasks like medical billing and patient oversight, allowing pharmacists to focus on delivering high-quality care.

- **Boosting Operational Efficiency:**

AI-Powered Workflows:

→ **TurningPoint Healthcare Solutions acquires Fairway Health:** Fairway Health is a health technology company specializing in AI-powered tools to streamline complex clinical workflows. This acquisition allows TurningPoint to leverage Fairway's advanced AI technology to improve healthcare outcomes, reduce administrative burdens, and enhance care delivery for the specialty conditions they manage.

→ **Aya Healthcare acquires Polaris AI:** Polaris AI is a machine learning platform that predicts patient volume and optimizes staffing levels for clinical settings. This acquisition enhances Aya's AI capabilities, enabling healthcare providers to reduce labor costs, improve staff retention, and enhance patient care through more accurate and efficient resource allocation.



Selected HealthTech Subsector M&A Highlights



A Wave of Innovation: M&A Deals Reshape Healthcare AI Landscape (con't)

- **Enhanced Revenue Cycle Management:**

→ **TREND Health Partners acquires PrecisionGx:** PrecisionGx is a provider of AI and machine learning solutions designed to improve payment accuracy in healthcare. This acquisition strengthens TREND's leadership in credit balance management and payment accuracy, while integrating PrecisionGx's advanced analytics engine, Astria, to deliver enhanced intelligence and automation for healthcare payers and providers.

- **Consolidation and Collaboration:**

Several recent deals involve established healthcare players acquiring smaller, niche AI companies.

→ **HEALWELL AI acquires of Pentavere:** Pentavere is an AI healthcare company specializing in data structuring and abstraction to address complex healthcare data challenges. The acquisition strengthens HEALWELL's capabilities, adds new pharmaceutical and life sciences customers, and is expected to be both financially and strategically synergistic with HEALWELL's alliance with WELL Health Technologies Corp.

→ **Sagility acquires BirchAI:** BirchAI is a healthcare technology company specializing in AI-powered, cloud-based call solutions that reduce operational costs and streamline complex healthcare transactions. This acquisition enhances Sagility's healthcare engagement services, allowing them to leverage BirchAI's generative AI capabilities to improve operational efficiency, member experiences, and the quality of care for their clients.

A Glimpse into the Future





















This surge in M&A activity underscores the burgeoning healthcare AI landscape. By focusing on improving patient experience, streamlining workflows, and ensuring accurate payments, AI is poised to become a key driver of future healthcare advancements. These recent deals offer a glimpse into the transformative potential of AI in revolutionizing healthcare delivery for patients and providers alike.

Selected HealthTech Subsector M&A Highlights



Healthcare AI M&A Activity

HEALTHCARE AI: SELECT M&A TRANSACTIONS (TTM 6/30/2024)

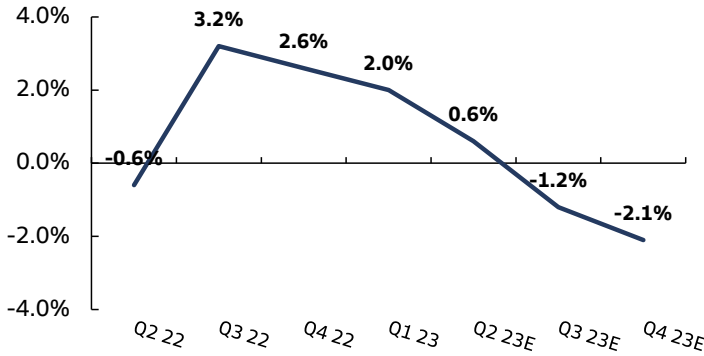
Deal Date	Target	Acquirer	Enterprise Value (\$M)	EV/LTM Rev.	EV/LTM EBITDA
06/18/24	 truentity	 IndyCare <i>Your Front Door to Better.</i>	N/A	N/A	N/A
05/01/24	 Fairway Health	 TurningPoint	N/A	N/A	N/A
03/22/24	 Birch AI	 sagility™	N/A	N/A	N/A
03/20/24	 actium	 Syllable	N/A	N/A	N/A
01/16/24	 GYANT	 fabric	N/A	N/A	N/A
12/05/23	 LIFEOMIC	 FOUNTAIN LIFE	N/A	N/A	N/A
12/01/23	 PENTAVERE	 HEALWELL AI	\$5.7	N/A	N/A
11/01/23	 COREAD	 covera health	N/A	N/A	N/A
10/18/23	 PRECISIONGH	 TREND HEALTH PARTNERS	N/A	N/A	N/A
07/07/23	 polaris	 Aya Healthcare	N/A	N/A	N/A

Source: Pitchbook

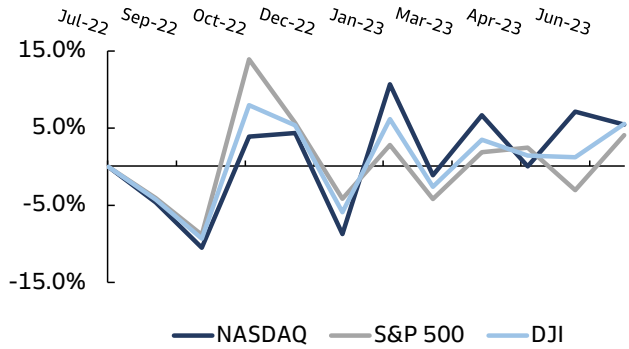


U.S. ECONOMICS STATISTICS

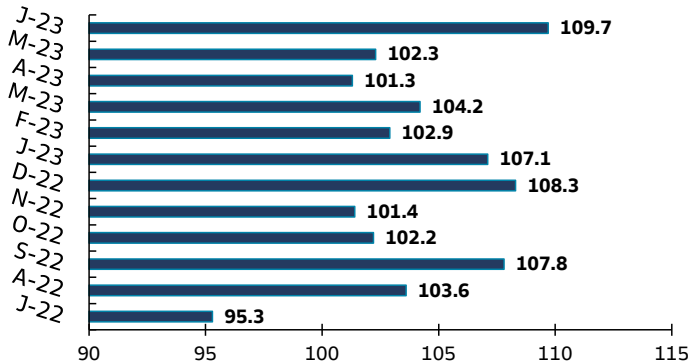
Real GDP Growth



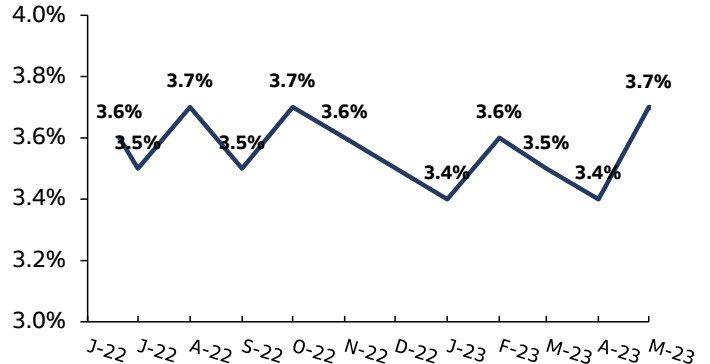
Stock Index Performance



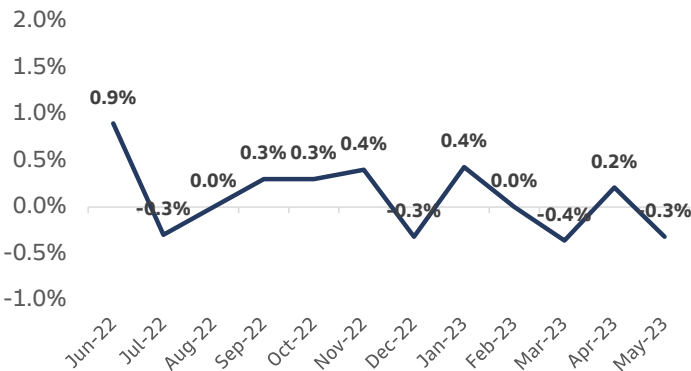
Consumer Confidence Index



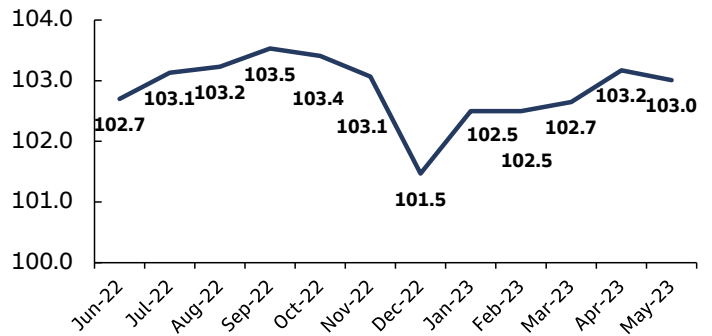
Unemployment Rate



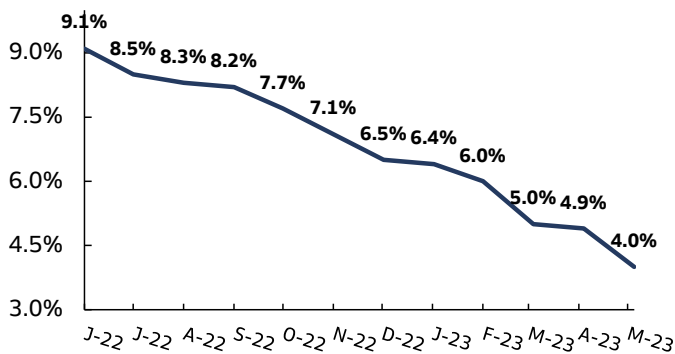
Producer Price Index



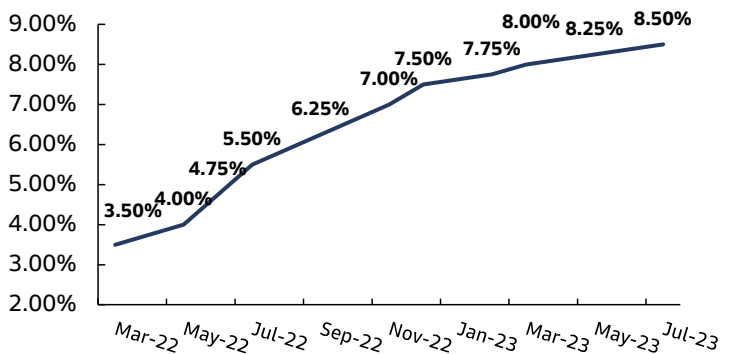
Industrial Production Index



Consumer Price Index



Prime Rate





NUMA WAYNE CAPITAL ADVISORS' HEALTHTECH TEAM



Kahlil Reid

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Kahlil has over 20 years of corporate transactional experience with domain specific expertise in the fitness, healthcare, and wellness markets. He was formerly a Senior Vice President and Head of the West Coast office for an international middle-market investment bank with offices in North America, Europe, Asia, and Africa

Kahlil began his career as an M&A and corporate finance attorney for Fried, Frank, Harris, Shriver & Jacobson in New York prior to transitioning into investment banking with Citigroup's Media, Telecom, and Technology Investment Banking Group.

Kahlil graduated with a B.S. from Cornell University, where he was a member of the Cornell Big Red football team. He also holds a J.D. from Georgetown University Law Center, where he served as a staff editor for The Tax Lawyer. Kahlil is a member of FINRA, holding Series 7, 79, 24, and 63 securities licenses. He is also a member of the New York Bar (inactive)



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Michael specializes in advising healthcare and biotechnology companies. Michael's entire career has been focused on the health care sector as an investment banker, entrepreneur and mergers and acquisitions specialist for private and publicly traded pharmaceutical and biotechnology companies.

Formerly, Michael held the position of Vice President for Acquisitions and Development for Nantworks and its formerly affiliated companies – Celgene, Abraxis Bioscience, American Bioscience and American Pharmaceutical Partners. At Dillon, Read & Co. Inc., Michael was a Vice President in the health care investment banking group and completed in excess of \$2 billion of transactions for large multi-hospital systems, academic health centers, financially distressed institutions and long-term care facilities.

Michael graduated with a B.A. from the University of California at San Diego and holds a MBA in Finance from The Wharton School of Business at the University of Pennsylvania.



NUMA WAYNE'S HEALTH & WELLNESS TRACK RECORD

NUMA WAYNE has represented numerous companies in the fitness, healthcare, and wellness industry verticals. Our advisory work has included multiple industries and involved companies of diverse specialties, many of which sell in both the public and private-sector markets.

Finger Lakes Clinical Research
has been acquired by
 ERG
Advisor to Seller

GILDA MAX FITNESS
has been acquired by
Best Form Industries
Advisor to Seller

Paradigm.
Health & Wellness
CAPITAL RAISE
Advisor to Company

CLINICAL LABS OF HAWAII
has been acquired by
Individual Labs
Advisor to Seller

Modern Homecare Services and Pharmacy, Inc.
has been acquired by
 BEVERLY ENTERPRISES
Advisor to Seller

FRONTLINE MEDICAL PRODUCTS
VALUATION
Advisor to Company

audacity
has been acquired by
 huntsworth health
Advisor to Seller

AXIOM MOBILE IMAGING
has been acquired by
 Diagnostic Laboratories & Radiology
Advisor to Seller

nexersys™
FINANCIAL ADVISORY
Advisor to Company

COGNITIVE CLARITY INC.
FINANCIAL ADVISORY
Advisor to Company

Gilad&Gilad
FINANCIAL ADVISORY
Advisor to Company

smith&nephew
has been acquired by
Private Investment Group
Advisor to Seller

NEOS SURGERY
VALUATION
Advisor to Company

The Weekend Exercise Company
has been acquired by
Private Investment Group
Advisor to Seller

sera care™
has been acquired by
American Plasma Inc.
Advisor to Seller

VIA VETERINARY CENTERS
CAPITAL RAISE
Advisor to Company