



HEALTHCARE MONTHLY

FEBRUARY 2023

2023 MD&M WEST HEALTHCARE CONFERENCE OBSERVATIONS

TM Capital's healthcare team attended the recent MD&M West conference in California, which attracted many of the leading healthcare-focused investors and key strategic acquirers focused on contract manufacturing for medical devices. We were pleased to see a meaningful increase in attendance and strong investor interest in the category. During the course of our meetings, several key themes emerged:

- **Flight to Quality** – investors continue to value the essential nature of medical device contract manufacturing, particularly in this environment of macroeconomic uncertainty. Attractive companies with differentiated offerings, diverse end markets and strong IP protection continue to command strong valuations.
- **Moving up the Value Chain** – acquirers are increasingly focused on diversifying their service offerings (e.g., new manufacturing capabilities or end markets), enhancing design and development offerings, and evolving into “one-stop” providers. In this highly fragmented market, we expect continued supplier consolidation and targeted add-ons.
- **Evolving Market Sentiment** – an increasing share of recent transactions have been add-ons for existing investments, largely due to challenges financing sizable platform investments. However, we expect strong M&A activity to continue for high quality companies, particularly in late 2023 as the market gains more visibility into the impact of financing and macroeconomic trends.

Based on our recent discussions and strong backlog, we remain optimistic around the healthcare M&A landscape for the remainder of 2023.

Our healthcare team architects market-defining outcomes for some of the most innovative medical device, life science and diagnostics, healthcare services and pharmaceutical companies in the world.









BioTech / Pharma

Healthcare Services

Life Sciences / Diagnostics

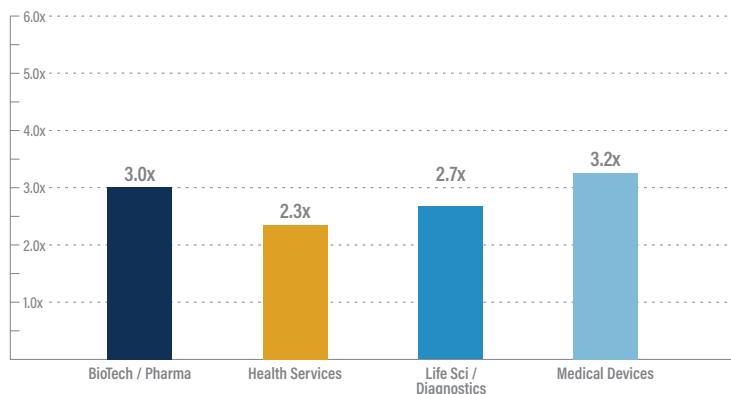
Medical Devices

HEADLINE TRANSACTIONS

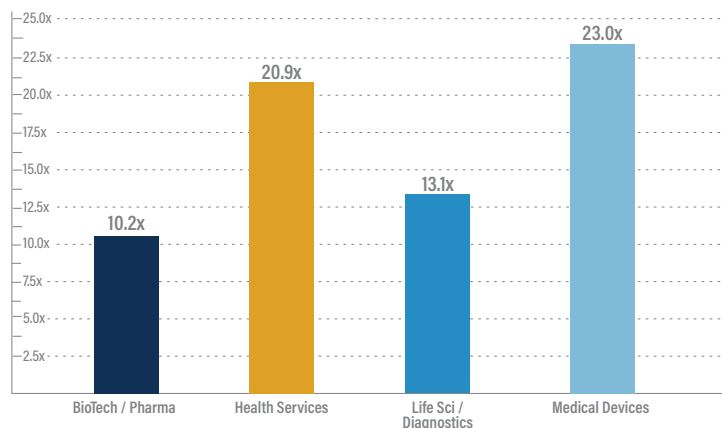
	TARGET	ACQUIROR	ACQUISITION SYNOPSIS
BioTech / Pharma			<ul style="list-style-type: none"> AstraZeneca Plc (NASDAQ:AZN) has reached a definitive agreement to acquire CinCor Pharma, Inc. (NASDAQ:CINC) CinCor Pharma, a U.S. biopharmaceutical company, develops novel treatments for resistant and uncontrolled hypertension and chronic kidney disease AstraZeneca, a global biopharmaceutical company, discovers, develops and commercializes prescription medicines focused on oncology, rare diseases and biopharmaceuticals Total Consideration: \$1.8 billion, consisting of \$1.3 billion in cash and \$500 million in earnout Per share price represents a premium of ~121%
			<ul style="list-style-type: none"> Ipsen Biopharmaceuticals, Inc. (PAR:IPN) has reached a definitive agreement to acquire Albireo Pharma, Inc. (NASDAQ:ALBO) Albireo Pharma is a commercial-stage biopharmaceutical company that develops and commercializes novel bile acid modulators to treat rare pediatric and adult liver diseases and disorders Ipsen Biopharmaceuticals, based in France, researches, develops, manufactures and distributes pharmaceutical drugs and products focused on oncology, neuroscience and rare diseases Total Consideration: \$1.2 billion, consisting of \$952 million in cash and \$244 million in earnout Per share price represents a premium of ~92%
Medical Devices			<ul style="list-style-type: none"> Zimmer Biomet Holdings, Inc. (NYSE:ZBH) has reached a definitive agreement to acquire Embody, Inc. Embody develops implantable medical devices for soft tissue healing using collagen-based biofabrication techniques and biologic products designed to provide solutions for orthopedic procedures including foot and ankle, rotator cuff and knee ligament Zimmer Biomet designs, manufactures and markets orthopedic reconstructive implants and supplies surgical equipment for orthopedic surgery Total Consideration: \$275 million, consisting of \$155 million at closing and \$120 million in earnout
			<ul style="list-style-type: none"> Resonetics has reached an agreement to acquire Memry Corporation and SAES Smart Materials, Inc. (collectively, the SAES Medical Nitinol business) from SAES Getters S.p.A. The SAES Medical Nitinol business is a leading supplier to the medical device industry, with a broad set of capabilities primarily for medical uses, including structural heart, peripheral vascular, electrophysiology, neurovascular and orthopaedics Nitinol is a novel superelastic, shape-memory alloy increasingly used in multiple therapeutic areas Resonetics engineers, develops, prototypes and manufactures products and solutions for the life sciences industry The Carlyle Group is a private equity firm with \$369 billion AUM and GTCR is a private equity firm with \$26 billion AUM Total Consideration: \$900 million

HEALTHCARE GROWTH & VALUATION TRENDS

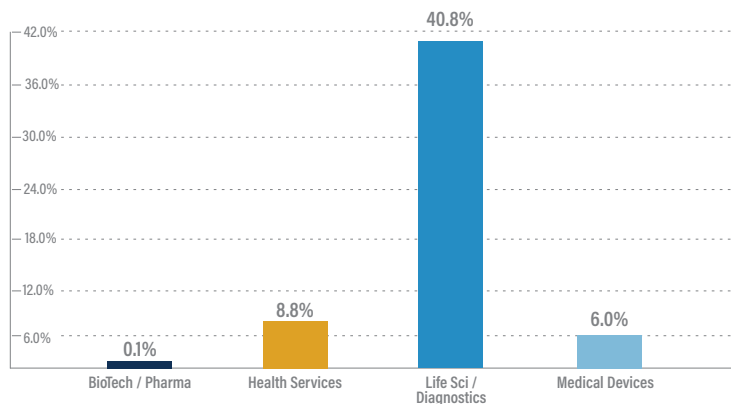
Enterprise Value / LTM Revenue



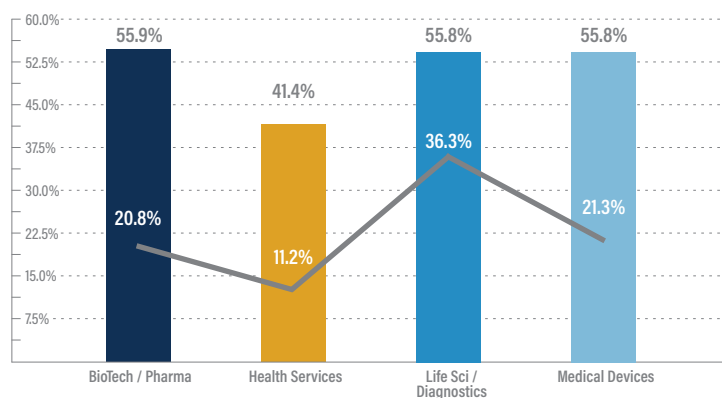
Enterprise Value / LTM EBITDA



LTM Revenue Growth

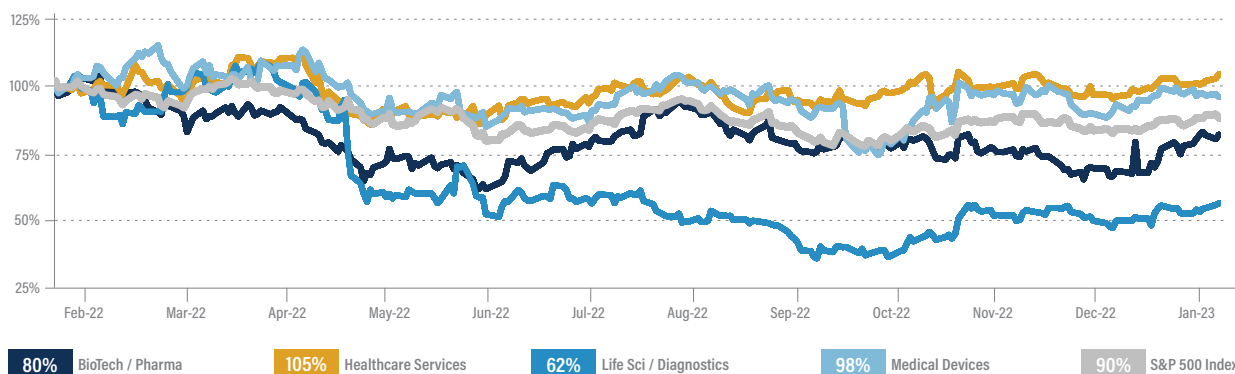


LTM Gross and EBITDA Margins*



*EBITDA Margins shown as the gray line.

LTM Stock Price Index



SELECTED HEALTHCARE TRANSACTIONS









Target	Acquiror	BioTech / Pharma Transactions
Concert Pharmaceuticals, Inc. (NASDAQ:CNCE)	Sun Pharmaceutical Industries Ltd. (BOM:524715)	Concert Pharmaceuticals discovers and develops innovative new medicines using deuterium chemistry to treat autoimmune diseases, specifically alopecia areata Total Consideration: \$576 million Per share price represents a premium of ~20%
Soin Therapeutics, LLC	JanOne Inc. (NASDAQ:JAN)	Soin Therapeutics develops new medications to treat rare, orphan diseases, including Low Dose Naltrexone, a medication used to treat complex regional pain syndrome Total Consideration: \$30 million, consisting of \$13 million in stock and \$17 million in earnout
Flame Biosciences, Inc.	Leap Therapeutics, Inc. (NASDAQ:LPTX)	Flame Biosciences is a clinical-stage biopharmaceutical company that discovers, acquires, develops and commercializes therapeutics that treat diseases linked to chronic inflammation, including cancer, atherosclerotic cardiovascular disease and arthritis Total Consideration: \$12 million in stock

Target	Acquiror	Life Sci / Diagnostics Transactions
Chembio Diagnostics, Inc. (NASDAQ:CEMI)	Biosynex SA (PAR:ALBIO)	Chembio Diagnostics develops, manufactures and markets point-of-care diagnostic tests for the professional and at home markets Total Consideration: \$17 million Per share price represents a premium of ~22%
Twelve Bio ApS	Ensoma, Inc.	Twelve Bio, based in Denmark, uses CRISPR diagnostic technology, a gene editing technology used to modify, delete or correct precise regions of DNA, to correct sequences linked to genetic disorders
Glass Chemicals, S.L.U.	Calibre Scientific, Inc. (StoneCalibre)	Glass Chemicals, based in Spain, commercializes and distributes scientific consumables, equipment and services for the life sciences, diagnostics and medical device sectors

Target	Acquiror	Health Services Transactions
ADF Dermatology and Skin Surgical Center, Advanced Dermatology, PA, First OC Dermatology	Dermcare Management LLC (Hildred Capital Partners)	ADF Dermatology provides cosmetic and surgical dermatology services in Florida Advanced Dermatology, PA provides surgical dermatology services in Florida First OC Dermatology provides cosmetic and general dermatology services in California
Advanced Vein Care Center LLC	Center for Vein Restoration, LLC (Cortec Group)	Advanced Vein Care Center, a treatment center in Massachusetts, provides procedures for the treatment of vein disease, including endovenous laser treatment, ambulatory phlebectomy, sclerotherapy and ohmic thermolysis
Open Systems Healthcare Inc. (excludes Washington, D.C. location)	Help At Home, LLC (Centerbridge Partners, Vistria Group)	Open Systems Healthcare provides in-home health care services including pediatric nursing, personal care, skilled nursing and behavioral health across 68 counties in Pennsylvania and 2 counties in Delaware

Target	Acquiror	Medical Device Transactions
Neovasc Inc. (NASDAQ:NVCN)	ShockWave Medical, Inc. (NASDAQ:SWAV)	Neovasc develops, manufactures and markets medical devices for the cardiovascular industry Total Consideration: \$122 million, consisting of \$100 million in cash and \$22 million in earnout Per share price represents a premium of ~29%
Great Elm Healthcare, LLC (Great Elm Group)	Quipt Home Medical Corp. (NASDAQ:QIPT)	Great Elm Healthcare provides durable medical equipment to customers with respiratory needs Total Consideration: \$80 million
J-Pac Medical (Torque Capital Group)	Life Science Outsourcing, Inc. (PPC Enterprises)	J-Pac Medical is a manufacturing and packaging outsourcing partner to medical device and diagnostic companies, offering full-service cleanroom assembly, packaging, sterilization and supply chain management solutions

Selected TM Capital Healthcare Experience

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