ECG MANAGEMENT CONSULTANTS

A Siemens Healthineers Company

Healthcare M&A Quarterly Update

Q3 2025

Q3 2025 Healthcare Mergers and Acquisitions (M&A) Highlights

M&A Quarter Trends and Highlights

- There were 409 announced US transactions in Q3 2025, compared to 387 in the prior quarter. In Q3, large national health systems continued to divest of hospital assets, including CHS announcing plans to sell three hospitals to Tenor Health and closing its sale of Cedar Park Regional Medical Center to Ascension.
- Medical group transactions led all health sectors with 110 announced in the US in Q3, including The Specialty Alliance's acquisition of 75% of Solaris Health for $1.9 billion from Lee Equity Partners. Solaris Health is a 750-provider organization specializing in urology that spans 14 states.
- Total announced healthcare transactions increased only 6% quarter over quarter, and announced hospital deals increased from 8 to 13, nearly in line with the average of 2024.

Notable Q3 2025 Transactions

LabCorp to Acquire Lab Assets in 13 States from CHS for $195 Million

ChristianaCare and Virtua Health Sign Letter of Intent (LOI) to Form a New Health System with 600+ Sites of Care

Westchester Medical Center Health Network to End JV with Bon Secours Mercy, Acquire Three NY Hospitals

Tenor Health Foundation to Acquire Commonwealth Health from CHS

Relevant ECG Thought Leadership

- "ECG's Health Plan Quarterly Report: Q2 2025" (ecgmc.com)
- "Aligning Financial Drivers with Your Mission" (ecgmc.com)
- "Publicly Traded Hospital Quarterly Earnings Release: Q2 2025" (ecgmc.com)

Sources: *Becker's Hospital Review*, company press releases, and LevinPro Healthcare M&A.
Note: Transaction volumes for prior quarters were not adjusted retroactively.

Quarterly Spotlight: Rural Health Transformation Fund

Rural Health Transformation Fund Introduction

- H.R.1, or the One Big Beautiful Bill (OBBB) Act, includes a $50 billion Rural Health Transformation Program, which offers strategic support to stabilize at-risk rural providers, foster innovation, and enhance care access through technology and partnerships.
- The program could help to alleviate the impact of expected federal Medicaid spending reductions, which will likely have a significant impact on rural healthcare providers.

Program Detail

What is included in the rural health transformation program of the OBBB? $50 billion total over five years: $10 billion annually from 2026 to 2030, administered by CMS under state-approved rural transformation plans.

Plan Deadline: States must submit a comprehensive plan by November 5, 2025. CMS will approve applications by December 31, 2025.

Plan Requirements: Outline strategies to expand rural healthcare access and quality, leverage AI and telehealth innovations, build partnerships, train clinicians, and stabilize rural hospital finances.

Distribution Qualifications: 50% of funds are equally divided among approved states (approximately $5 billion per year each), and 50% are allocated based on rural population, facility count, and DSH to at least a quarter of states.

Admin. Caps: States can use no more than 10% for admin. costs and must submit annual progress reports.

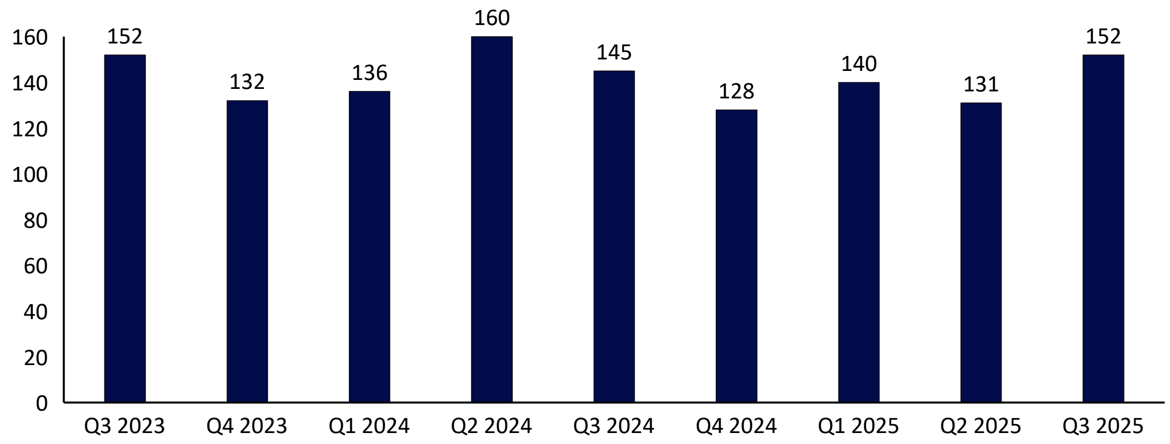
Sources: Holland and Knight, KFF.

Private Equity in Healthcare

Private Equity Quarterly Synopsis

- In Q3 2025, there were 152 announced US healthcare private equity deals compared to 131 in the prior quarter. The quarter was marked by a $2.6 billion acquisition of Premier, a tech-driven healthcare improvement company serving providers, suppliers, payers, and life sciences, by Patient Square Capital.
- Deal volumes have fluctuated but remained below the average in recent years (dating back to the peak in 2021) likely due to economic uncertainty, which has recently been driven by the transition to a new administration.

Announced US Healthcare Private Equity Deals by Quarter



Significant Healthcare Private Equity Transactions: Q3 2025

Premier to Be Acquired by Patient Square Capital for $2.6 Billion

PATIENT SQUARE CAPITAL | PREMIER

Premier is a tech-driven healthcare improvement company serving providers, suppliers, payers, and life sciences.

ZimVie to Be Acquired by ARCHIMED for Approximately $730 Million

ZimVie | ARCHIMED

ZimVie develops, manufactures, and delivers products and solutions to support dental tooth replacement and restoration.

Nordic Capital Is Set to Become the Majority Owner of Arcadia

NORDIC CAPITAL | ARCADIA

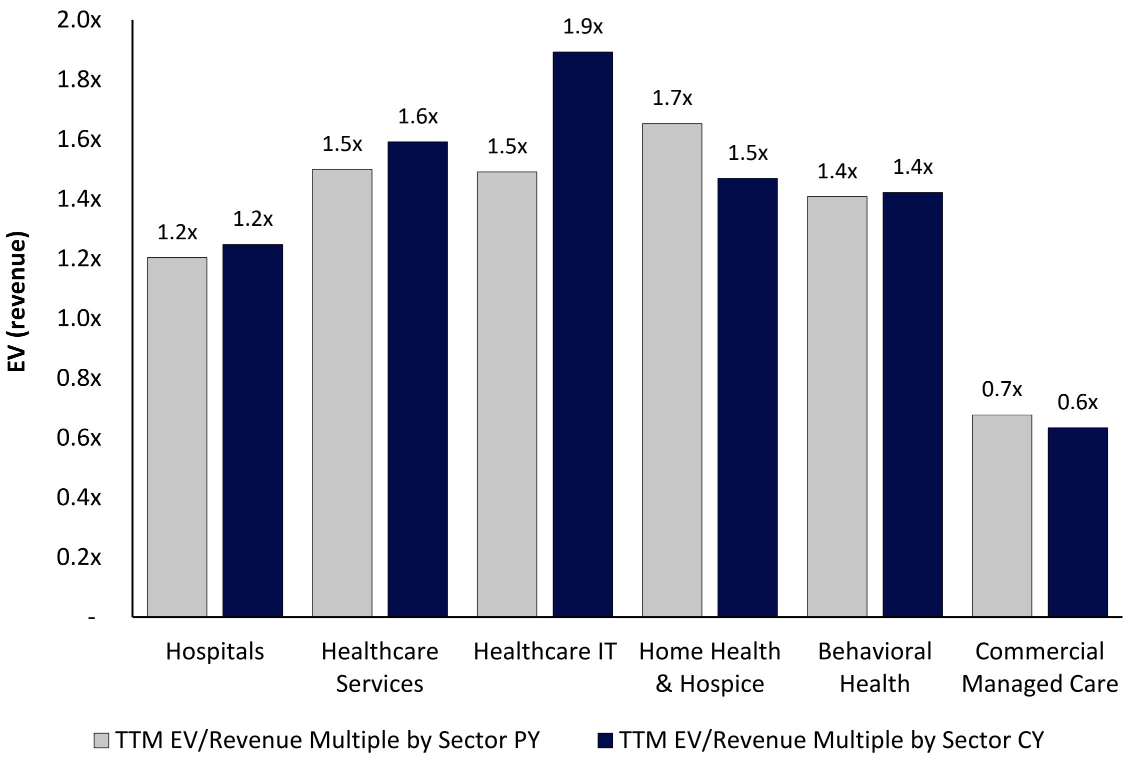
Arcadia integrates data from across the healthcare ecosystem and transforms it into insights for improved outcomes.

Sources: LevinPro Healthcare M&A and company press releases.
Note: Transaction volumes for prior quarters were not adjusted retroactively.

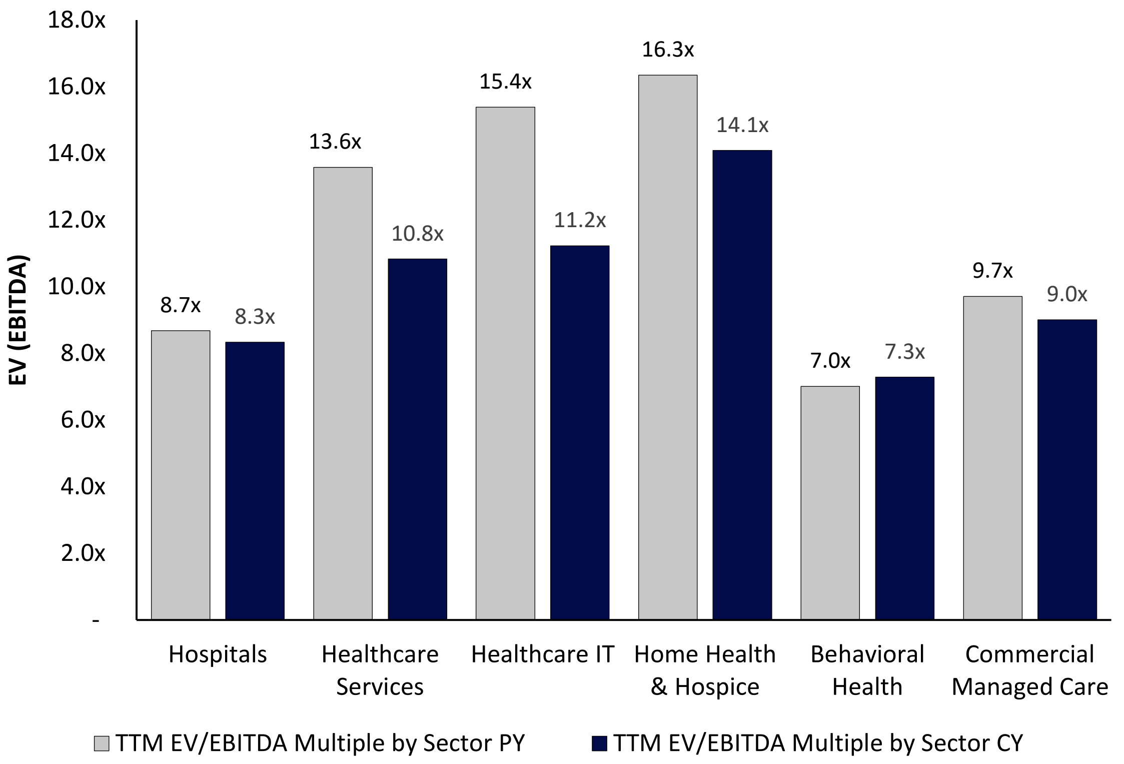
YOY TTM Revenue and EBITDA Medians by Sector

EV and EBITDA multiples across most analyzed sectors decreased from TTM September 2024 to TTM September 2025.

Q3 2025 TTM Versus Q3 2024 TTM EV (revenue)



Q3 2025 TTM Versus Q3 2024 TTM EV (EBITDA)

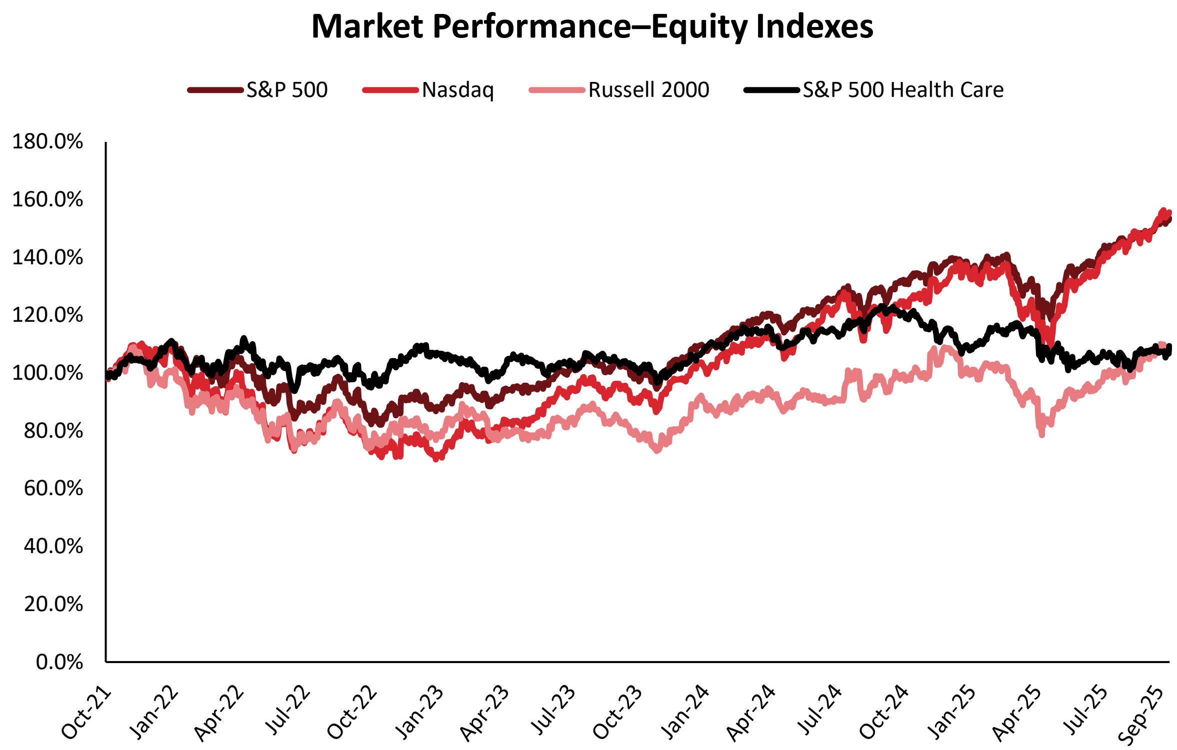


Source: S&P Capital IQ.
Notes: CY = current year; EV = enterprise value; PY = prior year; TTM = trailing 12 months; YOY = year over year. A list of companies included in each sector is shown at the end of this presentation. Comparisons reflect publicly available information as of October 1, 2025.

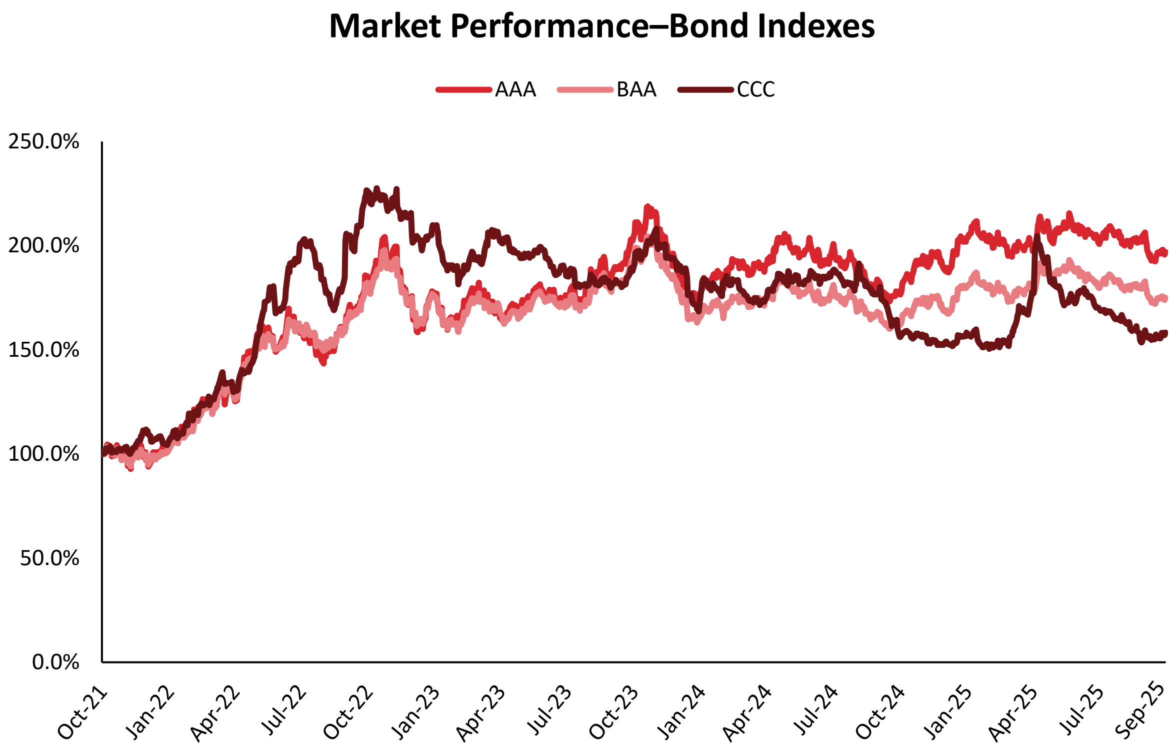
Equity and Bond Index Comparison

Since April 2025, the S&P 500 and Nasdaq have outperformed the S&P 500 Health Care Sector. The declining trend in bond indexes from Q2 2025 continued through Q3 2025.

Equity Index Trend



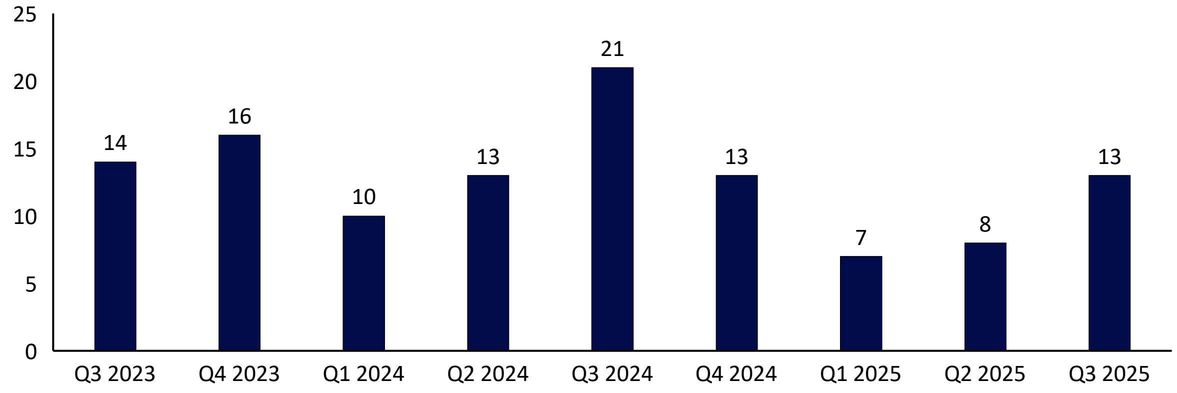
Bond Index Trend



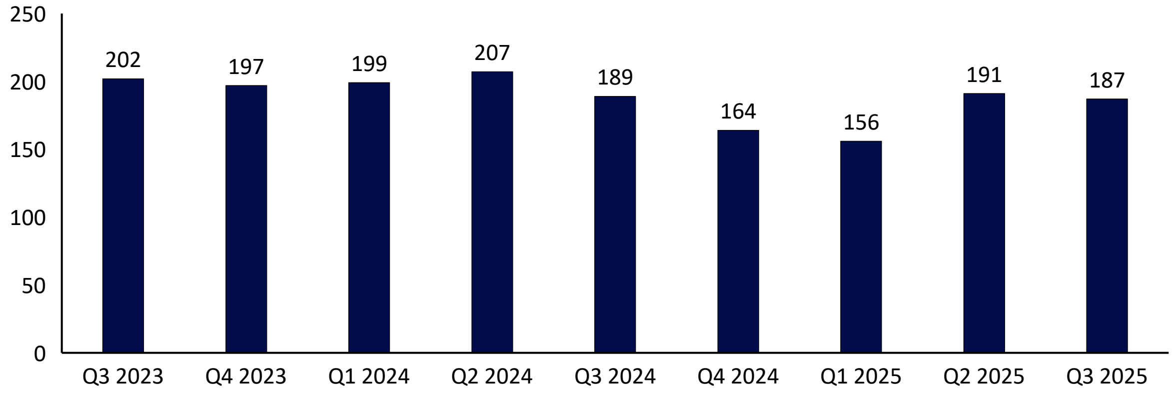
Sources: S&P Capital IQ and Federal Reserve Bank of St. Louis.

Quarterly Transaction Trends by Sector[1]

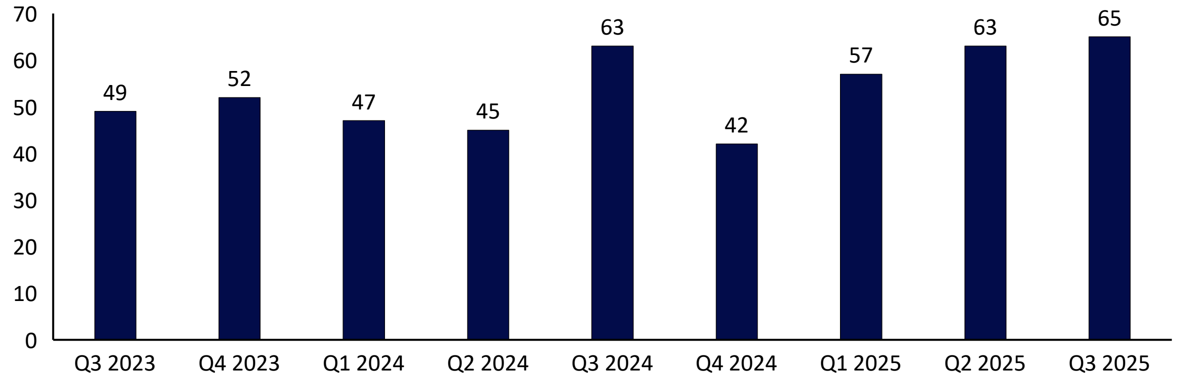
Hospitals



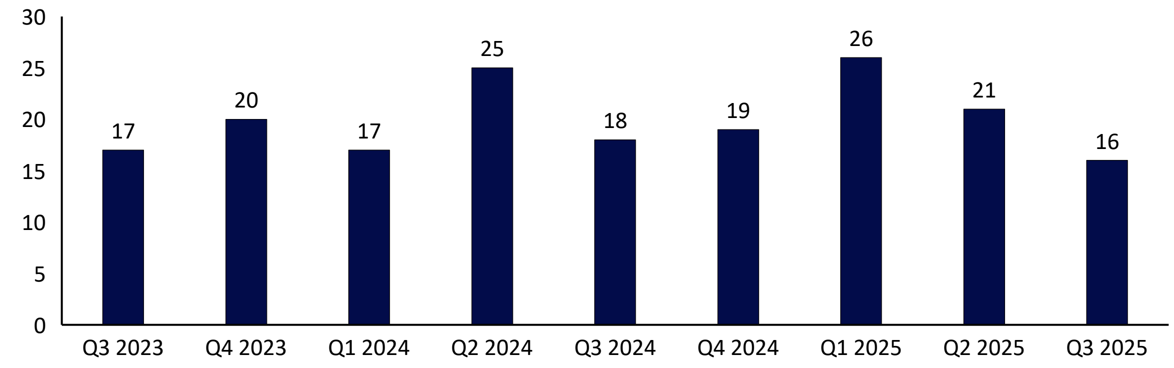
Healthcare Services



Health Tech



Home Health and Hospice



Source: LevinPro Healthcare M&A. Note: Transaction volumes for prior quarters were not adjusted retroactively.

[1] Health services include deals in biotechnology, laboratories, MRA and dialysis, ACOs, ASCs, chiropractic, CROs, GPOs, health clinics, payments and billing, home equipment, infusion, occupational health, organ transplant, outpatient clinics, population health, primary and value-based care, specialty pharmacy, urgent care, pharmaceuticals, physician medical groups, and rehabilitation. All transaction counts sourced from LevinPro Healthcare M&A.

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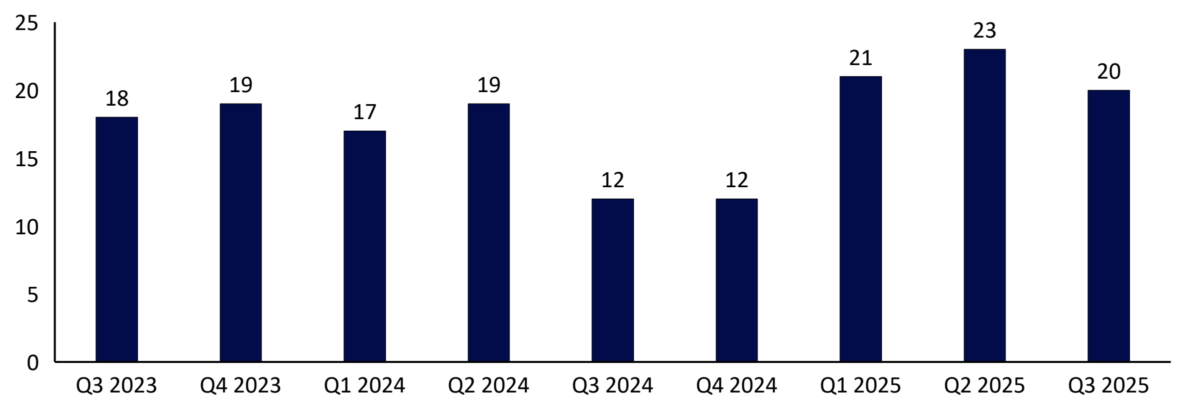
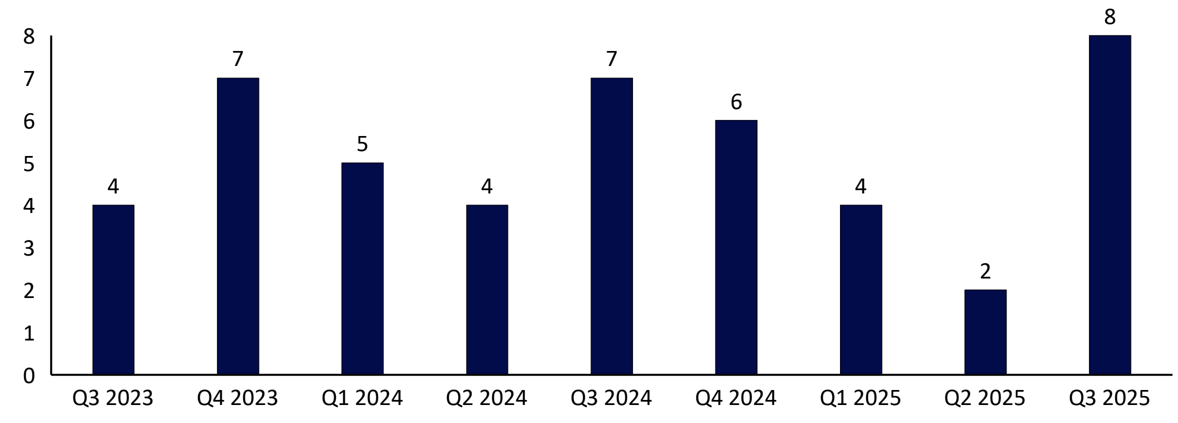
Quarterly Transaction Trends by Sector *(continued)*

Behavioral Health



Managed Care



- Announced US hospital transactions volumes have slightly rebounded, increasing to 13 transactions compared to 7 and 8 in Q1 and Q2 of 2025, respectively. The health tech and managed care sectors also saw increases compared to Q2 of 2025.
- Healthcare services, home health and hospice, and behavioral health transaction volumes decreased in Q2. Announced US transactions within home health and hospice were the lowest in any quarter over the last two years.

Sources: LevinPro Healthcare M&A. Note: Transaction volumes for prior quarters were not adjusted retroactively.

ECG Mergers, Acquisitions, and Partnerships Team Leadership

From our more than five decades of experience, we have learned that successful problem-solving requires deep industry knowledge and expertise, rigorous data and analytics, strategic foresight, political and organizational savvy, and, most importantly, practical solutions that get implemented.

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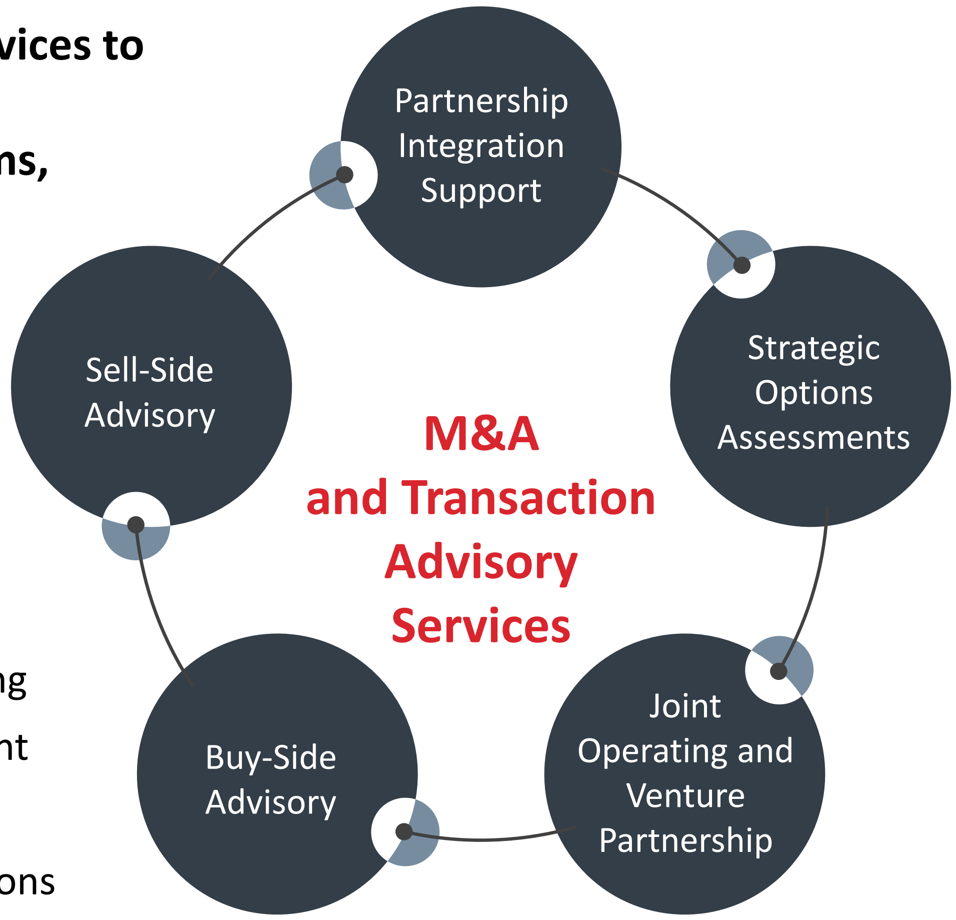
ECG's M&A and Transaction Advisory Practice

ECG offers a broad range of M&A and partnership transaction advisory services to healthcare providers. As a leader in the industry, ECG provides specialized expertise to community hospitals, academic medical centers, health systems, medical groups, and physician enterprises as they seek strategic **partners.** Professionals at ECG can provide guidance from the commencement of a transaction **through integration**.



Specific Areas of Expertise

- Transaction planning and coordination
- Transaction structuring and governance
- LOI development and negotiation
- Definitive agreement negotiation
- Business, asset, and contract valuation
- RFP development and response
- Partner solicitation and market making
- Due diligence and financial assessment
- Posttransaction integration
- Fair market value and fair value opinions

Selected Companies by Sector

Hospitals

Ardent Health (ARDT), HCA Healthcare (HCA), Tenet Healthcare Corporation (THC), and Community Health Systems (CYH).

Healthcare Services

Exact Sciences Corporation (EXAS), Laboratory Corporation of America Holdings (LH), Myriad Gynetics (MYGN), NeoGenomics (NEO), Quest Diagnostics (DGX), CareCloud (CCLD), SHL Telemedicine (SHLTN), Teladoc Health (TDOC), Veradigm (MDRX), Welltower (WELL), Acadia Healthcare Company (ACHC), Community Health Systems (CYH), DaVita (DVA), Encompass Health Corporation (EHC), HCA Healthcare (HCA), Pediatrix Medical Group (MD), National HealthCare Corporation (NHC), Select Medical Holdings Corporation (SEM), Surgery Partners (SGRY), Tenet Healthcare Corporation (THC), the Ensign Group (ENSG), GoodRx Holdings (GDRX), and Universal Health Services (UHS).

Healthcare IT

Veradigm (MDRX), CareCloud (CCLD), Certara (CERT), TruBridge Inc. (TBRG), the Craneware Group (CRW), Definitive Healthcare (DH), Doximity (DOCS), Evolent Health (EVH), Health Catalyst (HCAT), Healthcare Triangle Inc. (HCTI), HealthStream (HSTM), National Research Corporation (NRC), Omnicell (OMCL), OptimizeRx Corporation (OPRX), Phreesia (PHR), Premier Inc. (PINC), and RCM Technologies (RCM).

Home Health and Hospice

Addus HomeCare Corporation (ADUS), Aveanna Healthcare Holdings (AVAH), Brookdale Senior Living (BKD), Chemed Corporation (CHE), InnovAge Holding (INNV), ModivCare (MODV.G), Option Care Health (OPCH), the Pennant Group (PNTG), and Sonida Senior Living (SNDA).

Behavioral Health

Acadia Healthcare Company (ACHC), LifeStance Health Group (LFST), and Universal Health Services (UHS).

Commercial Managed Care

Humana (HUM), Cigna (CI), UnitedHealth Group (UNH), Progyny (PGNY), Alignment Healthcare (ALHC), and Elevance Health (ELV).