



Provider Services M&A and Valuation Update

Healthcare Industry

Q3 2025

FOUNDERS
ADVISORS

Introduction

From Thomas and Michael



Thomas Dixon



Michael White

Greetings from the Founders Advisors Healthcare Desk, We are pleased to present our *Q3 2025 Provider Services M&A and Valuations Report*.

This time, we mean it when we say, “pleased.” Though the malaise we referenced in characterizing the provider services deal market last quarter persists, stability has also crept in. Deal volume is now more in-line with 2024 levels, and the much-needed uptick in exit activity noted last quarter has continued.

Beyond “stability,” the theme for the quarter might also be “complexity.” States’ efforts to regulate PE Investing in healthcare have gained steam, creating a more involved process for executing on the archetypal micro-cap roll-up strategy used by institutional investors in this sector. Investors must navigate exits, without the luxury of an open provider services IPO window, and of course, DC never makes anything simpler.

We remain in a market in which Class A properties trade at reasonable, off-peak multiples and buyers abstain from B and C properties. Want advice as to whether your practice is in Class A or how to get it there? If so, reach out to us.

Until next quarter,

Thomas Dixon
Managing Director

Michael White
Managing Director

Table of Contents

- I. M&A Activity
- II. Buyer Landscape
- III. Valuation Insights
- IV. Operational Benchmarks
- V. Voices from the Field
- VI. Founders Introduction

Considered / Included Public Companies

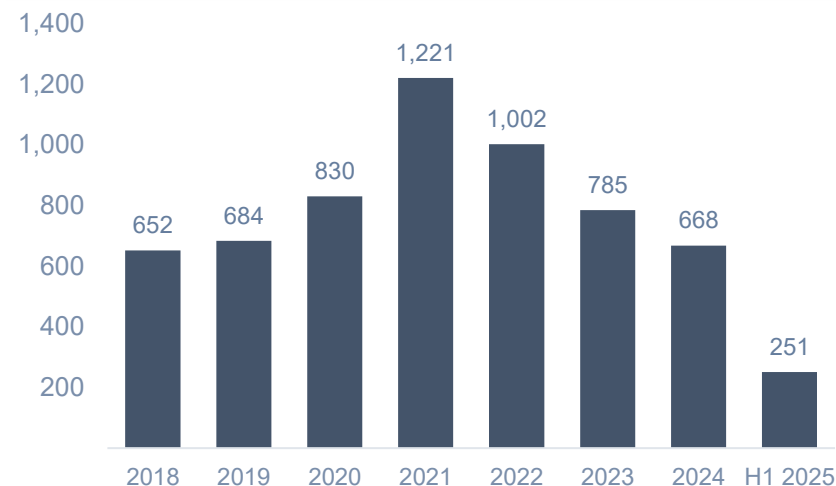


I. M&A Activity: Volume

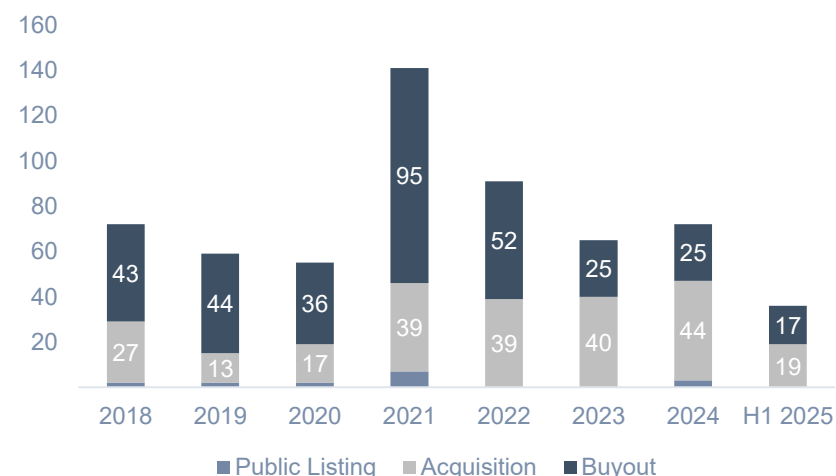
Commentary

- Though it hasn't rebounded, the provider services M&A market appears to have avoided the free-fall that seemed possible earlier this year
- At this point, continued stasis seems likely, given equally weighted baskets of headwinds and tailwinds for provider services dealmaking
- Mid-year tail-winds
 - A steadily improving exit market
 - Well capitalized, healthy (profitable) market-makers for most specialties
 - The defensive nature of the sector, in the face of an otherwise volatile market
 - Fed rate cuts
 - Long-term market forces (e.g., demographics, innovation, need to disrupt flawed system)
 - Insufficient supply of Class A properties
- Mid-year headwinds
 - Increasing regulatory complexity that must be navigated state-by-state
 - Perceived (by LPs) over-exposure to PPM vis-à-vis other healthcare sectors
 - Negative outlook for per-unit reimbursement, given policy changes
 - Bid-ask spreads (sellers stuck in the early 2020s)
 - A closed IPO window

Provider Services Deal Count by Year



Provider Services Private Equity Exit Count*



I. M&A Activity: Volume by Specialty

Through the first half of 2025, mental health (including ABA & DDC) and musculoskeletal were the bright spots in an otherwise lethargic M&A market.

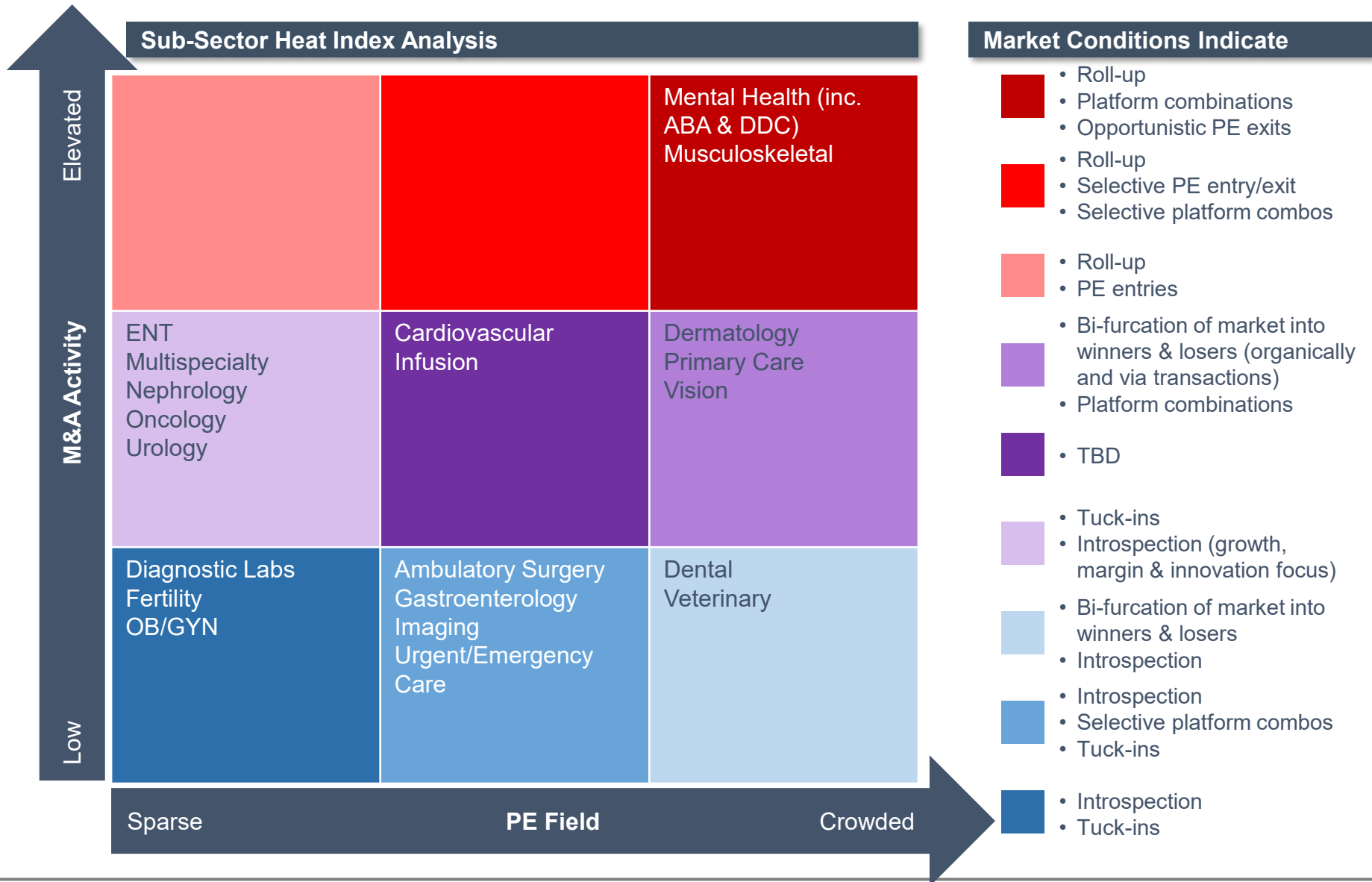
Specialty	2018	2019	2020	2021	2022	2023	2024	2025 1H	CAGR ¹
Applied Behavior Analysis	11	19	27	27	33	33	10	8	-2.9%
Ambulatory Surgical Centers	3	5	6	6	7	7	3	1	0.0%
Cardiovascular	1	1	1	5	12	18	12	5	36.4%
Dental	72	68	76	147	148	151	130	29	7.7%
Dermatology	64	45	34	44	61	65	45	15	-4.3%
Diagnostic Laboratories	5	9	2	8	4	5	1	-	-18.2%
Ear, Nose & Throat	10	6	9	19	11	17	14	4	4.3%
Fertility	7	6	7	21	14	9	7	-	NM
Gastroenterology	6	24	17	33	23	11	5	-	-2.3%
Developmental Disabilities Care	6	14	7	13	3	11	4	6	-4.9%
Imaging	5	8	9	18	8	10	7	2	4.3%
Infusion	3	4	7	6	11	4	11	4	17.6%
Mental Health	45	25	52	60	49	25	34	16	-3.4%
Multispecialty Clinics & Networks		3	3	4	5	5	4	3	3.7%
Musculoskeletal	56	47	56	95	88	44	29	17	-7.9%
Obstetrics & Gynecology	2	3	14	9	9	9	7	2	17.0%
Oncology	5	4	3	4	4	3	3	2	-6.2%
Primary Care	16	16	17	20	14	25	21	7	3.5%
Urgent & Emergency Care	14	7	8	15	9	9	14	3	0.0%
Urology & Nephrology	6	2	8	12	17	13	7	2	1.9%
Veterinary	62	98	179	228	172	60	76	21	2.6%
Vision	50	77	92	124	67	34	20	8	-10.8%
Total	460	499	636	925	768	545	469	154	0.2%

I. M&A Activity: PE Platforms by Specialty

6 sub-sectors account for about 60% of the active PE platforms in provider services – Dental, Mental Health, Musculoskeletal, Dermatology, Veterinary and Vision



I. M&A Activity: Specialty Heat Map (2025 YTD Scoring)



I. M&A Activity: Recent Notable Transactions

Practice	Buyer	Announced/Close Date	# of Physicians	Locations	Deal Size
 KEYSTONE PERFUSION SERVICES	 STRATA CRITICAL MEDICAL SOLUTIONS + LOGISTICS	9/16/2025	NM	NM	\$124.0M
 Dr. J Pediatric Dentistry	 chord specialty dental partners	8/7/2025	5	3	NM
 HELPING HANDS HOME CARE SERVICE	 ADDUS HOMECARE	8/1/2025	NM	NM	\$21.3M
 WU Wisconsin Institute of Urology	 ThedaCare	8/1/2025	8	5	\$16.5M
 DERMATOLOGY & LASER CENTRE Studio City • Simi Valley	 GSD GOLDEN STATE DERMATOLOGY	7/15/2025	NM	2	NM
 <i>Mid South</i> OB GYN	 TOGETHER WOMEN'S HEALTH	6/3/2025	7	1	NM
 ADVANTAGE BEHAVIORAL HEALTH	 CLEARVIEW CAPITAL	4/1/2025	7	21	NM
 REJUVENX	 ACCIDENT CARE ALLIANCE	3/11/2025	NM	14	NM

II. Buyer Landscape

Example Multi-Sector PE Funds



THE BEEKMAN GROUP

Cressey &
Company

abry partners



FLEXPOINT FORD



- + Institutional knowledge across sectors to help scale and professionalize businesses
- + Upside opportunity at the next transaction, following 5-7 year hold period
- + Ability to apply learnings from other industries
- + Oftentimes, larger fund-size/more access to capital, compared to single sector funds
- Variable experience and interest in healthcare services

Example Healthcare-Focused PE Funds



- + Proven track record in healthcare, e.g., leading payor negotiations, recruiting providers and scaling practices via organic and inorganic growth initiatives
- + Upside opportunity at the next transaction, following 5-7 year hold period
- + Large networks in the healthcare arena, leading to abilities to help source executive team/board members, clients/tuck-in acquisition targets, channel partners, etc.
- Traditionally smaller fund sizes/less access to capital, compared to multi-sector PE funds

Example Strategic Buyers

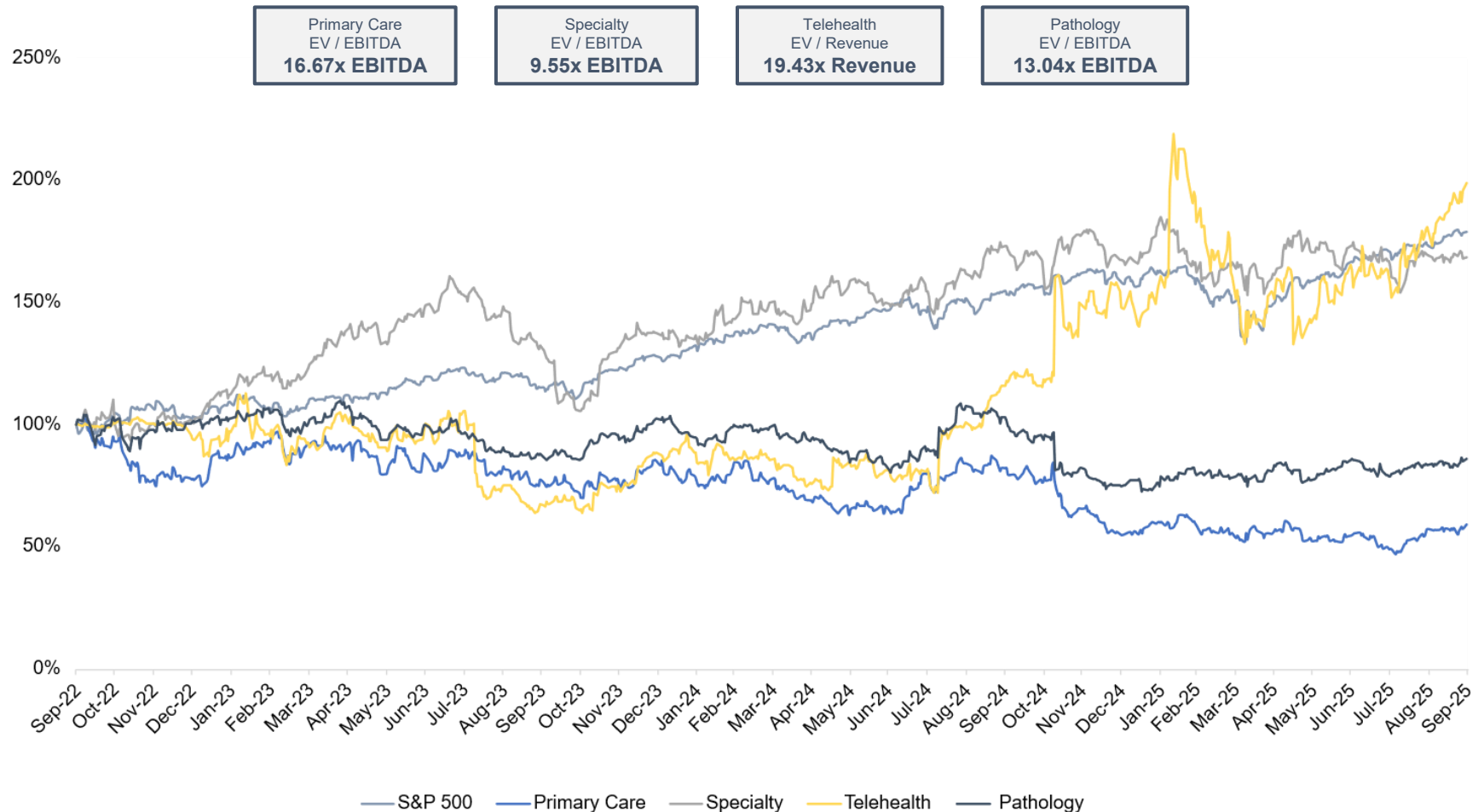


- + Aggressive valuations when there is a strategic fit
- + Potential for all-cash transactions without roll-over equity
- + Ability to rapidly deliver synergy and create operating leverage
- Limited or no opportunity for a “second-bite”
- Less autonomy and control given to sellers, post-close

III. Valuation Insights: Public Market Performance

The S&P 500 continued its strong performance in Q3 2025, up ~12% compared to the end of Q3. Provider services sub-sectors fluctuated, when compared to the Index. While telehealth rallied, the other subsectors mostly remained stagnant.

Provider Services Public Company Market Cap vs. S&P 500

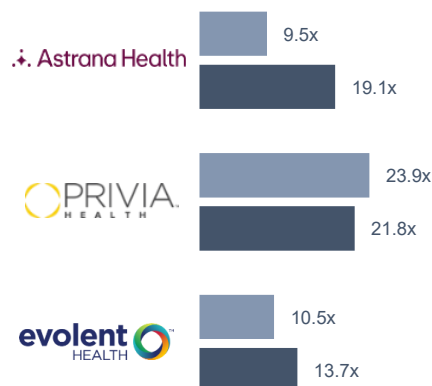


III. Valuation Insights: Public & Private Multiples

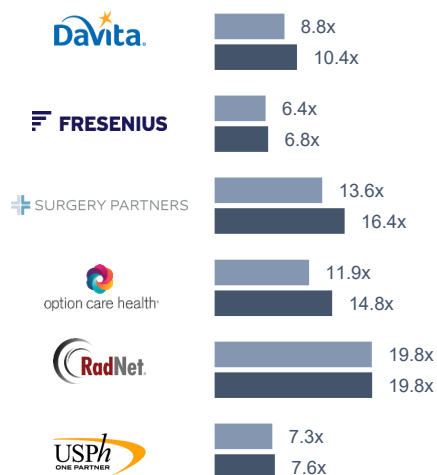
EV / LTM EBITDA Multiple

EV / LTM Revenue Multiple

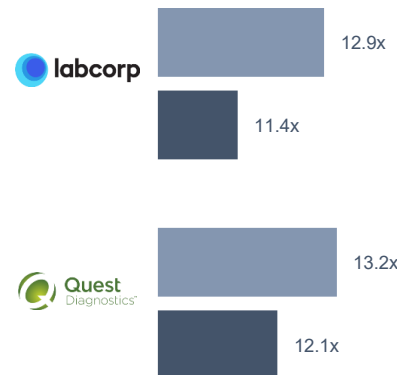
Primary/Value-based¹



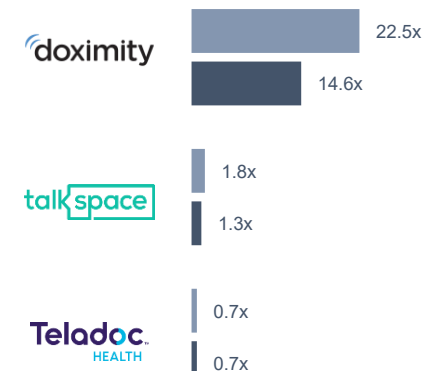
Specialty²



Pathology



Telehealth



■ September 2025 ■ September 2024

■ September 2025 ■ September 2024

■ September 2025 ■ September 2024

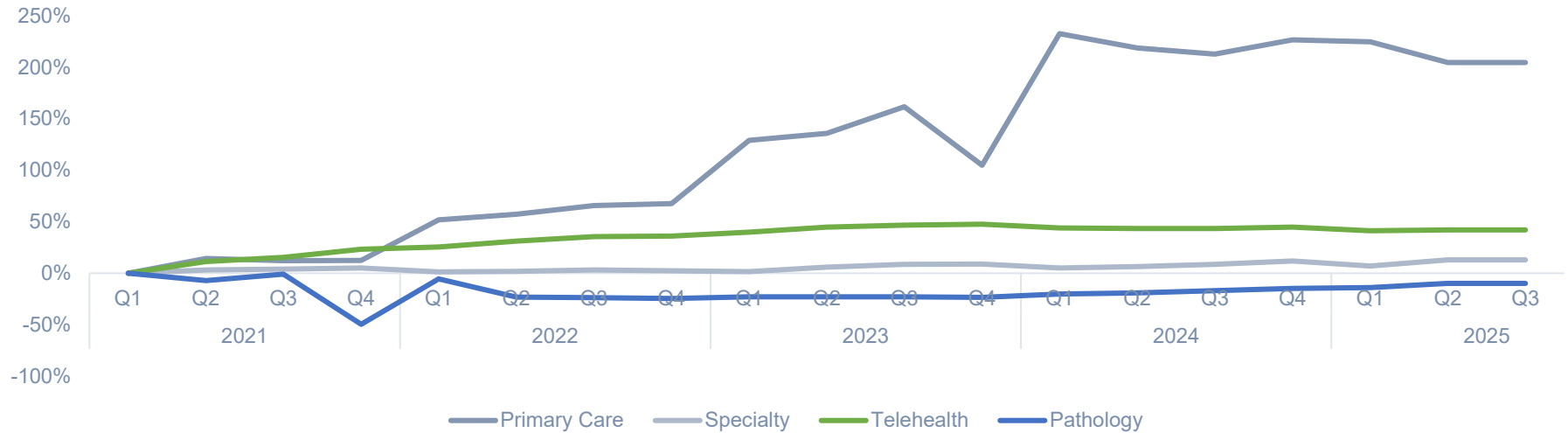
■ September 2025 ■ September 2024

Private Markets Commentary

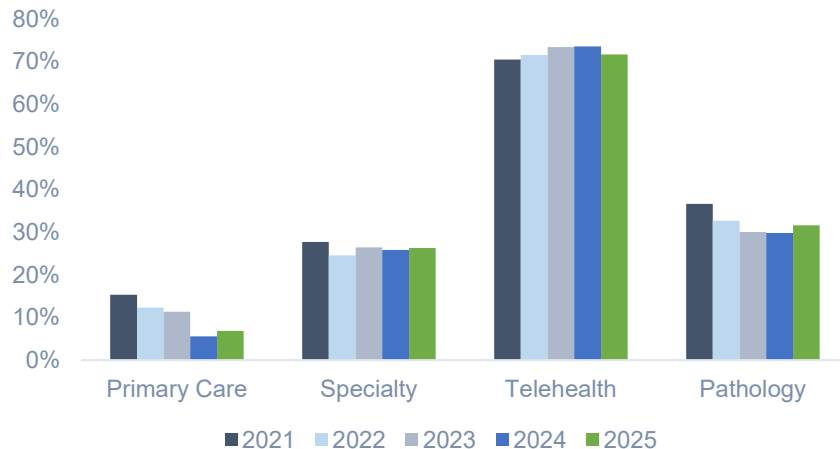
- In Founders' experience, valuations have remained depressed versus peak (2021) levels. Despite this, high quality provider assets continue to realize market-clearing multiples, while demand for Class B and C properties has diminished
- In certain sectors, the degradation versus 2021 valuations has been more muted
 - Behavioral, infusion and orthopedics – scarcity value for profitable, “chunky” add-ons or platform assets
 - Veterinary medicine, adult PT/OT/ST – synergies (effective multiples) propping up exit/seller multiples
 - Dermatology and senior services – opportunity to drive up valuations via matching assets on offer to individual investors' strategies

IV. Operational Benchmarks

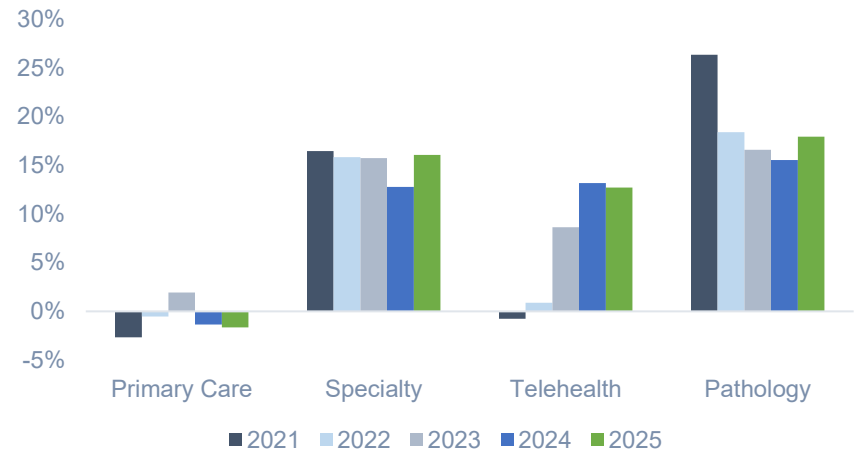
Public Company Revenue Trend by Sector



Public Gross Margin Trend (Q3 YoY Comparison)



Public EBITDA Margin Trend (Q3 YoY Comparison)



V. Voices from the Field: Earnings Call Themes (1/2)

Theme	Drivers	Voices from the Field
 AI is Showing up on the P&L	• Rapid progression of the AI technology cycle • Broken/inefficient system = ample low hanging fruit • Tight labor market forcing pursuit of technological solutions	<i>“We expect to exit the year with a net \$20 million annualized run rate EBITDA improvement across a number of AI and operational efficiency initiatives, but we believe the total addressable market expansion and EBITDA improvement opportunities from AI will be much larger over time.”</i> - SETH BLACKLEY, CEO, EVOLENT <i>“The EBCD DeepHealth, AI-powered breast cancer screening program continues to expand. Currently, we are experiencing a blended adoption rate nationally, approaching 45% . . .”</i> - DR. HOWARD BERGER, CEO, RADNET <i>“This May, Pathways’ AI model scored a record high 96% on the U.S. medical licensing exam, outperforming their competitors. With almost no marketing budget, Pathway has grown to hundreds of thousands of registered users worldwide with thousands paying . . . for their premium version.”</i> - JEFF TANGNEY, CEO, DOXIMITY
 Maybe the One Big Beautiful Bill isn’t so Big?	• Enormity of problem/US healthcare spend = hard to impact • Systemic barriers to step-function change in DC (e.g., ~equally split electorate, corporate/special interest in maintaining status quo)	<i>“Let’s put the One Big Beautiful Bill into some context here. First, . . . we spend \$5 trillion a year {on US healthcare}. And over the next 10 years, with a 5% inflation, that will amount to \$62 trillion – \$62 trillion. What the One Beautiful Bill Act is taking out is \$1 trillion. So . . . right around 1.5%. . . . From a Medicaid standpoint, it’s actually no impact in ’26. . . . On the exchange, . . . worst-case scenario, we estimate no more than a 30 to 40 basis point impact on volume in 2026.”</i> - JIM DAVIS, CEO, QUEST DIAGNOSTICS

V. Voices from the Field: Earnings Call Themes (2/2)

Theme	Drivers	Voices from the Field
 Elevated Utilization and Mortality is the New Normal	• Demography as destiny (aging, less healthy population) • Continual emergence of new treatments/therapies, expanding the “treatable frontier” • Time elapsed post COVID (becoming too long to view trend as transitory) • Expanded insurance coverage	<i>“So, it's a national issue. It's not a kidney issue. I think the point we were trying to emphasize here is we're not passively waiting for the environment to improve . . . And, this is not a new dynamic. This is really the underpinning of volume growth for the better part of 20 years pre-COVID . . .”</i> - JOEL ACKERMAN, CFO, DAVIDA <i>“We are seeing very strong ambulatory utilization . . . We are seeing downstream elevated trends. A lot of the payers have talked about it. . . . It's not like any one area jumps out. . . . And we've positioned the business trying to navigate or operate in a new normal utilization trend level . . .”</i> - PARTH MEHROTRA, CEO, PRIVIA HEALTH
 MA is [Finally!] Showing Signs of Stabilizing	• Hard lessons learned (by plans) in recent years • CMS and private sector (employer) commitment to MA (vis-à-vis FFS)	<i>“Our view of {Medicare} is the trend has largely stabilized with a favorable rate notice for 2026. We anticipate a return to normal macro membership growth within MA, which averaged about 8% between 2020 and 2024. We expect this to be a tailwind . . .”</i> - JOHN JOHNSON, CFO, EVOLENT <i>“I think the payers will adjust their pricing across different lines of business as they see the trends. I think that ultimately bodes well for downstream provider entities taking risk as some normalcy happens where people were chasing growth and attribution, giving away benefits, adverse selection of population cohorts, all the impact from V28 Star scores, everything that you've all noted in different research reports as you covered those sectors.”</i> - PARTH MEHROTRA, CEO, PRIVIA HEALTH

V. Voices from the Field: *Founders Forum*

From the *Founders Forum* webinar, “Building an Investment Grade Business”



ZANE TARENCE,
AUTHOR & FOUNDER

On how to go about building an exit plan

“Be self-aware enough to answer this question: ‘What do I want from my business?’ Most entrepreneurs – we give our business everything. But when do we sit down and say, ‘here’s what I need from my business.’? {To build an exit plan}, you sit down and say, ‘here’s what I want’, with clear timeframes. Then, you get professionals to help you start working towards that.”

Access the full recording [HERE](#); passcode **nWb^9IX5**

From the *Founders Forum* webinar, “Voices from the Field: AI in Healthcare/Life Sciences”



LAMONT LEAVITT,
CEO & OWNER
INNOVIHEALTH

On when he realized his 20+ year-old company needed an AI roadmap

“I would say that in the 2023 timeframe, it became . . . clear that . . . there’s going to be some shifts going on here, and then we started really laying down some groundwork in 2024, as to what we were going to do, starting with sales and marketing. . . . You don’t want to just do AI in one piece of your company, you need to get everyone on-board, going in the same direction {with} a common goal.”

On what he sees as the end-game for AI in cancer diagnosis

“I believe that we can change {cancer} and make it a chronic disease, a disease that can be treatable {with} dramatically {increased} survival rates. Cancer is here to stay. . . . But the key to overcoming cancer, with all the treatments available {now and in the future} . . . still remains early detection. . . . Take lung cancer, for example. Today, the 5-year survival rate is a mere 16%. Once you detect it early enough, it dramatically jumps to 70%, 80%.”

Access the full recording [HERE](#); passcode **s?R7fYzG**



SHAY COHEN,
CEO & CO-FOUNDER
GENESIS MEDICAL

Save the Date – Upcoming Webinars

- November: “Primer: Partnering with PE in Healthcare/Life Sciences”
 - Nov. 7, 2025 at 11:30 AM CDT
 - **REGISTER [HERE](#)**
- December: “The Democratization of Marketing – Insights for Business Owners”
 - Interview with Aaron Moseley, MedBrain Marketing
 - Dec. 5, 2025 at 11:30 AM CDT
 - **REGISTER [HERE](#)**

VI. Founders Introduction: Firm Overview

Founders is a mergers, acquisitions, and strategic advisory services firm that has served middle-market companies for two decades. When we were founded, we focused on serving companies in the southeastern U.S. but have transitioned to a national footprint through our five industry groups. Today, Founders employs over 50 professionals and has offices in Birmingham, AL (headquarters), Dallas, TX, and Nashville, TN.

OUR WHEELHOUSE

The majority of our clients are founder-owned and operated companies across five industry groups that collaborate together. We listen to our clients and take the time to truly understand each client's unique situation and desired outcomes. Founders has been a trusted advisor to hundreds of middle market business owners, supporting their growth through tailored financing structures and ownership transition transactions.

CAPABILITIES & FIRM HIGHLIGHTS



**Sell-Side
Advisory**



**Capital
Raises**



**Targeted
Buyside**



**Spin-Offs /
Divestitures**



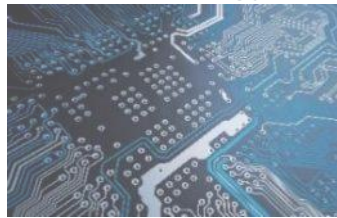
**Industry
Expertise**

INDUSTRIES

Healthcare



Technology



Consumer



Industrials



Business Services



FIRM VALUES

ORDER

Maintain focus on doing the right things at the right time

SERVICE

Go the extra mile for our clients, co-workers & community

GROWTH

Reflect, evaluate, and plan for improvement

EXCELLENCE

All we do, we do well

HEALTH

Be and stay healthy, personally, and as a team

COMMUNITY

Be team-focused; we're better together

VI. Founders Introduction: Dedicated Healthcare Team

Founders Healthcare Team



Michael White
Managing Director

- 7+ years leading Founders' healthcare practice
- Prior Wall Street and bulge bracket investment banking experience
- Former CFO, Carbylan Therapeutics
- University of Chicago MBA



Thomas Dixon
Managing Director

- Development Officer experience at 4 PE-backed healthcare platforms
- Former C-Suite executive at Ideal Image MedSpa
- Former principal at top-5 healthcare consulting firm
- University of Minnesota MBA



Courtney Jones
Associate

- Past investment banking experience at Harris Williams
- Previous Associate at New Capital Partners
- BS in Accounting from Washington and Lee University



Wells Watts
Analyst

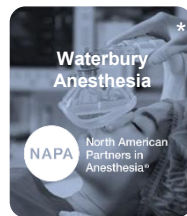
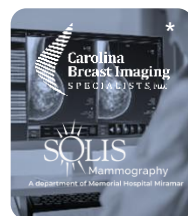
- 1+ years in investment banking at Founders
- Auburn University BS in Finance



James Nichols
Analyst

- Joined Founders' most recent analyst class
- University of Georgia BBA in Finance

Select Founders Healthcare Transactions



FOUNDERS

ADVISORS

BIRMINGHAM | DALLAS | NASHVILLE

2400 Fifth Avenue South, Suite 100 · Birmingham, AL 35233 · 205.949.2043

In order to provide securities-related services discussed herein, certain principals of Founders are licensed with Founders M&A Advisory, LLC, member [FINRA](#) & [SIPC](#). Founders M&A Advisory is a wholly owned subsidiary of Founders Advisors. Neither Founders M&A Advisory nor Founders Advisors provide investment advice.