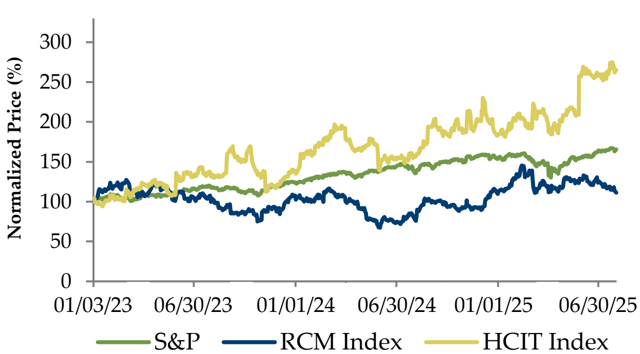
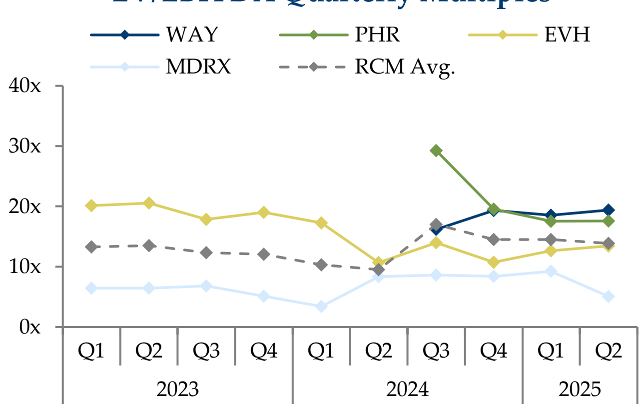
Market Commentary

- As healthcare providers and payers face financial pressures, these organizations continue to place greater focus on the revenue cycle management ("RCM") process and increasingly rely on third-party vendors and solutions to manage complex, error-prone, and administratively burdensome RCM processes to strengthen payment accuracy, drive operational efficiency, and improve patient experiences.
- Investor interest in RCM remains strong. By deal volume, it is the most active sub-sector in the wider technology and business services subsectors of healthcare. The first half of 2025 saw a greater number of RCM deals completed compared to the same period in 2024, suggesting an acceleration in RCM M&A activity in 2025. We expect this momentum to carry forward through the remainder of the year.
- Of the 34 identified RCM transactions announced year-to-date, financial sponsors represented 71% of the buyers in these transactions, where 24% were financial sponsors making platform investments and 47% were making add-on acquisitions for their portfolio companies. Similarly, financial sponsors represented 24% of sellers among the 34 transactions. We expect financial sponsors will continue to seek both platform investments and add-ons to existing portfolio companies given the vast growth opportunities and ability to scale RCM capabilities.
- Valuations for RCM companies remain strong in the public equity and M&A markets. Amid strong investor interest in the space, sale processes for high quality businesses remain competitive, resulting in attractive valuations for sellers.
- Enhanced accuracy and cost savings delivered by AI-powered RCM solutions are becoming more viable and shifting sentiment around AI adoption from a vision to a reality. As a result, AI is rapidly transforming the industry as healthcare organizations seek technology to automate historically manual processes, or those using antiquated technology, such as patient eligibility and enrollment, prior authorizations, charge capture, medical coding, and voice/call center functions, among many others.
- Transactions supporting themes in AI and RCM automation include Waystar's acquisition of Iodine Software, Knowtion Health's acquisition of Switch RCM, H.I.G. Capital's acquisition of GetixHealth, MDaudit's acquisition of Streamline Health, and the creation of Smarter Technologies by New Mountain Capital through the acquisitions and merger of SmarterDx, Thoughtful.ai, and Access Healthcare.
- Beyond AI, we continue to see a focus on RCM software and services targeting ancillary specialties such as behavioral health (particularly autism) and home health/hospice as buyers seek to diversify their end-markets, expand their capabilities, and capitalize on the underlying tailwinds driving growth in those markets.

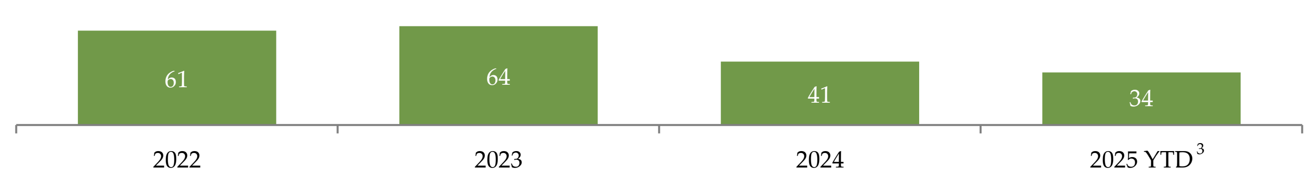
RCM vs HCIT vs S&P 500[1]



EV/EBITDA Quarterly Multiples[2]



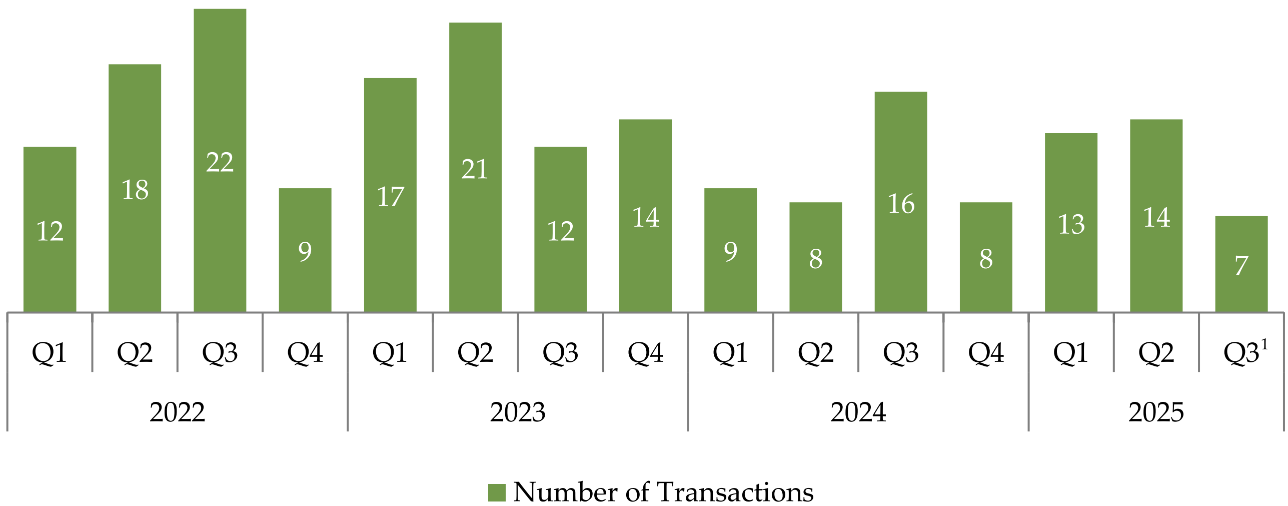
RCM Yearly M&A Volume



Sherman & Company is an investment banking firm dedicated to the convergence of the insurance, healthcare, technology, and asset & wealth management industries.

Footnotes: **(1)** Data from 01/01/2023 – 8/4/2025 **(2)** Quarterly values are on an NTM basis. PHR EV/EBITDA multiples prior to Q3 2024 are not meaningful "NM" **(3)** YTD thru 8/15/25
Sources: S&P Capital IQ Pro, Levin Pro HC, press releases, HFMA

RCM Quarterly M&A Deal Volume



Select Notable Transactions

Audax and Parthenon Capital Acquired Elevate Patient Financial Solutions — Aug-25

- Audax Private Equity and Parthenon Capital acquired Elevate Patient Financial Solutions in August 2025 for an undisclosed amount. The acquisition adds comprehensive front-end and back-end capabilities to both firms' healthcare portfolios. Plans include strengthening existing RCM technology and services while adding new complementary solutions that support operating performance of hospitals and health systems.

Waystar Acquired Iodine Software — Jul-25

- Waystar (NASDAQGS: WAY) acquired Iodine Software for $1.25 billion in July 2025. The acquisition enhances Waystar's healthcare payment software platform by adding AI-powered clinical intelligence capabilities, with plans to integrate Iodine's clinical data assets to accelerate automation and expand AI applications across prior authorizations, claims processing, and denial prevention.

MDaudit Acquired Streamline Health Solutions (NASDAQCM: STRM) — May-25

- MDaudit acquired Streamline Health Solutions (NASDAQCM: STRM) for $37 million in May 2025. MDaudit plans to add Streamline’s pre-bill integrity solutions to its billing compliance and revenue integrity platform. The addition will enable MDaudit to accelerate revenue outcomes across the revenue cycle continuum and mitigate risk for healthcare organizations.

Infinx Acquired i3 Verticals’ (NASDAQGS: IIIV) Healthcare RCM Business — May-25

- Infinx Healthcare acquired i3 Verticals’ (NASDAQGS: IIIV) Healthcare RCM business in May 2025 for $96 million. The acquisition strengthens Infinx's market presence in the healthcare RCM space by expanding its footprint into new customer segments including academic medical centers and large provider groups, with plans to combine i3's expertise with Infinx's AI-powered RCM insights and automation platforms in order to deliver financial and clinical outcomes nationwide.

Sources: S&P Capital IQ Pro, Levin Pro HC, press releases, HFMA
Footnotes: (1) Through 8/15/2025

Select Notable Transactions

New Mountain Capital Formed Smarter Technologies — May-25

- New Mountain Capital merged portfolio companies SmarterDx, Thoughtful.ai, and Access Healthcare to form Smarter Technologies in May 2025 for an undisclosed amount. The merger enhances New Mountain Capital's healthcare portfolio by creating a comprehensive platform, with plans to leverage transformative AI-powered solutions and expand market reach across hospitals and health systems seeking to improve revenue cycle operations. The combined entity generates over $800 million of revenue.

H.I.G. Capital Acquired GetixHealth — Apr-25

- H.I.G. Capital acquired GetixHealth in April 2025 for an undisclosed amount. The investment adds a leading revenue cycle management solutions provider with a comprehensive suite of services to H.I.G.'s healthcare portfolio. H.I.G. plans to leverage its resources and deep RCM expertise to support ongoing growth investments in the GetixHealth platform and continued investments in technology and operational excellence.

CareCloud (NASDAQGM: CCLD) Acquired MesaBilling — Feb-25

- CareCloud (NASDAQGM: CCLD) acquired Mesa d/b/a MesaBilling in February 2025 for an undisclosed amount. CareCloud anticipates that the acquisition of MesaBilling will enhance services offerings and introduce AI capabilities to its clients. This acquisition is part of CareCloud's push to more aggressively expand through acquisitions.

Innovaccer Acquired Humbi AI — Jan-25

- Innovaccer acquired Humbi AI (Actuarial Intelligence) in January 2025 for an undisclosed amount. The acquisition significantly enhances Innovaccer's Healthcare Intelligence Cloud by adding specialized healthcare actuarial intelligence in addition to Humbi AI's Medicare and Medicaid data expertise, which spans over 200 million lives. Innovaccer plans to utilize these added capabilities to help healthcare organizations improve health outcomes and manage risk more effectively.

TA Associates Acquired Vee Healthtek — Nov-24

- TA Associates acquired a majority stake in Vee Healthtek, the former healthcare professional services division of Vee Technologies, in November 2024 for $250 million. This acquisition adds end-to-end revenue cycle management provider to TA's healthcare portfolio. TA plans to utilize its expertise in scaling global companies to fuel growth and innovation through expanded offerings, enhanced capabilities, and cutting-edge technology.

Accel-KKR Acquired VisiQuate — Oct-24

- Accel-KKR acquired VisiQuate in October 2024 for an undisclosed amount. The acquisition enhances Accel-KKR's technology-focused portfolio by addressing the growing demand for revenue cycle optimization solutions, with plans to accelerate product innovation and expand VisiQuate's expert team to help more healthcare systems achieve peak financial performance.

EQT Private Capital Asia Acquired GeBBS Healthcare Solutions — Sep-24

- EQT Private Capital Asia acquired GeBBS Healthcare Solutions for $860 million in September 2024. The acquisition enhances EQT's healthcare technology portfolio by addressing the growing demand for revenue cycle management solutions, with plans to leverage GeBBS' global workforce and technology-enabled revenue cycle management services to expand service delivery for U.S. healthcare providers.

Sources: S&P Capital IQ Pro, Levin Pro HC, press releases, HFMA

Select M&A Transactions[1]

Ann. Date	Target	Acquirer	EV ($M)	EV/[2] Rev.	EV/[2] EBITDA
08/04/2025	*Elevate Patient Financial Solutions, LLC*	PCP Managers L.P, Audax Mgmt Co. LLC	-	-	-
08/01/2025	*Performant Healthcare, Inc.* (NasdaqGS: PHLT)*	Machinify, Inc.	670	4.9x	NM
07/23/2025	*Iodine Software, LLC*	Waystar Holding Corp. (NasdaqGS: WAY)	1,250	-	-
07/01/2025	*Etyon Inc.*	VisiQuate, Inc.	-	-	-
06/24/2025	*Med-Metrix, LLC*	Harvest Partners, LP, A&M Capital Advisors, LP	-	-	-
06/23/2025	*Switch RCM, LLC*	Knowtion Health	-	-	-
06/23/2025	*Americollect, Inc.*	GetixHealth, LLC	-	-	-
06/16/2025	*Alta Management Solutions, LLC*	Cosentus, LLC	-	-	-
06/10/2025	*Management Resource Group, LLC*	EqualizeRCM Services			
05/29/2025	*Streamline Health Solutions, Inc.* (NasdaqCM: STRM)*	Hayes Management Consulting, Inc. (dba MDaudit)	37	1.9x	2.1x
05/19/2025	*Smarter Dx, Inc., Thoughtful Automation Inc., Access Healthcare Services Private Limited*	New Mountain Capital, L.L.C.	-	-	-
05/06/2025	*Healthcare Revenue Cycle Management Business of i3 Verticals, Inc. (NasdaqGS: IIIV)*	Infinx, Inc.	96	-	-
04/07/2025	*GetixHealth, LLC*	H.I.G. Capital, LLC	-	-	-
03/25/2025	*Rotera LLC*	VisiQuate, Inc.	-	-	-
03/10/2025	*Glidian, Inc.*	Infinx, Inc.	-	-	-
02/28/2025	*Mesa, LLC*	CareCloud, Inc. (NasdaqGM: CCLD)	-	-	-
02/19/2025	*Wakefield & Associates, LLC*	Revco Solutions, LLC	-	-	-
01/21/2025	*Humbi LLC*	Innovaccer, Inc.	-	-	-
01/17/2025	*U.S.-based revenue cycle management company*	One Point One Solutions Limited (NSEI: ONEPOINT)	45	-	-
01/16/2025	*Healthfuse, LLC*	InTandem Capital Partners, LLC	-	-	-
01/10/2025	*Machinify, Inc.*	New Mountain Capital, L.L.C.	-	-	-
01/08/2025	*Hayes Management Consulting, Inc. (dba MDaudit)*	Bregal Sagemount, Primus Capital Partners, Inc.	-	-	-
12/18/2024	*Boost Healthcare Consulting, LLC*	Aspirion Health Resources, LLC	-	-	-
11/19/2024	*Surgical Notes, Inc.*	Surgical Information Systems, LLC	-	-	-
11/11/2024	*Vee Healthtek, Inc.*	TA Associates Management, L.P.	250	-	-
10/24/2024	*CorroHealth, Inc.*	Patient Square Capital, LP	-	-	-
10/01/2024	*VisiQuate, Inc.*	Accel-KKR LLC	-	-	-
09/11/2024	*Healthcare Data Management, Inc.*	Kovo HealthTech Corporation	3	1.2x	-
09/09/2024	*GeBBS Healthcare Solutions, Inc.*	EQT Private Capital Asia	860	4.3x	17.2x
			Mean	**3.1x**	**9.7x**
			Median	**3.1x**	**9.7x**

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Footnotes: **(1)** *Denotes target companies which were public at the time of acquisition
(2) EV/EBITDA multiples less than zero and greater than 35.0x are considered not meaningful
Sources: S&P Capital IQ Pro, Levin Pro HC, press releases, HFMA