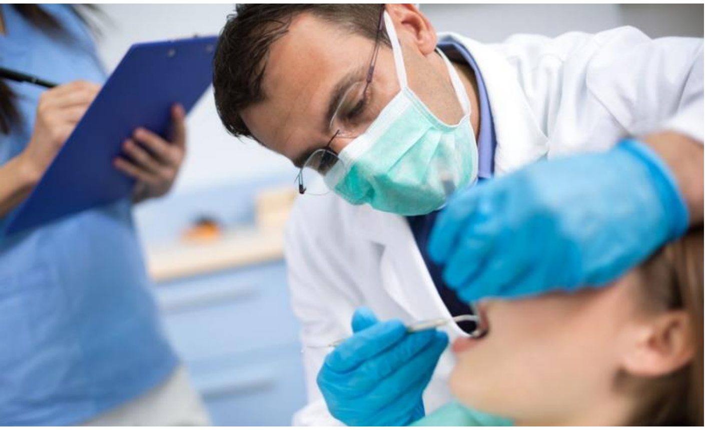
SCOPE RESEARCH



SPECIAL REPORT - PRELIMINARY (ESTIMATED AS OF DECEMBER 17, 2024)

HEALTHCARE M&A REVIEW 2024

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 2024, with more detailed context for select 2024 transactions with disclosed financial information. Hope you enjoy!

Interested in learning more about subscribing to our databases? 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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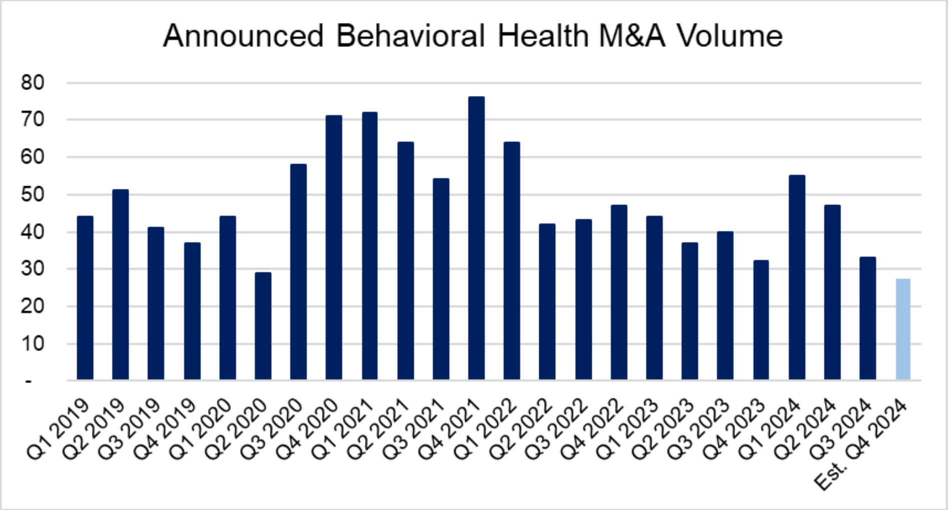
BEHAVIORAL HEALTH

2024 ANNOUNCED VOLUME TRENDS AND DATABASE UPDATE

The number of announced U.S. behavioral health deals has declined steadily on a quarterly basis since a Q1 2024 pop. While quarterly announced volumes fluctuate, the level of dealmaking in the space more or less matches 2019 with an average of about 40 deals per quarter. Activity in the mental health sub-segment remains strong, while the addiction services and intellectual disability subsegments remain weak after sharp declines in 2022 and 2023. However, we have heard rumors of potentially strong activity in 2025 as a number of larger platforms are rumored to be on the market.

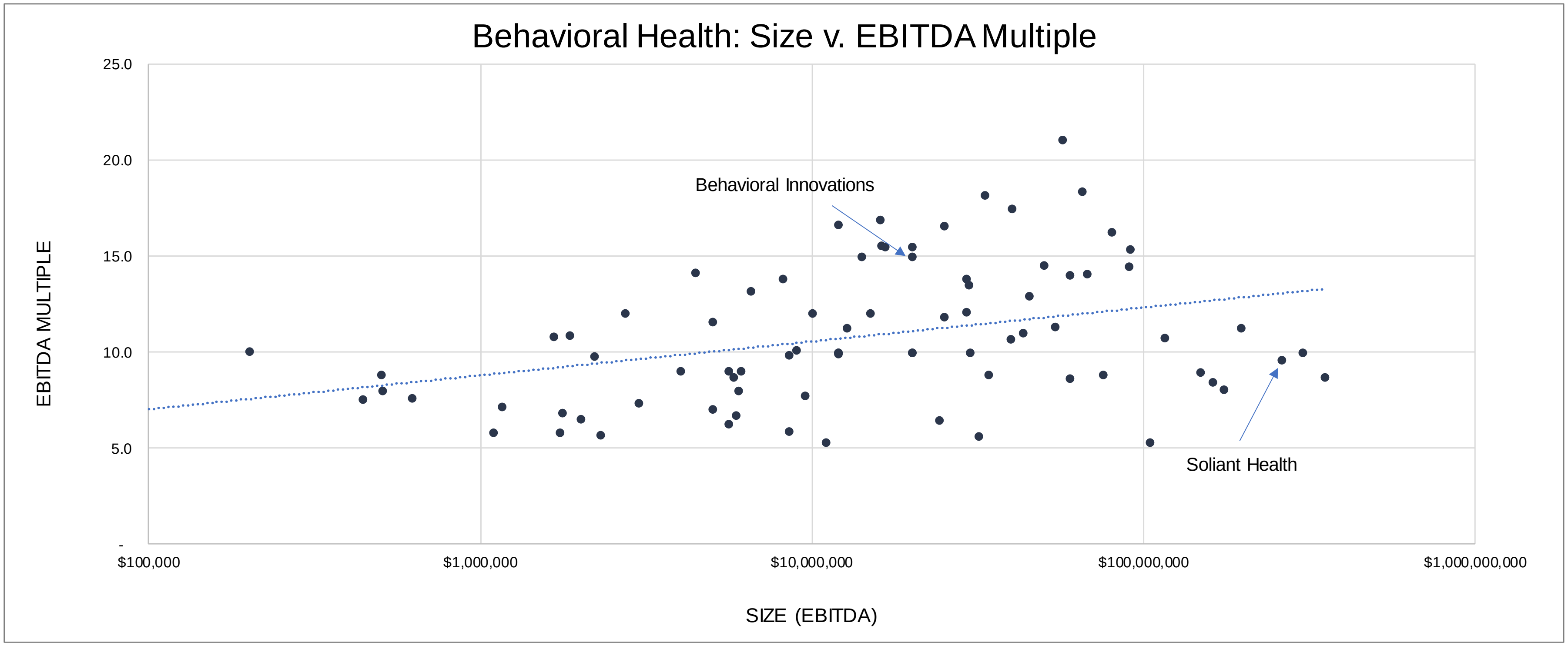
As of the end of 2024, the *Scope Research M&A Valuation Database* contains financial details related to 117 behavioral health deals, segmented by type, including 83 deals with disclosed EBITDA multiples.



SOLIANT HEALTH

Private equity firm The Vistria Group has recapitalized / acquired / made a strategic investment in Soliant Health in a deal that implies an enterprise value of roughly $2.5 billion. The deal was announced about four years after middle market buyout fund Olympus Partners bought the business for $612 million from Adecco Group in late 2019 (~11x EBITDA at that time). Soliant is a provider of healthcare staffing services, connecting professionals such as nurses, therapists, psychologists and educators with hospitals and schools. Massive growth in Soliant's educational staffing segment (K-12) has overshadowed recent struggles in the travel nursing segment (hospitals). It now serves over 3,000 school districts and more than 700 hospitals across the United States.

According to press reporting, Soliant expanded its sales and recruiting team by over 700 people during Olympus' ownership and increased EBITDA by more than five times. According to Moody's, the Soliant deal is financed with $1.49 billion of debt at 5.7x leverage, which implies EBITDA of $261 million and a deal multiple of 9.6x, about five times Soliant's 2019 EBITDA of $54 million to tie things back to the press reporting.



Source: Scope Research Healthcare M&A Valuation Database

BEHAVIORAL INNOVATIONS

The autism services M&A market showed some signs of strength in 2024 after rumors of pent-up demand, as larger platforms Behavioral Innovations and Caravel Autism Health both found new financial sponsors in May, on similar terms. Behavioral Innovations was reportedly acquired from Shore Capital Partners for approximately $300 million by New York based sponsor Tenex Capital Management.

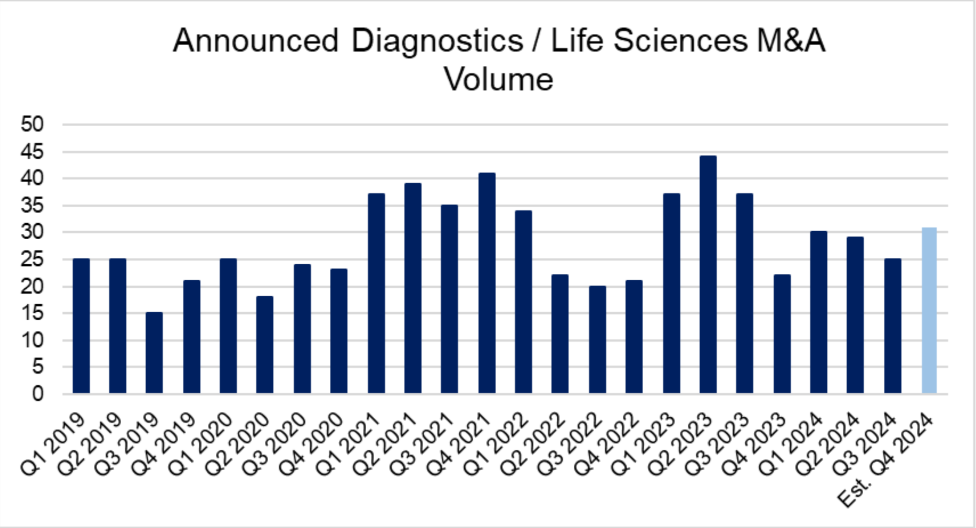
The deal was reportedly marketing based off EBITDA of approximately $20 million, implying a multiple of ~15x. At the time of the transaction, Behavioral Innovations had approximately 80 locations throughout Colorado, Oklahoma, and Texas.

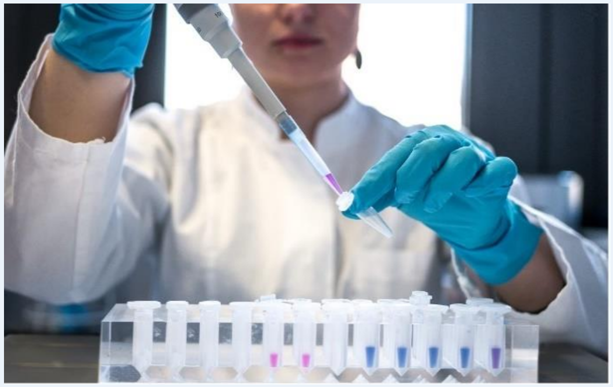
DIAGNOSTICS / LIFE SCIENCES

2024 ANNOUNCED VOLUME TRENDS AND DATABASE UPDATE

The number of announced diagnostics and life science tools deals posted a slight decline in 2024 after a strong recovery in 2023. Deal volume reached a record of 44 deals in Q2 2023, and averaged 35 per quarter for 2023, slightly below the 2021 average. Announced volumes dipped to an average of 29 per quarter in 2024, and the declines were relatively uniform across the diagnostic tools, equipment and supplies, and laboratory subsegments.

As of the end of 2024, the *Scope Research M&A Valuation Database* contains financial details related to 191 diagnostics and life sciences deals, segmented by type, including 82 deals with disclosed EBITDA multiples.

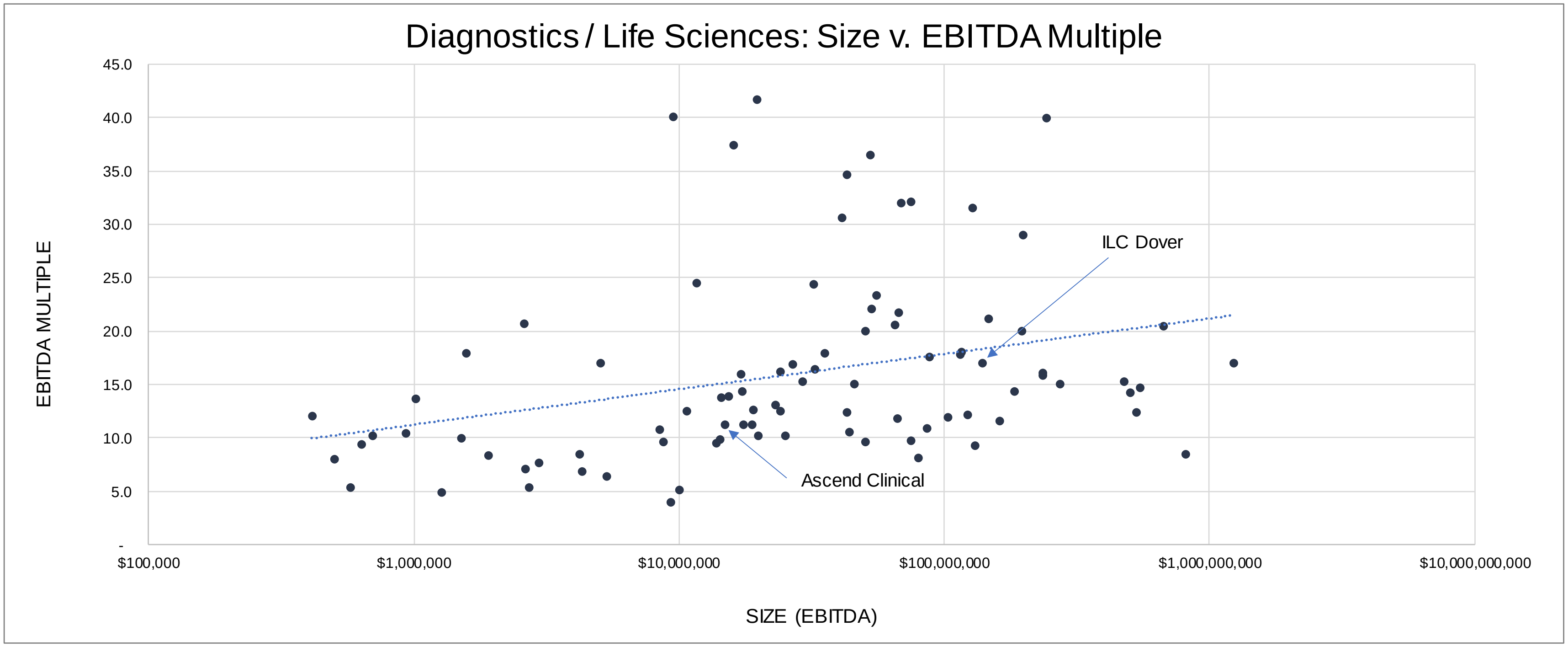




ILC DOVER

In March, Ingersoll Rand Inc. (NYSE:IR) announced it entered into an agreement to acquire ILC Dover from New Mountain Capital. The deal includes an upfront cash purchase price of approximately $2.325 billion and an earnout tied to the achievement of select operating efficiency metrics in 2024. ILC designs solutions for biopharmaceutical, pharmaceutical, and medical device markets through 11 engineering and production facilities located in North America, Europe, and Asia, with ~2,000 employees. It specializes in single-use powder and liquid handling containment solutions.

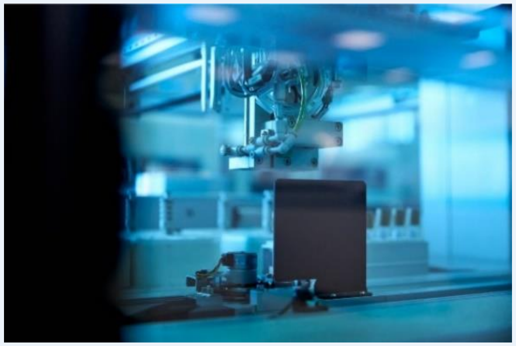
According to the press release, the upfront purchase multiple is approximately 17x estimated 2024 adjusted EBITDA, implying EBITDA of around $138 million. At its maximum payout, the earnout increases the upfront purchase multiple by less than one turn. Also according to the release, ILC has adjusted EBITDA margins in the mid-30s (implying revenue in the $400 million range and a ~6x revenue multiple). ILC also reports a three-year historical organic revenue CAGR in the mid-teens.



Source: Scope Research Healthcare M&A Valuation Database

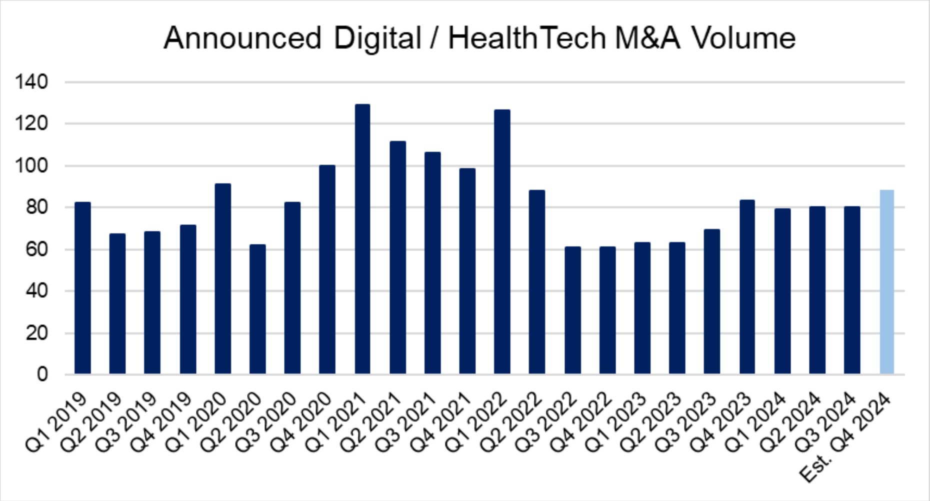
ASCEND CLINICAL

in April, Eurofins Scientific (EUFI.PA) announced the closing of its acquisition of Ascend Clinical, the largest independent laboratory for kidney dialysis testing in the United States. Founded in 2000, Ascend operates a state-of-the-art laboratory in California that employs 170 staff members. The laboratory provides automated chemistry, hematology, microbiology and virology testing services to dialysis clinics and hospitals across the United States. According to the press release, Ascend's core competencies and client relationships complement the Eurofins network's portfolio of pre- and post-transplant services.



According to Eurofins' financial statements, the purchase price was €152.9 million ($165.7 million). The financial statements also include Ascend's revenue and adjusted EBITDA from H1 2024, which translate to annualized revenue and adjusted EBITDA of $76.1 million and $14.7 million, respectively, implying multiples of 2.2x revenue and 11.2x EBITDA.

DIGITAL / HEALTHTECH



2024 ANNOUNCED VOLUME TRENDS AND DATABASE UPDATE

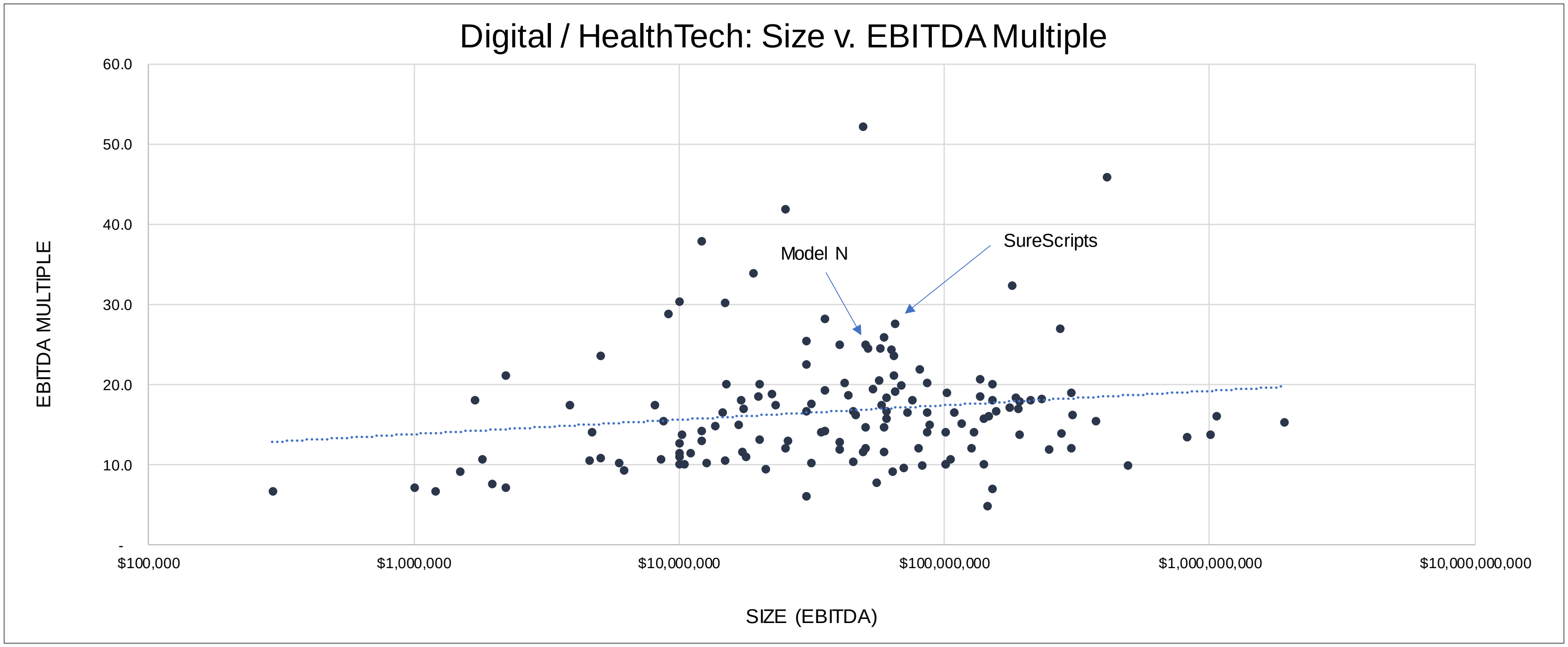
The number of announced digital health deals recovered in 2024, as volumes increased from an average of 71 per quarter in 2023 to an average of 82 per quarter in 2024. Announced transaction volume reached a peak of 130 deals in Q1 2021 and volume remained near or above 100 per quarter from Q4 2020 to Q1 2022. The declines since the peak have been particularly acute in the telemedicine subsegment, which still has yet to recover along with the rest of industry.

As of the end of 2024, the *Scope Research M&A Valuation Database* contains financial details related to 260 digital health and information technology deals, segmented by type, including 145 deals with disclosed EBITDA multiples.

SURESCRIPTS

In early October, TPG purchased a majority stake in e-prescribing health information network Surescripts alongside minority investors the National Community Pharmacies Association, the National Association of Chain Drug Stores, Express Scripts, and CVS Caremark. The company's technology electronically sends prescription information from providers to pharmacies and details medication histories, effectively replacing faxes and phone calls with electronic access to information. Surescripts' e-prescribing network reaches almost every U.S. patient -- the company claims 99% of the U.S. population is represented in its master patient index. In 2023, the company connected 2.14 million healthcare professionals and provider organizations through 23.8 billion network transactions.

According to Axios reporting, the deal values the company at $1.8 billion. Advent International (which owns pharmacy benefits optimizer RxBenefits) was reportedly one of the final bidders, putting in a bid for $1.7 billion that TPG ultimately topped. With estimated 2024 revenue and EBITDA of $405 million and $65 million, respectively, the deal implies multiples of 4.4x revenue and 27.7x EBITDA. The company projects 7.4% revenue growth in 2025 with significant margin expansion leading to EBITDA growth of 15.4%.



Source: Scope Research Healthcare M&A Valuation Database

MODEL N

Model N, a software provider focused on revenue optimization and compliance for pharmaceutical, medtech, and high-tech innovators, announced that it has entered into a definitive agreement to be acquired by Vista Equity Partners. The deal is for $30/share in an all-cash transaction valued at approximately $1.25 billion. The purchase price represents a premium of approximately 23% over Model N's 30-trading-day volume weighted average share price as of the close on January 10, 2024.

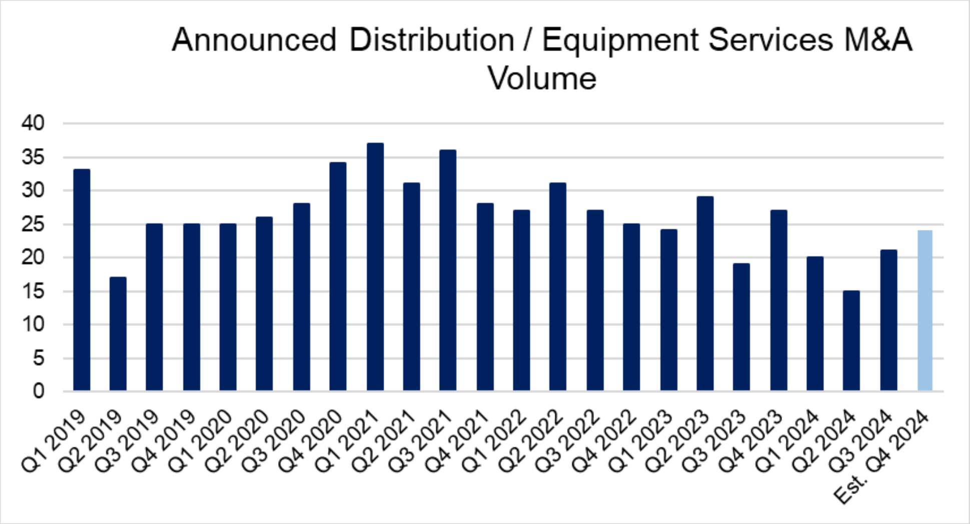
According to the fairness opinion, 2024 revenue and EBITDA were projected at $264 million and $51 million, respectively, implying multiples of 4.7x revenue and 24.5x EBITDA. The fairness opinion projects significant revenue growth and margin expansion, with a 5-year revenue CAGR of 10.1% and EBITDA margins increasing from 19% to 33% resulting in EBITDA growth in the mid-20% range over the period.

DISTRIBUTION AND EQUIPMENT SERVICES

2024 ANNOUNCED VOLUME TRENDS AND DATABASE UPDATE

The number of announced healthcare distribution and equipment services deals continued to decline in 2024 to an average of 20 per quarter, down from 25 per quarter in 2023 and a peak of 37 deals in Q1 2021. The declines are concentrated in the home medical equipment (HME/DME) segment, as announcement volumes have remained steady in the biomedical / equipment services and distribution segments, although biomedical / equipment services also showed some weakness in 2024.

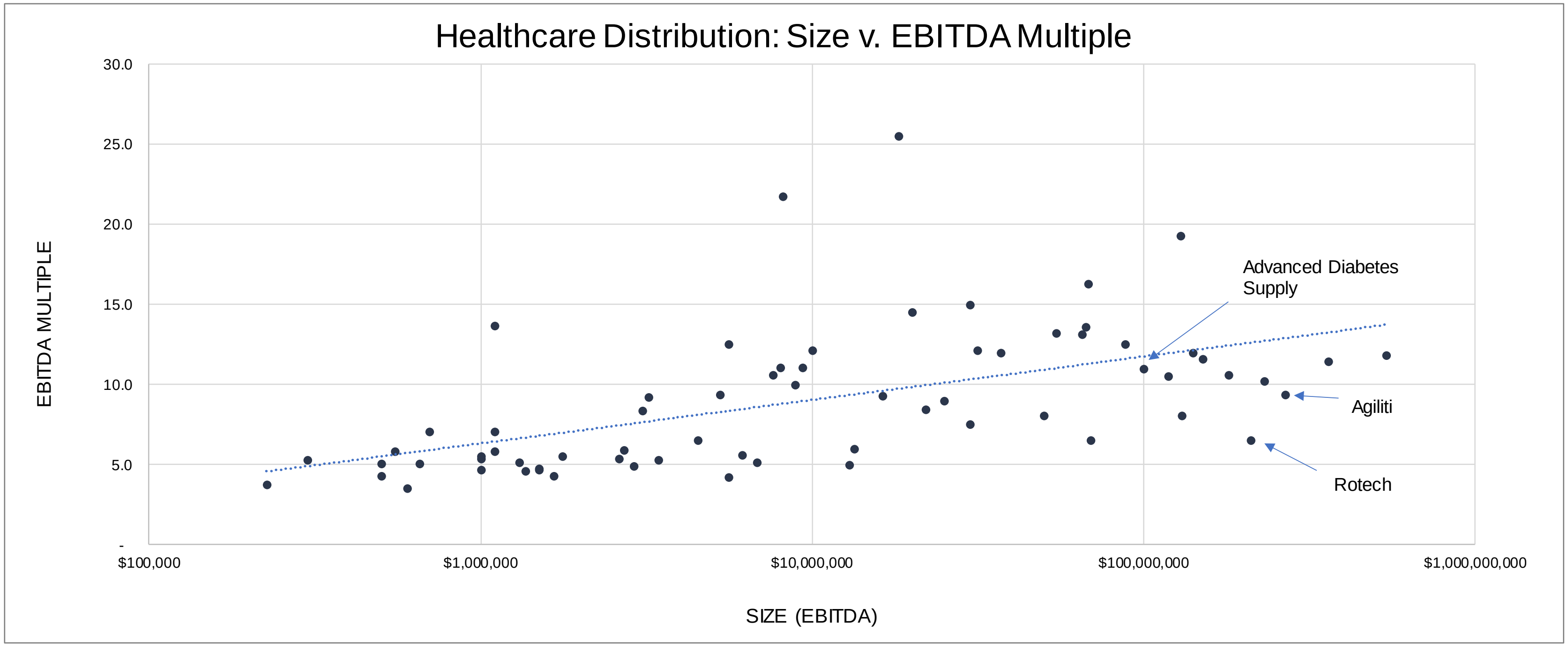
As of the end of 2024, the *Scope Research M&A Valuation Database* contains financial details related to 95 distribution and equipment services deals, segmented by type, including 68 deals with disclosed EBITDA multiples.



ADVANCED DIABETES SUPPLY

Healthcare distribution conglomerate Cardinal Health announced it has acquired Advanced Diabetes Supply Group (ADSG) from private equity firm Court Square for $1.1 billion. The buyout was announced less than four years after Court Square's initial investment in ADSG dating back to early 2021. According to press reporting, ADSG was marketed based off of EBITDA of $100 million, implying an acquisition multiple of 11x EBITDA, which is more or less in line with historical DME transactions of similar size.

The implied multiple is significantly higher than the 6.5x multiple from the Rotech deal announced in July, highlighting the current divide between CPAP / oxygen focused suppliers like Rotech and those focused on other DME segments like diabetes supplies and wheelchairs. Public companies AdaptHealth and Quipt Home Medical are predominantly respiratory suppliers, and their stock prices have declined precipitously in recent years. While there may be other factors at play, the timing of the decline corresponds perfectly with the rise of optimism around GLP-1s, which theoretically have the potential to reduce demand for respiratory machines and supplies if they put a major dent in the obesity epidemic.



Source: Scope Research Healthcare M&A Valuation Database

AGILITI, INC.

Agiliti Inc. announced in February that it will be taken private by PE firm Thomas H. Lee Partners (THL) for $10.00 per share in cash. The transaction values the medical equipment solutions and services company at an enterprise value of approximately $2.5 billion. THL was the sponsor of the SPAC that acquired Universal Hospital Services, Inc. for a reported $1.74 billion from Irving Place Capital in 2018, changing its name to Agiliti in the process. Agiliti has completed a number of large acquisitions since 2018, including its 2021 acquisitions of Northfield Medical (~464 million) and Sizewise Rentals (~$225 million).

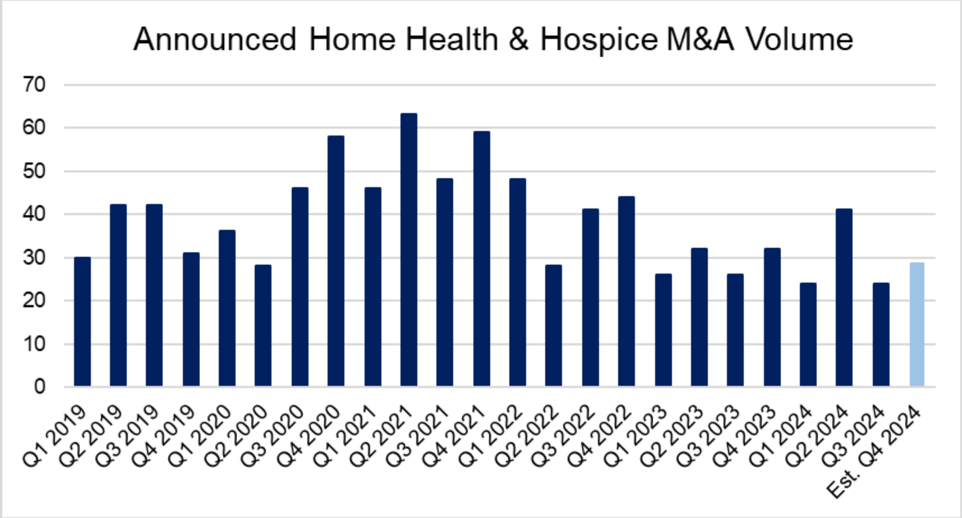
According to Agiliti's 3Q 2023 earnings release, full-year 2023 guidance is for revenue of $1.16b to $1.19b and EBITDA of $260m to $270m. Utilizing the mid-point implies a multiple of 9.4x EBITDA, which is below the 11.6x multiple implied by the 2018 transaction.

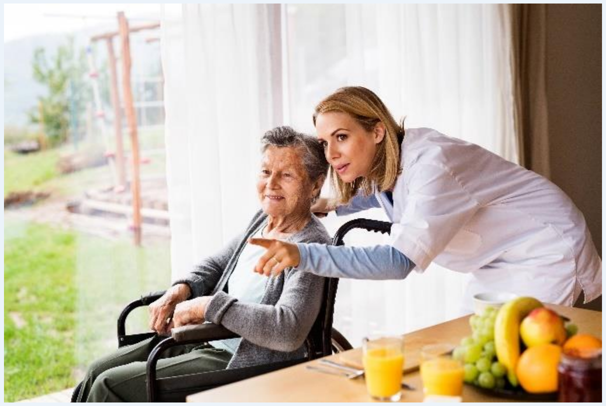
HOME HEALTH AND HOSPICE

2024 ANNOUNCED VOLUME TRENDS AND DATABASE UPDATE

Similar to behavioral health, the U.S. home-based services segment has also experienced a pronounced boom/bust cycles over 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 and 2024. Volume averaged 29 per quarter in both 2023 and 2024, 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. In 2024, hospice dealmaking showed signs of recovery, while personal care dipped further.

As of the end of 2024, the *Scope Research M&A Valuation Database* contains financial details related to 189 home health and hospice deals, segmented by type, including 130 deals with disclosed EBITDA multiples.

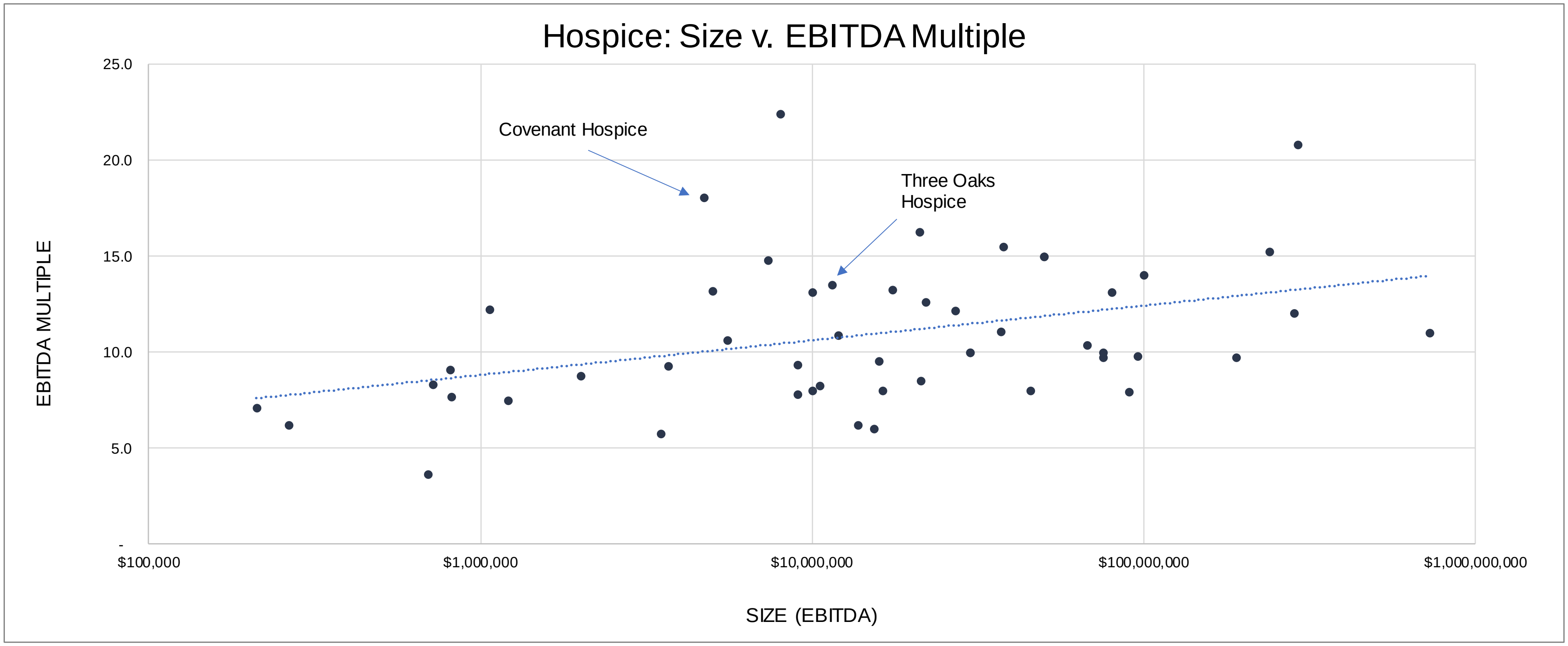




COVENANT CARE / COVENANT HOSPICE

VITAS Healthcare Corporation, a subsidiary of Chemed Corporation (NYSE: CHE), announced an agreement to acquire all hospice operations and an assisted living facility from Covenant Health and Community Services, Inc. d/b/a/ Covenant Care for $85 million (the related entity is Covenant Hospice Inc., which includes both the hospice operations and the relatively small ALF). The deal expands VITAS' presence across the Florida panhandle and marks its entry into the Alabama hospice market, specifically including the Tallahassee, Marianna, Fort Walton Beach, Panama City, Crestview and Pensacola markets in Florida, and the Dothan and Mobile/Daphne markets in Alabama.

According to the Covenant Hospice FY 2022 Form 990, it generated revenue of ~$58.7m excluding grant and investment income, which resulted in EBITDA from operations of ~$4.7m and implies multiples of ~1.45x revenue and ~18x EBITDA. FY 2022 results declined from 2021, when EBITDA from operations was $7.8m, implying a more reasonable ~10.8x multiple. The valuation likely assumes a return to 2021 profit levels combined with some additional margin improvement over time, consistent with the majority of non-profit acquisitions by for-profit entities.



Source: Scope Research Healthcare M&A Valuation Database

THREE OAKS HOSPICE

In October, Three Oaks Hospice was acquired by Martis Capital from Petra Capital for a reported $150 million to $160 million. After a quiet couple of years for hospice platform transactions, several sponsors are reportedly prepping to bring their assets to market. Three Oaks launched in 2019 with $21 million-plus from Granite Growth Health Partners, Health Velocity Capital and Petra Capital Partners. As of the time of the transactions, Three Oaks has 28 locations in seven states. According to our database, Three Oaks made nine acquisitions between September 2019 and December 2021.

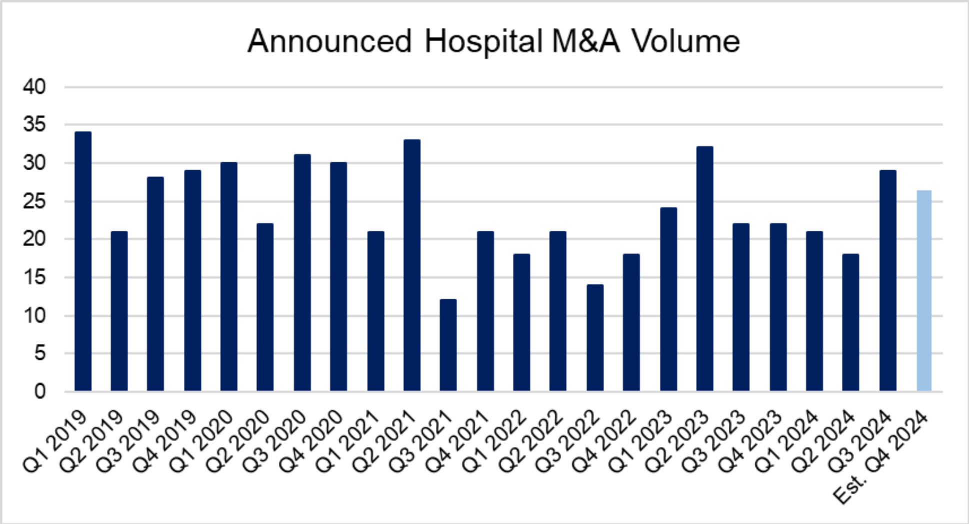
With a reported $10 million to $13 million of EBITDA, the deal implies a multiple of 13.5x using the midpoints. Reportedly, Petra was originally looking for a high-teens multiple in the $200 million range.

HOSPITALS

2024 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 24 per quarter in 2024, up from 18 in 2022, and down slightly from 28 per quarter in 2019.

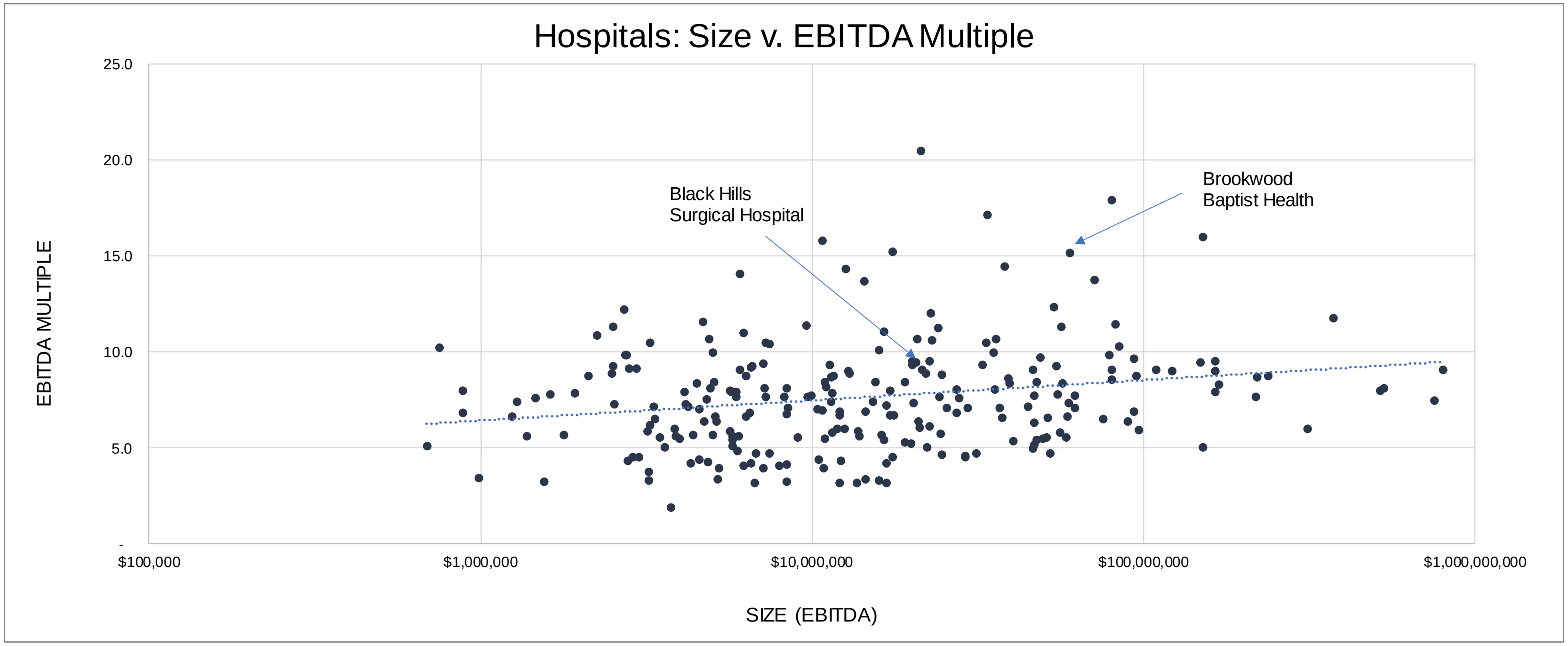
As of the end of 2024, the *Scope Research M&A Valuation Database* contains financial details related to 408 general acute care and specialty hospital deals, segmented by type, including 244 deals with disclosed EBITDA multiples.



BLACK HILLS SURGICAL HOSPITAL

Medical Facilities Corporation (TSX: DR), a Canada-listed and headquartered company with all of its operations located in the U.S., announced the divestiture of Black Hills Surgical Hospital, one its large surgical hospital facilities. The acquirer is Sanford Health, one of the largest non-profit health systems in the United States. Sanford currently owns approximately 45 hospitals, primarily located in rural communities, throughout nine states. The $194 million acquisition marks its initial foray into the Rapid City, South Dakota healthcare market. The transaction implies multiples of approximately 1.8x revenue and 9x EBITDA, which is line with other surgical hospital transactions of similar size.

The facility and MFC's other Idaho surgical hospital in Sioux Falls are interesting case studies in new competition within rural healthcare markets. MFC's stock price fell precipitously (~75%) in 2019 due to incoming competition from a new Avero Health hospital in Sioux Falls and a new Regional Health (now Monument Health) facility in Rapid City / Black Hills. However, the new competitors have struggled to wrestle market share away from MFC's orthopedist partners, with each facility growing net patient revenue at a 4%-5% compound annual growth rate since 2019.



Source: Scope Research Healthcare M&A Valuation Database

BROOKWOOD BAPTIST HEALTH (TENET)

Tenet Healthcare Corporation (NYSE: THC) announced a definitive agreement to sell its 70% majority ownership interest in Brookwood Baptist Health in Birmingham to Orlando Health for approximately $910 million in cash in August. The press release discloses that "for the twelve months ended June 30, 2024, Tenet's equity interest in the Brookwood Baptist Health joint venture generated pre-tax income of approximately $12 million and an Adjusted EBITDA less non-controlling interest of approximately $60 million..." Usually, we state the deal prices in our database as 100% enterprise value, however, in this case, the disclosed valuation metric is EBITDA less NCI (NCI is the amount of profits allocated to minority partners). As a result, we are using the headline figures since we don't know how the NCI accounting works out.

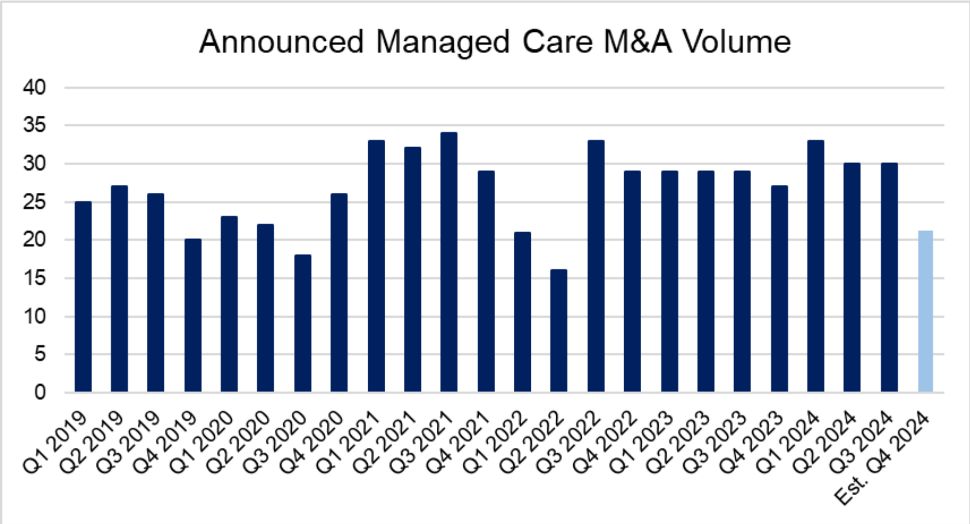
The deal marks the fourth Tenet general acute care divestiture since late 2023, all at mid-teens multiples, which usually marks the very high end of the range for general acute care hospitals.

MANAGED CARE

2024 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 2024 near peak levels. Volume averaged 29 per quarter in 2024, flat compared to 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 subsegments.

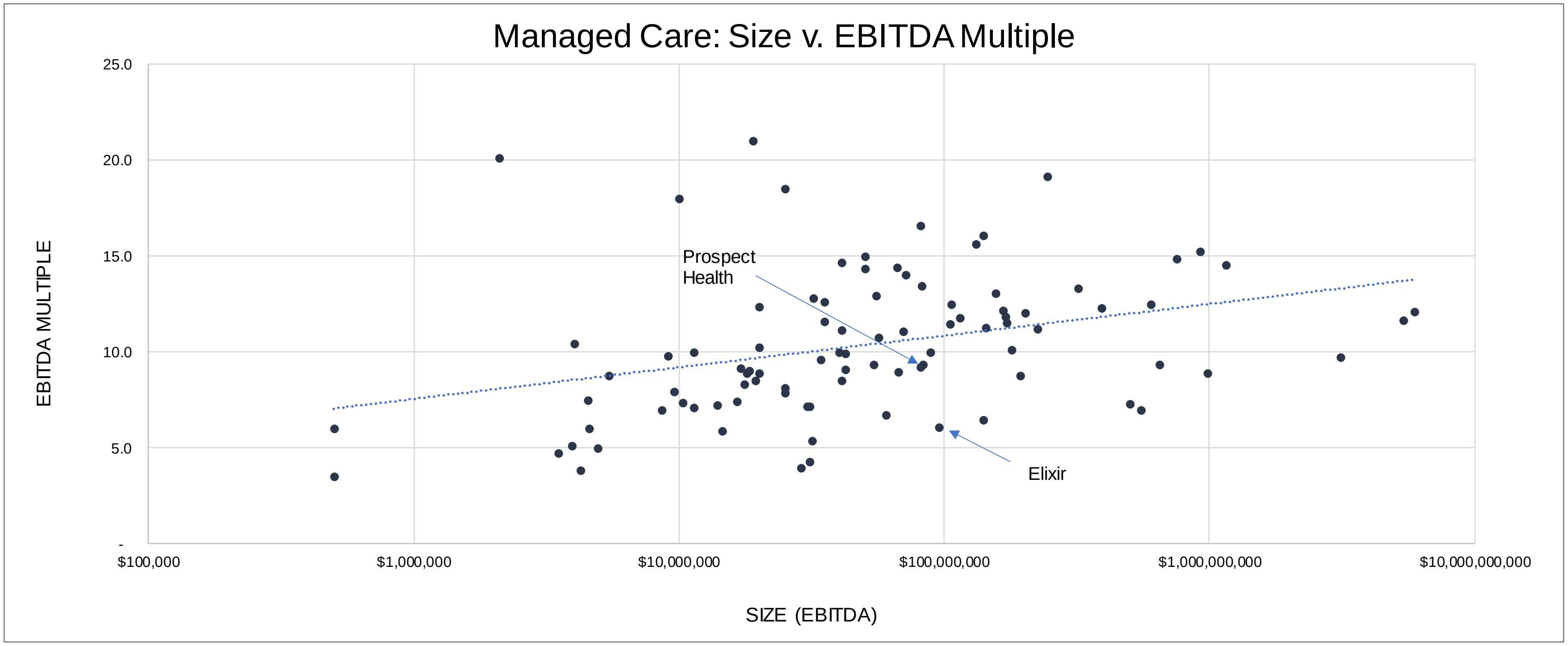
As of the end of 2024, the *Scope Research M&A Valuation Database* contains financial details related to 152 managed care deals, segmented by type, including 93 deals with disclosed EBITDA multiples.



ELIXIR

On January 9th, 2024, Rite Aid received a bankruptcy judge's approval for a $575 million divestiture of its pharmacy benefit management (PBM) arm, Elixir Rx Solutions, to MedImpact Healthcare Systems, a large PBM solutions provider. Elixir (then EnvisionRx) was originally acquired by Rite Aid for ~$2 billion net of acquired cash on June 24, 2015, a multiple of ~13x $150 to $160 million of EBITDA at that time. The acquisition was seen as an important component of Rite Aid's strategy to expand its retail healthcare platform and enhance health and wellness offerings for its customers. For Rite Aid, the immediate benefit of the divestiture is to provide a bridge to stability and free the organization from the complexities of PBM operations.

According to Rite Aid's Q1 2024 earnings release, it reduced its FY 2024 adjusted EBITDA outlook for its Pharmacy Services Segment (Elixir) by $10 million to a range of $90 to $100 million due to higher drug costs and a higher medical loss ratio. Elixir's adjusted EBITDA for the fiscal year ended March 4, 2023 was $141.1 million. The implied multiple of 6.05x FY 2024 EBITDA is by far the lowest PBM multiple in our database, reflecting operational concerns and potentially the regulatory risk surrounding the PBM industry as a whole.



Source: Scope Research Healthcare M&A Valuation Database

PROSPECT HEALTH

In November, Astrana Health, Inc. (NASDAQ: ASTH) announced that it was acquiring certain assets of Prospect Health, including its California licensed health care service plan, medical groups in California, Texas, Arizona and Rhode Island, its related management service organization, its pharmacy, and one hospital. The hospital is Alta Newport Hospital dba Foothill Regional Medical Center, a fully accredited acute care hospital with 177 licensed beds. The purchase price is $745 million.

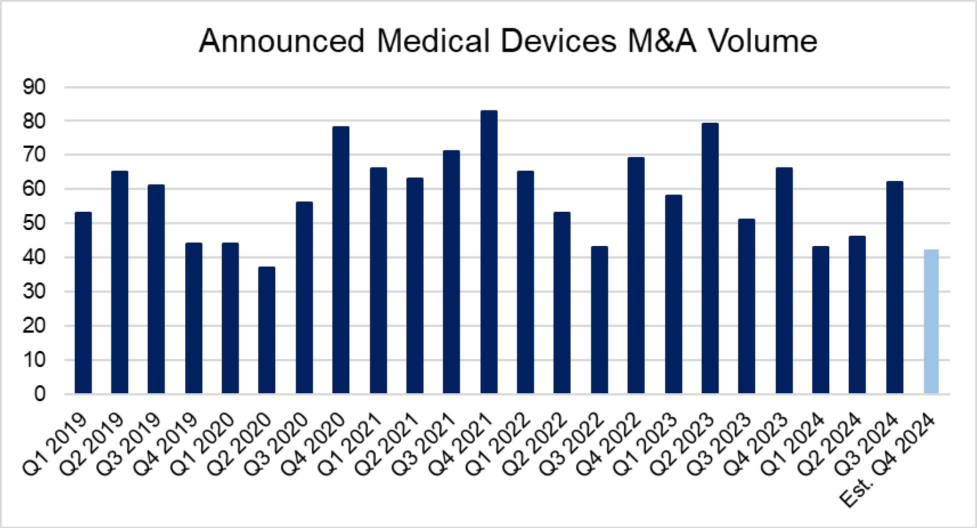
The acquired assets are expected to generate approximately $1.2 billion in revenue and adjusted EBITDA of approximately $81 million for the twelve months ending December 31, 2024, implying deal multiples of 0.62x revenue and 9.2x EBITDA. With EBITDA of approximately $10 million, the acute care hospital contributes less than 15% of the EBITDA of the acquired assets.

MEDICAL DEVICES, EQUIPMENT AND SUPPLIES

2024 ANNOUNCED VOLUME TRENDS AND DATABASE UPDATE

The number of announced medical devices and supplies deals declined again in 2024. Volume averaged 48 per quarter, down from 64 per quarter in 2023, 57 in 2022 and 70 in 2021. Looking at the individual segments, deal volume declined more precipitously in the relatively small CDMO / OEM / components subsegement after increasing steadily in the years prior.

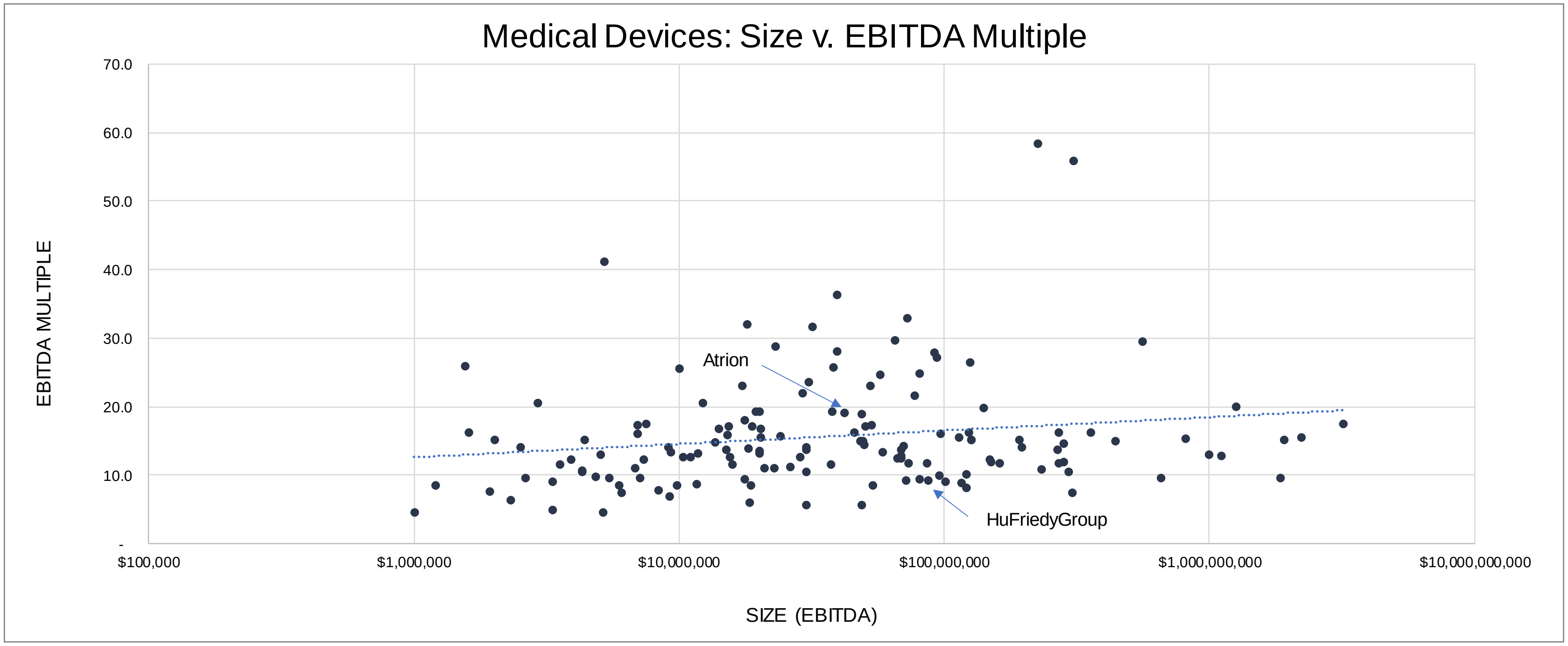
As of the end of 2024, the *Scope Research M&A Valuation Database* contains financial details related to 296 medical devices, equipment and supplies deals, segmented by type, including 149 deals with disclosed EBITDA multiples.



ATRION CORPORATION

In May, Nordson Corporation (Nasdaq: NDSN) announced that it entered into a definitive agreement to acquire Atrion Corporation, a provider of medical infusion fluid delivery and niche cardiovascular solutions, for $460.00 per share in cash, implying a total transaction enterprise value of approximately $800 million. Headquartered in Allen, Texas, Atrion has a portfolio of three businesses manufacturing proprietary medical products, supporting customers globally through three specialized FDA registered manufacturing facilities located in the United States.

According to the fairness opinion, Atrion's estimated revenue and EBITDA for 2024 are $183.3 million and $41.8 million, respectively, implying ,multiples of 4.4x revenue and 19.1x EBITDA. The opinion includes revenue growth in the 12.5% range annually over the next five-years, couple with EBITDA margins increasing from approximately 30% to 35% over the projection period.



Source: Scope Research Healthcare M&A Valuation Database

HUFRIEDY GROUP

Peak Rock Capital agreed in April to acquire dental instrument, infection prevention product, and patient sedation system manufacturer HuFriedyGroup from Steris for $787.5 million. The business, which includes long-time brands Hu-Friedy, Crosstex, Omnia and Accutron, is expected to serve as a platform for future acquisitions within the dental equipment space for Peak Rock.

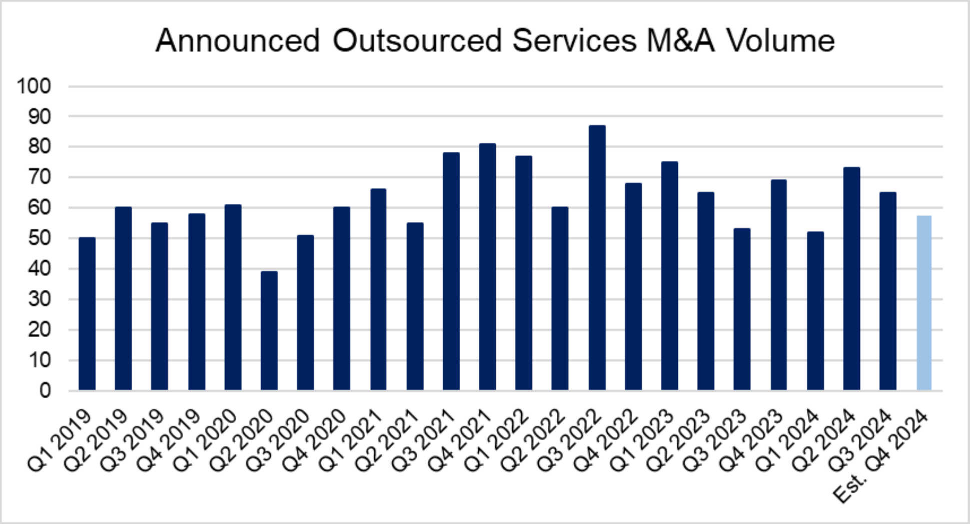
According to the discontinued operations section of Steris' SEC filings, the business generated revenue and EBITDA of $407 million and $92.8 million in the fiscal year ended March 31, 2024, implying multiples of 1.9x revenue and 8.5x EBITDA. FY 2024 revenue was down 3.6% from $421.6 million in FY 2023.

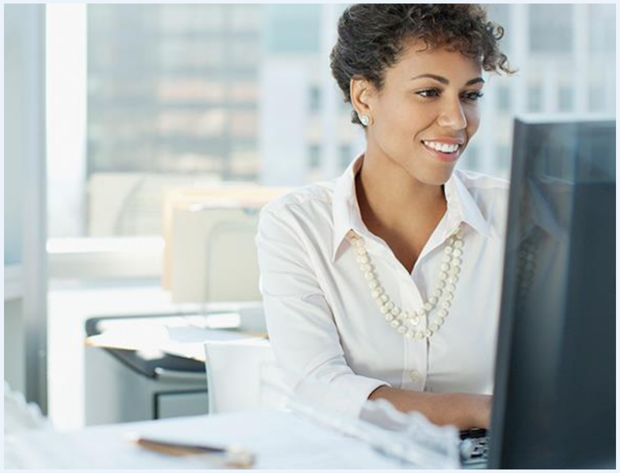
OUTSOURCED SERVICES

2024 ANNOUNCED VOLUME TRENDS AND DATABASE UPDATE

The number of announced provider outsourced services deals remained fairly strong in 2023 despite a second consecutive year of modest declines. Volume averaged 62 per quarter in 2024, down from 65 per quarter in 2023 and 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 2024, the *Scope Research M&A Valuation Database* contains financial details related to 251 outsourced services deals, segmented by type, including 193 deals with disclosed EBITDA multiples.

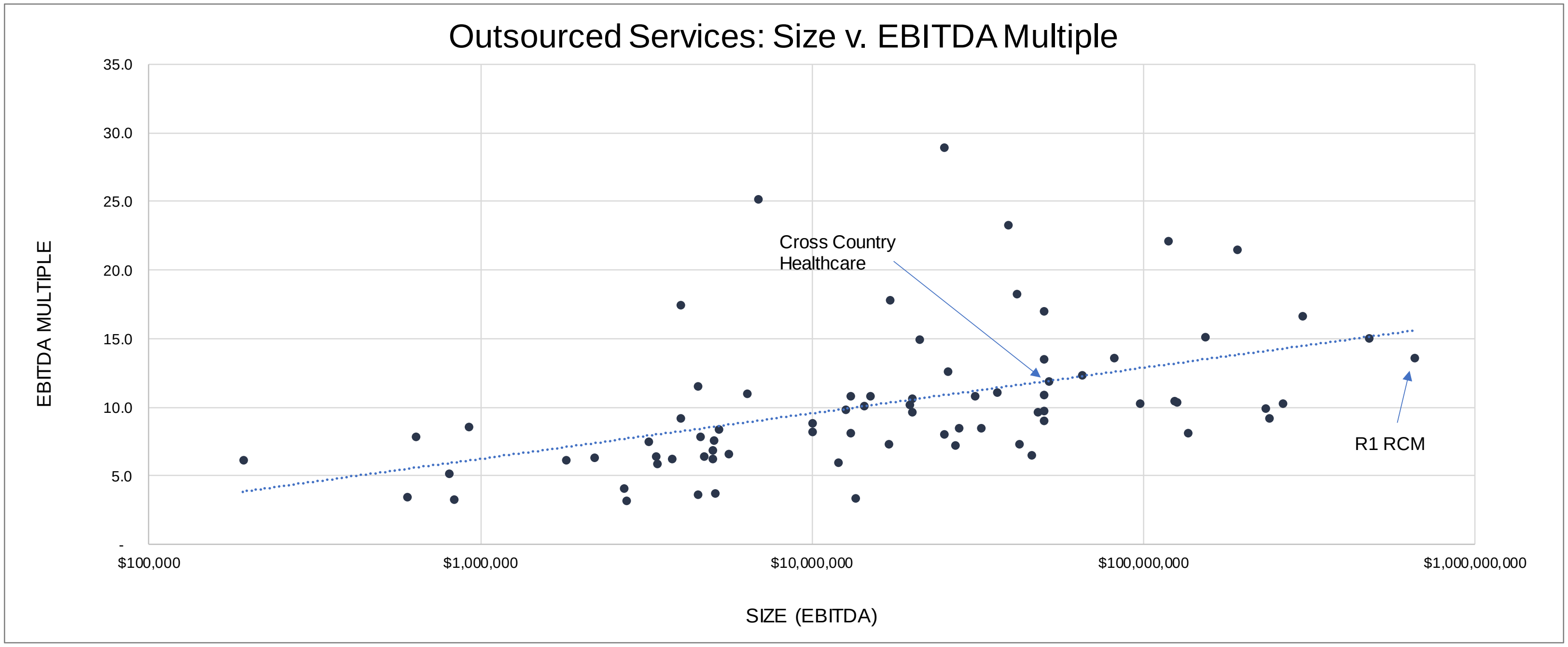




R1 RCM

R1 RCM Inc. entered into a definitive agreement to be acquired by TowerBrook Capital Partners and Clayton, Dubilier & Rice for $14.30 a share in cash, implying a reported enterprise value of $8.9 billion. The company has traditionally provided end-to-end outsourced billing and revenue cycle services to large health systems, and expanded into providing software and services on a modular basis with the 2022 acquisition of Cloudmed for $4.1 billion. R1 and Cloudmed combine to be the most prolific revenue cycle acquirer in our database, with eight acquisitions over the past five years.

According to R1's 1Q 2024 and YE 2023 earnings releases, trailing twelve month revenue was $2.31b and adjusted EBITDA was $624.3m, implying a trailing multiple of 14.3x EBITDA, which is well below the implied multiples from R1's recent acquisitions of Acclara and Cloudmed. Forward guidance is for 2024 adjusted EBITDA within the range of $650m to $670m, implying a forward multiple of 13.5x.



Source: Scope Research Healthcare M&A Valuation Database

CROSS COUNTRY HEALTHCARE

After watching its stock price fall over 75% since late 2022, as the extremely tight COVID labor markets loosened, Cross Country Healthcare agreed to be acquired by competing healthcare staffing firm Aya Healthcare for $18.61 per share, or approximately $615 million. The all-cash transaction represents a premium of 67% to Cross Country's closing price on December 3, 2024. In addition to providing travel nursing, allied health, per diem, permanent staff hiring, interim leadership, locum tenens and non-clinical professionals to healthcare providers in all 50 states, Cross Country also has a smaller segment providing clinical services in non-clinical settings, including schools and homes, which is a new market for Aya.

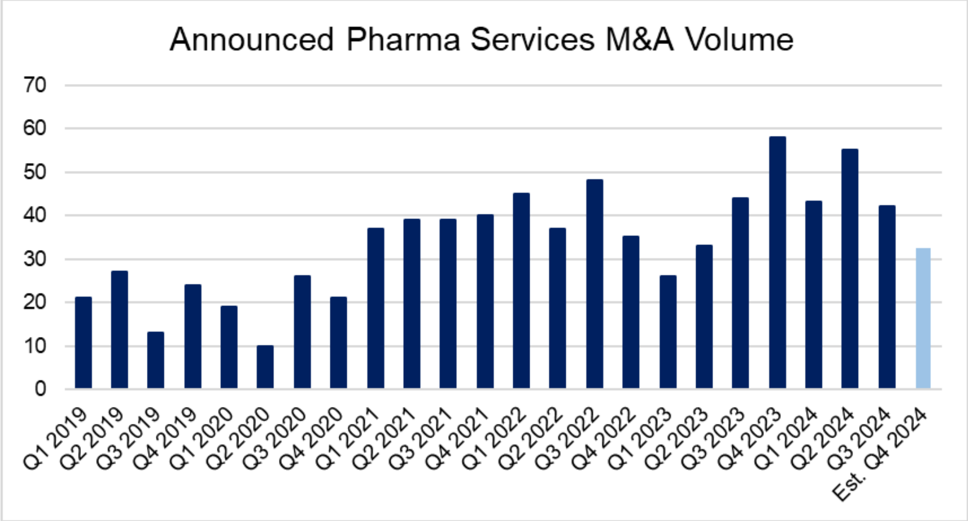
According to the firm's earnings releases, we estimate that it will generate revenue of $1.34 billion and EBITDA of $51.8 million in 2024, implying multiples of 0.46x revenue and 11.9x EBITDA. We will update these figures once a fairness opinion is released publicly, which should also provide some guidance on future expectations for healthcare staffing firms post- COVID boom / bust.

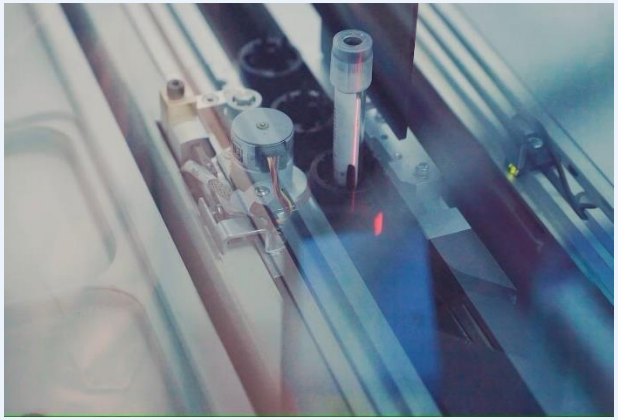
PHARMACEUTICAL SERVICES

2024 ANNOUNCED VOLUME TRENDS AND DATABASE UPDATE

The number of announced pharmaceutical services deals remained steady at 43 per quarter, slightly higher than 2023 and 2022 levels. Looking at the individual segments, the CDMO and consulting segments showed modest year-over-year growth, while CRO experienced a modest decline. Consulting deal volume reached all- time highs in 2024, while both CRO and CDMO volumes are still well below their 2021 / 2022 peaks.

As of the end of 2024, the *Scope Research M&A Valuation Database* contains financial details related to 143 pharmaceutical services deals, segmented by type, including 116 deals with disclosed EBITDA multiples.

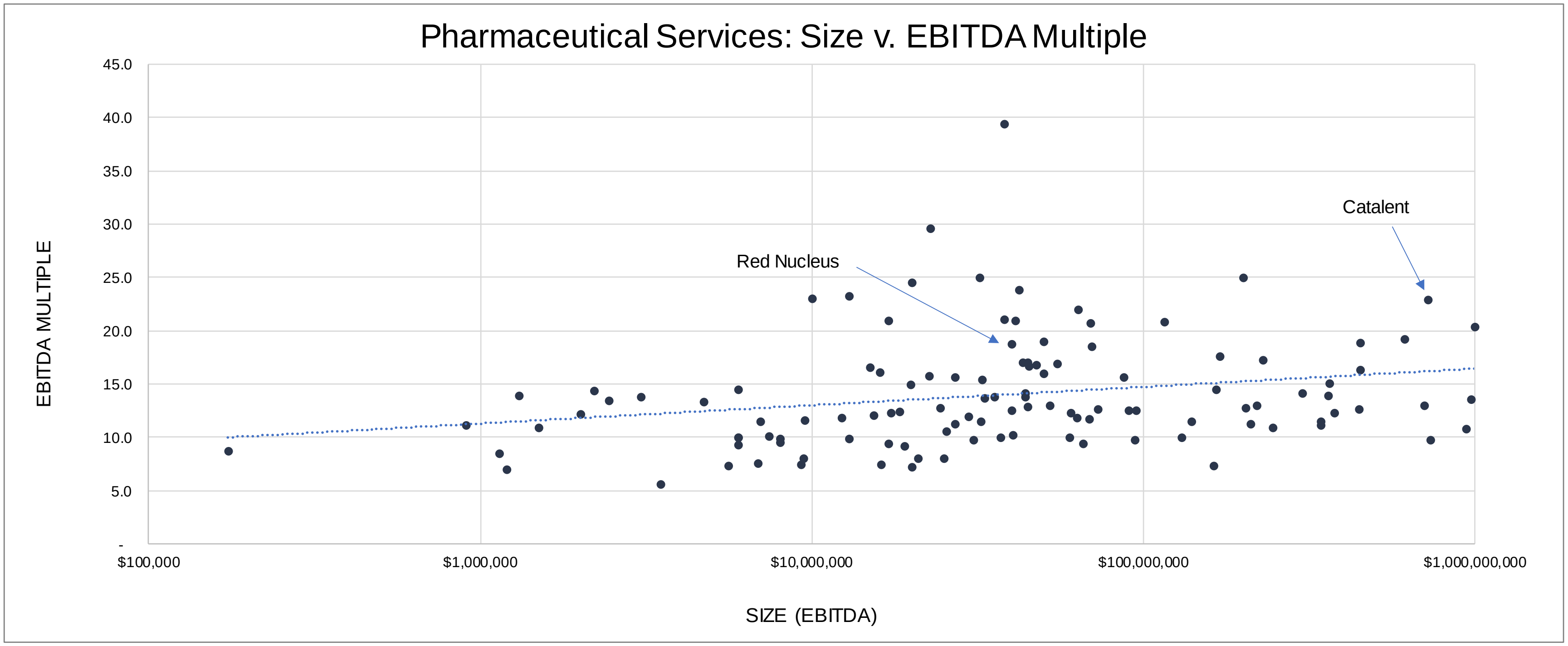




CATALENT, INC.

Novo Holdings, the investment arm of the Novo Nordisk Foundation and controlling owner of pharmaceutical giant Novo Nordisk, announced in February that it is acquiring global CDMO Catalent for $16.5 billion. After Novo Holdings acquires Catalent, it will sell three Catalent manufacturing sites to Novo Nordisk for $11 billion. Those facilities make Novo Nordisk's GLP-1 drugs for metabolic conditions (e.g. Wegovy), among other products, and will help ensure that future demand for Novo's breakthrough product is met. The deal is for $63.50/share, a 45%-50% premium to where Catalent traded a month prior, but well below the highs of $140/share from November 2021.

Catalent's guidance for FY 2024 (June 30 YE) is for revenue within the range of $4.3b to $4.5b and EBITDA within the range of $680 million to $760 million. Using the mid-points, the deal works out to 3.8x revenue and 22.9x EBITDA; with the EBITDA multiple representing one of the largest multiples for a CDMO in our database. However, Catalent's revenue and EBITDA has declined from $4.8b and $1.1b in FY 2022 due to plant shutdowns and other operational issues. Using FY 2022 figures implies a more typical 15x EBITDA.



Source: Scope Research Healthcare M&A Valuation Database

RED NUCLEUS

Riverside reportedly sold its majority investment in life sciences communication firm Red Nucleus to Thomas H. Lee Partners for over $750 million in October. Red Nucleus is an integrated provider of learning and development, medical communications, market access, and R&D and clinical solutions offering a mix of commercial, medical, clinical service, and software solutions across the drug development lifecycle. The company serves more than 200 organizations, including biotech start-ups and most of the top 25 global pharmaceutical companies.

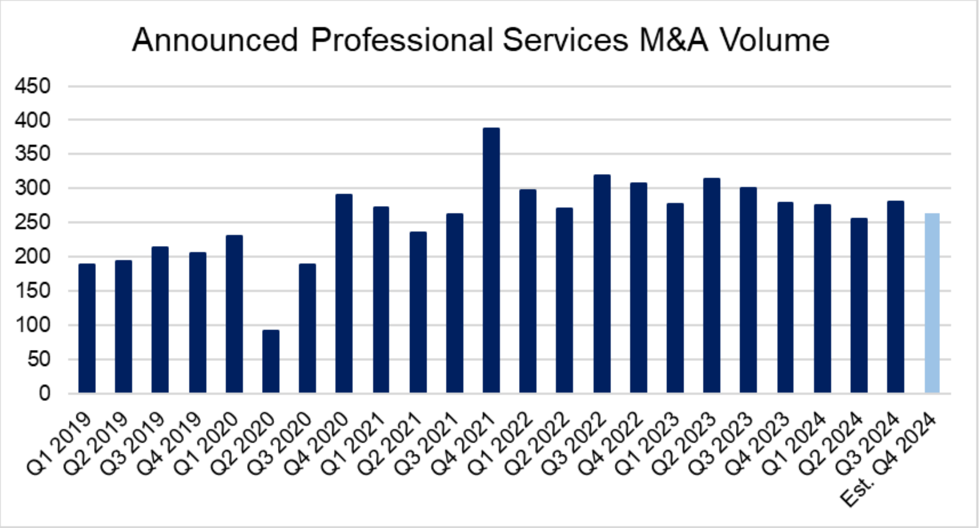
Red Nucleus was reportedly marketed based on EBITDA of $40 million, implying a deal multiple of between 17x and 19x EBITDA.

PROFESSIONAL SERVICES

2024 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 again in 2024. Volume averaged 270 per quarter in 2024, down from 295 per quarter in 2023, 298 in 2022, and 289 in 2021. Generally, continued growth in the dentistry and medspa / aesthetics segments have offset modest declines across most of the remaining segments, including significant declines among physician practices.

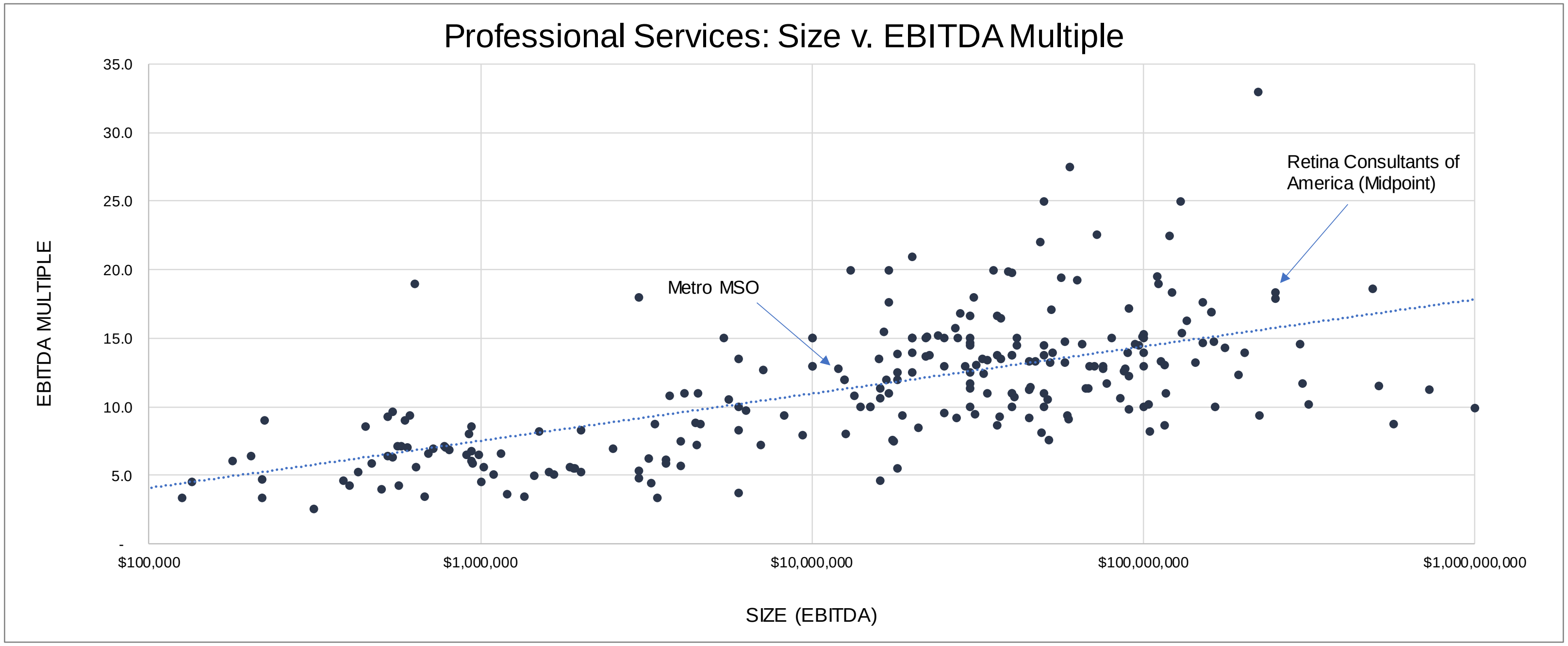
As of the end of 2024, the *Scope Research M&A Valuation Database* contains financial details related to 392 dentistry, physical therapy, and physician practice deals, segmented by specialty, including 255 deals with disclosed EBITDA multiples.



RETINA CONSULTANTS OF AMERICA

Healthcare drug distributor Cencora (NYSE: COR) has purchased Retina Consultant of America for $4.6 billion. RCA is (by far) the largest MSO in the retina space, representing a significant distribution channel for macular degeneration medications. The transaction marks another in a number of specialty physician group acquisitions by the trio of large healthcare distributors - McKesson, Cardinal Health, and Cencora. Historically, these acquisitions have been concentrated in medical oncology (chemotherapy drugs), but have recently diversified into the GI and retina specialties. RCA was formed in March 2020 with a $350 million investment by Webster Equity Partners. RCA's affiliated practices, physicians, and management retain a minority stake, with Cencora holding about 85% of the business upon closing. According to our database, RCA has made a whopping 36 acquisitions since 2020.

According to Axios reporting, RCA was marketed off between $200 million and $300 million in EBITDA, implying a multiple in the range of 15x to 23x. The implied range starts in line with historical comps and extends to above the top of the historical range for office-based physician specialist platforms.



Source: Scope Research Healthcare M&A Valuation Database

METRO MSO

U.S. Physical Therapy, Inc. (NYSE: USPH), a national operator of outpatient physical therapy clinics, announced that it has signed an agreement to purchase a 50% equity interest in Metro MSO, LLC for $76.5 million, $75 million of which will be funded by its cash on hand and the remaining $1.5 million through the issuance of common stock. Metro MSO manages 50 outpatient clinics, the majority of which are in New York, with plans to further expand in New York and adjacent states. The Metro MSO-managed clinics deliver physical, occupational and speech therapy and also provide physical therapy services to patients in their homes. Metro is presumably structured as an MSO due to corporate practice of medicine regulations in New York.

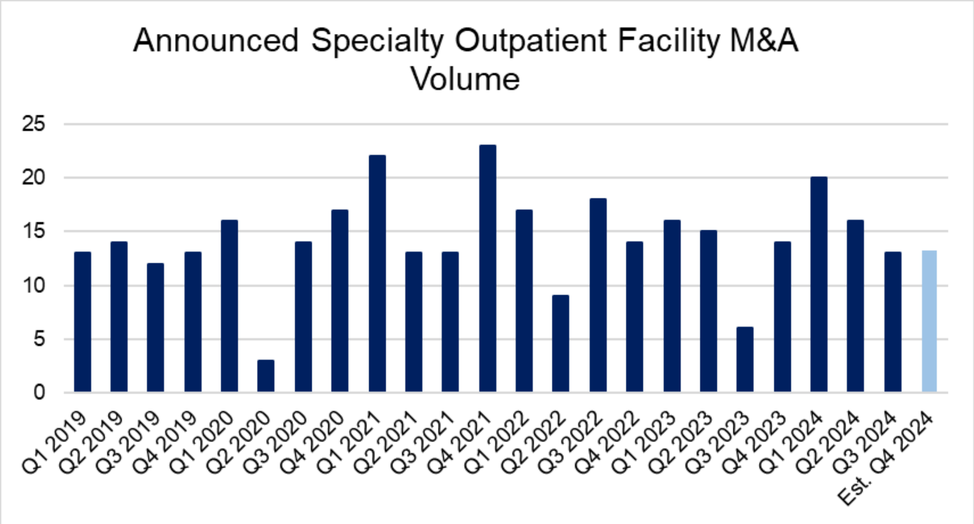
According to the press release issued by USPH, Metro MSO currently generates approximately $64.0 million in annual revenue and approximately $12.0 million in annual EBITDA on a consolidated basis, implying enterprise multiples of 2.4x revenue and 12.8x EBITDA (using a $153 million EV). The implied EBITDA multiple is in line with historical physical therapy transactions of similar size.

SPECIALTY OUTPATIENT FACILITIES

2024 ANNOUNCED VOLUME TRENDS AND DATABASE UPDATE

The number of announced U.S. specialty outpatient facility deals (ambulatory surgery centers, dialysis, imaging, and radiation therapy) increased to an average of 16 per quarter, up from 13 and 15 in 2023 and 2022, respectively. Due to low volumes of announced deals, it's difficult to draw any significant conclusions at the subsegment level.

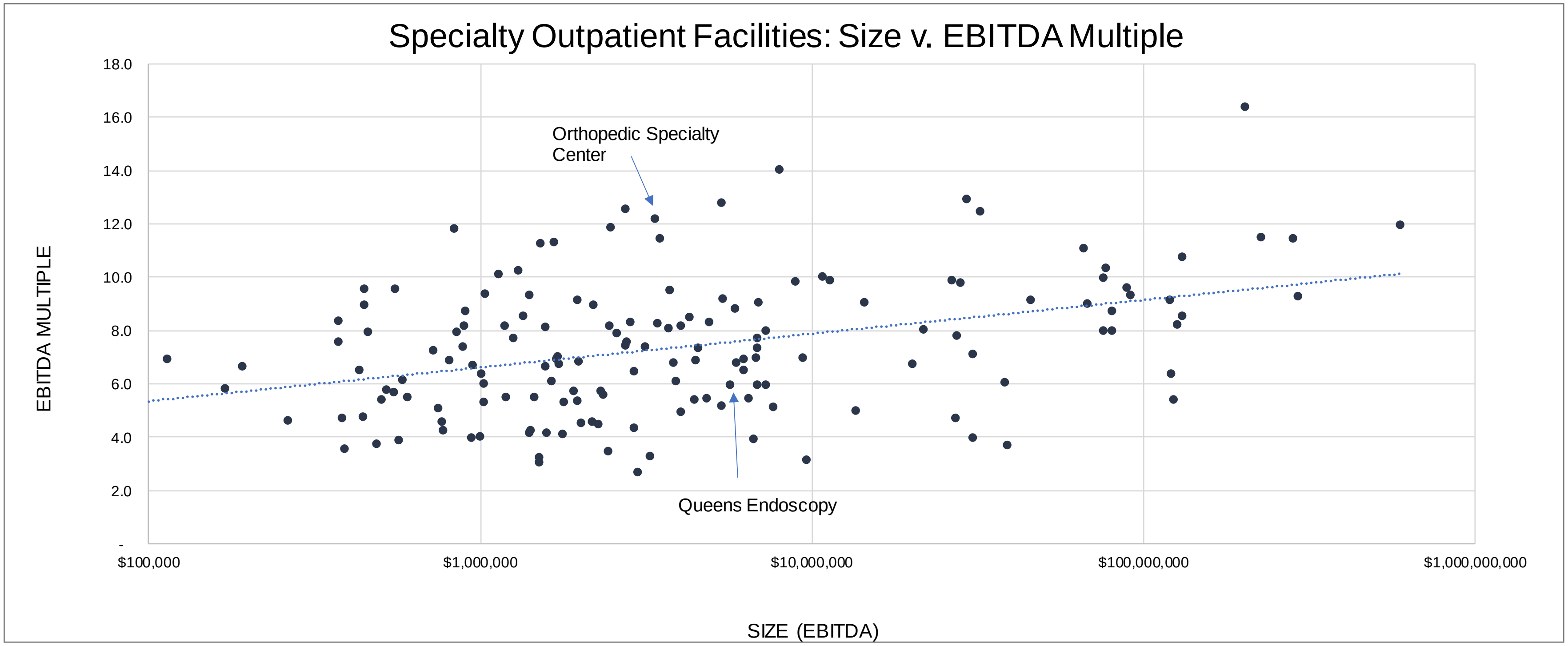
As of the end of 2024, the *Scope Research M&A Valuation Database* contains financial details related to 225 ambulatory surgery center, cancer center, dialysis, and diagnostic imaging deals, segmented by type, including 159 deals with disclosed EBITDA multiples.



ORTHOPEDIC SPECIALTY SURGERY CENTER

ASC operator HealthPlus Ortho Management increased its ownership in Orthopedic Specialty Surgery Center located in Danbury, Connecticut from 40% to 57.7%, gaining a controlling stake in the center. According to the change of ownership filings with the state, the purchase price was $7.257 million for the 17.7% interest, and the center has minimal net debt. The seller consisted of the 19 physician owners of the center. No owner completely divested their ownership, and only one did not reduce their stake as part of the transaction.

According to the financial statements included in the filing, the ASC generated revenue and EBTDA of $16.7 million and $3.35 million in FY 2023, implying transaction multiples of 2.5x revenue and 12.2x EBITDA. Due to the nature of the transaction, the price likely includes a concentrated control premium, as it results in the buyer increasing from a significant minority interest to controlling owner.



Source: Scope Research Healthcare M&A Valuation Database

QUEENS ENDOSCOPY

Non-Profit health system Northwell purchased a 37% interest in Queens Endoscopy from PE Healthcare Associates. The transaction decreased PEHA's ownership interest from 57% to 20%. The remaining 43% interest is owned by individual physicians. Their ownership percentage did not change as part of the transaction. According to the CON filings, the purchase price was $12.67m the 37% interest and the center had minimal net cash as of 12/31/2023, implying a total deal value of $33.85 million.

According to the financial statements included in the filing, the endoscopy center generated revenue and EBTDA of $14.2 million and $5.65 million in FY 2023, respectively, implying transaction multiples of 2.4x revenue and 6x EBITDA. Due to the nature of the transaction, the price likely includes a minority interest discount.