



BRENTWOOD
CAPITAL
ADVISORS

The best deal. Done.

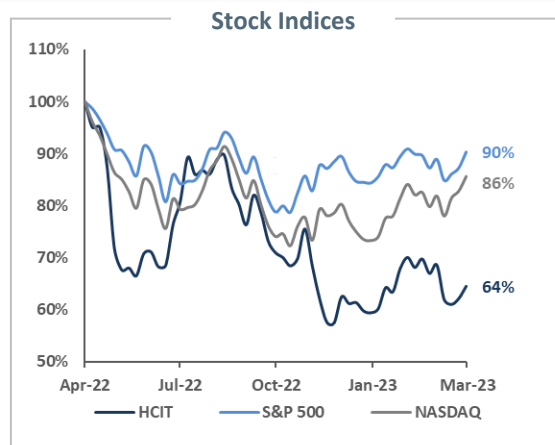
HEALTHCARE TECHNOLOGY
SECTOR UPDATE
1Q23

May 2023

www.brentwoodcapital.com

BCA Market Commentary & Stock Indices Relative Performance

- Q1 2023 saw a continuation of the same general themes in HC tech from Q4: slower market activity, a prioritization of profitability at all costs, and a buyer/investor bias towards essential solutions.
- Consistent with other tech verticals, the application of AI and machine learning continues to garner attention in healthcare as a means of driving efficiency and reducing cost: investments in companies like Janus and Codametrix reflect this trend.
- As providers continue to face mounting margin pressure, revenue cycle continues its streak as an active sub-sector across several different revenue models; investments in Medusind (tech-enabled BPO), and Lightning MD (software) are recent examples.
- Last, the focus on human capital management continues to be a priority for providers in today's tight labor market. LLR's investment in Viventium and aforementioned investment in Janus, which supports workforce management, are recent deals in this space.



Select M&A and Financing Transactions

Date	Target	Acquiror(s)	Target Business Description
03/21/23	Janus Health	Enhanced Healthcare Partners	Provider of revenue cycle management technology
03/07/23	Streamline Healthcare Solutions	Gauge Capital	Developer of electronic health record platform
02/28/23	MphRx	Agilon Health	Developer of digital health platform
02/27/23	CodaMetrix	SignalFire Investors	Developer of AI-powered medical coding platform
02/21/23	OpenClinica	Thompson Street Capital Partners	Developer of enterprise clinical software program
02/16/23	Lightning MD	Elation Health	Developer of SaaS-based medical billing software
02/07/23	Viventium	LLR Partners	Developer of cloud-based human capital management software
02/06/23	ShiftMed	Panoramic Ventures, Blue Heron Capital, Audacious Capital	Developer of medical staffing platform
01/12/23	Medusind	Alpine Investors	Developer of revenue cycle management platform

Select Public Trading Multiples

(\$M except share prices)		Stock Price	% of 52-Week		TEV / Revenue		TEV / EBITDA		
Company	Ticker	3/31/23	High	Low	TEV	LTM	NTM	LTM	NTM
CPSI	CPSI	\$30.20	85%	119%	\$588	1.8x	1.7x	10.5x	9.7x
Definitive Healthcare	DH	\$10.33	34%	110%	\$1,092	4.9x	4.3x	18.4x	15.8x
Health Catalyst	HCT	\$11.67	42%	182%	\$584	2.1x	2.0x	NM	NM
HealthEquity	HQY	\$58.71	74%	112%	\$6,001	7.0x	6.3x	22.5x	19.1x
Healthstream	HSTM	\$27.10	99%	144%	\$816	3.1x	2.9x	15.1x	14.0x
NextGen Healthcare	NXGN	\$17.41	79%	108%	\$1,172	1.9x	1.7x	12.2x	9.3x
Phreesia	PHR	\$32.29	81%	245%	\$1,716	6.1x	5.1x	NM	NM
Teladoc	TDOC	\$25.90	33%	120%	\$5,155	2.1x	2.0x	19.7x	17.6x
R1 RCM	RCM	\$15.00	54%	224%	\$8,111	4.5x	3.5x	16.1x	13.4x
					Average	3.7x	3.3x	16.4x	14.1x
					Median	3.1x	2.9x	16.1x	14.0x

Note: EBITDA includes add-backs for stock-based compensation and non-recurring expenses. Data per SEC filings and PitchBook.

Brentwood Capital Advisors

Industry Bankers

John Kibler | Managing Director
(312) 656-9296
jkibler@brentwoodcapital.com

Patrick Price | Director
(615) 905-8023
pprice@brentwoodcapital.com

Porter Meadors | Director
(615) 224-3821
pmeadors@brentwoodcapital.com

Kyle Witty | Vice President
(804) 389-3042
kwitty@brentwoodcapital.com

Representative Transactions

