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HEALTHCARE TECHNOLOGY  
SECTOR UPDATE  
2Q23

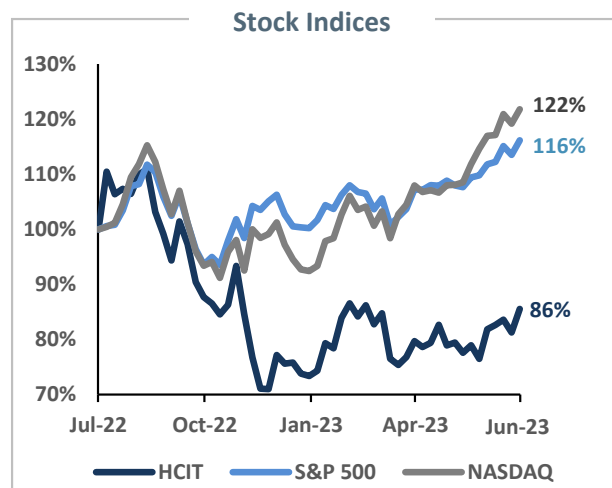
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July 2023

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## BCA Market Commentary & Stock Indices Relative Performance

- Q2 HCIT capital markets saw many of the same general trends persist from prior quarters: increased scrutiny around profitability, a bias for hard-dollar ROI in target companies, and a general apprehension about the course of the macro economy in light of the inflation/rates tension.
- Revenue cycle continued to see elevated activity due to its “have to have” support of reimbursement functions. In particular, there seems to be increased focus on companies providing technology-enablement to streamline and automate key functions (i.e., Alpha II) as well as companies supporting complex, hard-to-recover claims (FIRM RCM/Aspirion).
- Payers are also increasingly focused on cost containment solutions that can reduce unnecessary utilization while also providing care navigation capabilities for members (i.e., Välenz Health).
- Anecdotally, sentiment seems to be more optimistic going into 2H 2023 as public markets continue to perform well, and markets slowly acclimate to an environment with higher rates. We anticipate a considerably more active second half as a pending back-log of deals begins to unwind.



## Select M&A and Financing Transactions

Date	Target	Acquiror(s)	Target Business Description
6/21/23	Välenz	Kelso Private Equity	Provider of member navigation solutions
6/13/23	Apixio	New Mountain Capital	Developer of AI healthcare technology platform
5/25/23	Alpha II	TA Associates	Provider of revenue cycle management technology
5/22/23	FIRM RCM	Aspirion Health Resources	Provider of revenue cycle management technology
5/16/23	MDPortals	Reveleer	Developer of patient intelligence technology
5/09/23	Benefits Science	MultiPlan	Developer of healthcare data analytics platform
4/27/23	Forward Advantage	EXA Capital	Provider of healthcare management solutions
4/25/23	Prodigo Solutions	Global Healthcare Exchange	Developer of healthcare supply chain management platform
4/13/23	ScanSTAT Technologies	Verisma Systems	Provider of health information exchange solutions

## Select Public Trading Multiples

(\$M except share prices)		Stock Price	% of 52-Week		TEV / Revenue		TEV / EBITDA		
Company	Ticker	6/30/23	High	Low	TEV	LTM	NTM	LTM	NTM
CPSI	CPSI	\$24.69	72%	112%	\$514	1.5x	1.5x	9.5x	8.4x
Definitive Healthcare	DH	\$11.00	37%	126%	\$1,156	5.0x	4.4x	19.1x	15.9x
Health Catalyst	HCT	\$12.50	68%	195%	\$670	2.4x	2.2x	N/M	N/M
HealthEquity	HQY	\$63.14	80%	129%	\$6,395	7.4x	6.5x	24.0x	18.8x
Healthstream	HSTM	\$24.56	89%	120%	\$725	2.7x	2.5x	13.5x	12.0x
NextGen Healthcare	NXGN	\$16.22	74%	106%	\$1,158	1.8x	1.6x	10.3x	9.3x
Phreesia	PHR	\$31.01	78%	143%	\$1,706	5.7x	4.8x	N/M	N/M
Teladoc	TDOC	\$25.32	57%	117%	\$5,204	2.1x	1.9x	20.1x	16.8x
R1 RCM	RCM	\$18.45	68%	275%	\$9,713	4.9x	4.0x	17.4x	15.2x
					<b>Average</b>	<b>3.7x</b>	<b>3.3x</b>	<b>16.3x</b>	<b>13.8x</b>
					<b>Median</b>	<b>2.7x</b>	<b>2.5x</b>	<b>17.4x</b>	<b>15.2x</b>

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

## Brentwood Capital Advisors

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### Representative Transactions

