Healthcare Sector Report

July 2023

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Foreword

The healthcare sector has continued to display solid growth despite the challenging market conditions. Private Equity firms announced c.860 deals with healthcare organisations in 2022 – representing the second highest year recorded for M&A activity in the sector, following the highs seen in 2021.

From our own experience, we have continued to support the healthcare businesses in our portfolio to deliver on their value creation plans focussing on improving global health, wellbeing and mobility. We have enjoyed a successful year of collaboration with commercial agency ramarketing, supporting the business to diversify its client base and secure multiple strategic projects from blue chip clients, which saw the business increase top-line revenue growth by 45% in the first year of our investment. Elsewhere in our portfolio, Helios Global Group, a global healthcare communications and strategic consultancy, has enjoyed a strong period of growth. This year the business has continued to broaden its operational footprint by expanding its offices in Oxford and Manchester, as well as growing on an international scale with US-based agency, Apollo Medical Communications – delivering over 25% year on year revenue growth. In addition, we supported Platinum Stairlifts to open a brand new purpose-built manufacturing facility, consolidating three sites into one and providing the business with the capacity to more than double production to serve the increasing demands of the global market.

Over the next 12 months, we believe there are four key themes that will remain resilient in the current climate and continue to provide opportunities for businesses in the sector – Pharma Services, Medical Devices & Diagnostics, MedTech and Health & Wellbeing. Throughout this report we will look at the key trends driving each theme, whilst also highlighting the experience we have gained across our own portfolio.

Despite the wider macro-economic challenges, the long-term growth of the healthcare sector will continue to be driven by several immutable trends, such as aging populations, the rise of chronic diseases and the pursuit of delivering better patient outcomes. Therefore, we look forward to playing our part in supporting the continued growth of the sector, backing ambitious management teams to build better businesses, together.

Phil Frame,
Partner

KEY STATISTICS
Market

Private Equity firms announced c.860 deals with healthcare organisations in 2022 – the second highest year for global deal activity in the sector

860 in 2022

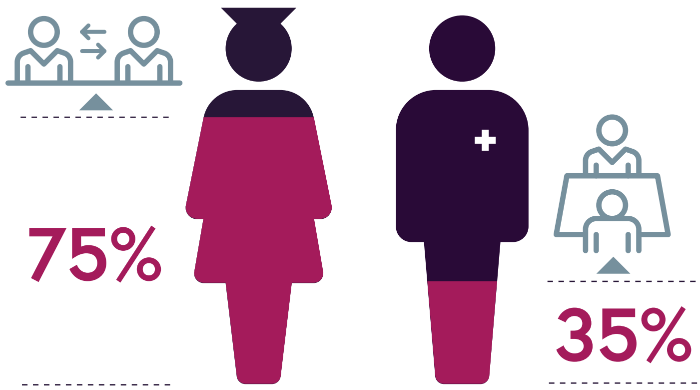
Globally total disclosed deal value reached nearly

$90bn

with more than 40 exits valued above

$500m

in 2022



75% of healthcare executives are investing in the recruitment and retention of a diverse workforce but only 35% are prioritising the diversity of the board, c-suite and leadership

Market cont.

Healthcare expenditure in the UK was

£283bn in 2022

The United Kingdom ranked 15th overall in the 2022 World Index of Healthcare Innovation (WIHI)

The North East

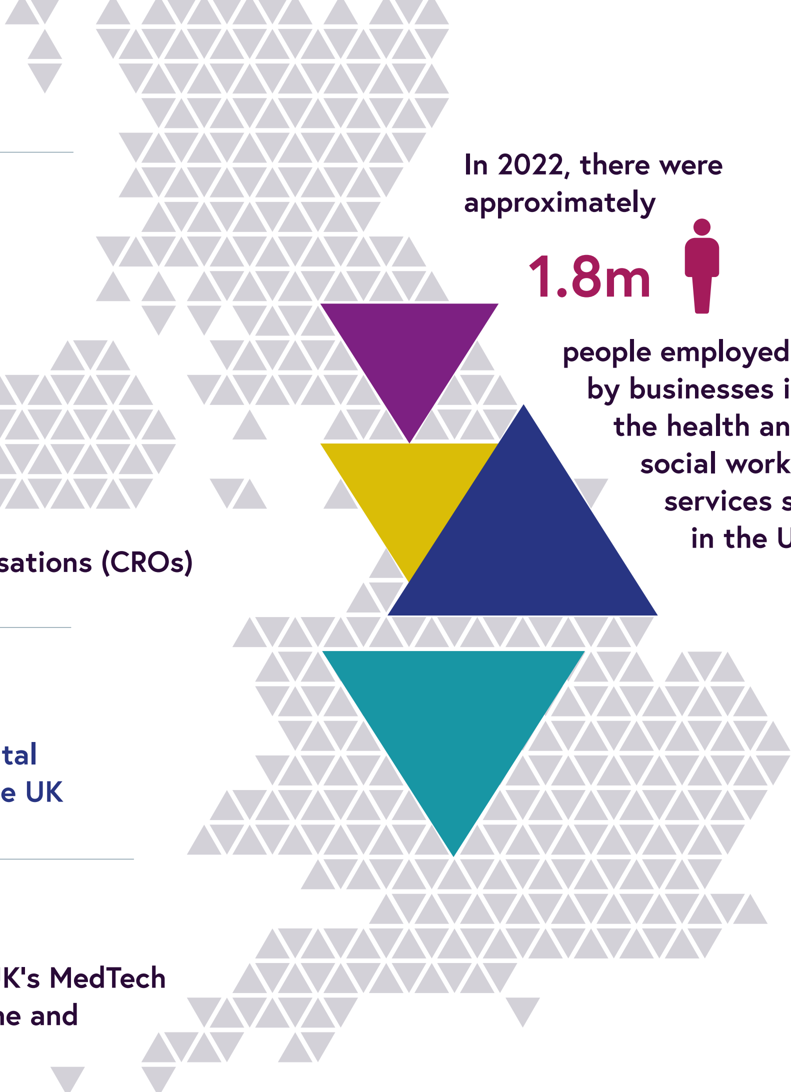
Pharmaceutical manufacturing industry supports between

18,800 and 23,500

jobs across the UK and adds between

£0.73 and £1.28 billion

to the UK economy



In 2022, there were approximately

1.8m

people employed by businesses in the health and social work services sector in the UK

The North West

Life Sciences sector generates

38%

of all UK pharmaceutical output, and is now home to over

30%

of the UK's contract research organisations (CROs)

Yorkshire

has the largest concentration of digital health and MedTech companies in the UK

The Midlands

is home to almost a quarter of the UK's MedTech businesses, seven schools of medicine and

21

Science and Innovation Parks

IN FOCUS
Pharma Services

M&A

M&A deals in Pharma Services

784 in 2022

CRO

The global CRO market is set to reach

$71.7bn by 2024

12 to 18yrs

$2.6bn

It takes roughly 12 to 18 years and c.$2.6bn
for a new drug to reach the market

43% of life sciences companies
have successfully used AI to
make processes more efficient

43%

Big data and machine learning will
create $150bn in value per year
across pharma by 2026

$150bn by 2026

Pharma Services

Taking a new drug from molecule to market is a complex journey, companies must continually demonstrate the safety and efficacy of a compound before it leaves the laboratory and enters the hands of a patient. We have outlined three trends that we believe will support the pharma industry to continue the development of new drugs and treatments to help people live longer and healthier lives:

CROs

Contract Research Organisations (CROs) have played an important role in the pharma services industry over the past few decades and have grown to be more than a simple outsourcing resource. Pharmaceutical companies repeatedly use their services for a number of reasons, including reducing overhead costs, accessing experts in niche areas of medicine, partnering for clinical research, and ultimately bringing new drugs and treatments to patients faster.

88% **of large pharmaceutical companies prefer to outsource to full-service CROs.**

With the global CRO market set to reach $71.7bn by 2024, and in an industry where time is of the essence, we expect more pharmaceutical companies to embrace partnerships with CROs and utilise their services to gain a competitive advantage in the market.

Listen to ramarketing's founder Raman Sehgal discuss pharmaceutical contract research, development and manufacturing, clinical trial packaging, logistics and technology on his podcast Molecule to Market

Listen here:

molecule to market

Artificial Intelligence

The pharmaceutical industry has long relied on cutting-edge tools and technologies to deliver safe and reliable drugs to patients as quickly as possible. Over the last few years Artificial Intelligence (AI) has played a pivotal role in redefining and streamlining process in the industry, with research showing that 43% of life sciences companies have successfully used AI to make processes more efficient. This has reshaped the entire pharma ecosystem, with AI supporting the creation of specialist new drugs, faster production of medicines, and the fight against new diseases.

Given it takes roughly 12 to 18 years and c.$2.6bn for a new drug to reach the market, companies that can adopt and strategically implement AI across the entire pharma value chain will be able to drive efficiencies, deliver costs savings, and find new ways to improve patient outcomes more quickly.

AI can save pharma $28bn a year on clinical research while cutting the phase's length by half

Big Data

Pharmaceutical companies are constantly creating an abundance of data, however given the sheer volume of information generated, proper data strategies need to be in place to drive actionable insights and proactive decision making across the healthcare ecosystem. Leveraging big data technology has the potential to revolutionise processes within the industry, particularly around the usage of data and insights to improve Research & Development (R&D), and the processing of patient data to minimise the cost and length of time needed to find the right people for clinical trials.

With reports suggesting that big data and machine learning will create $150bn in value per year across pharma by 2026, businesses that can integrate the required technology to capture, analyse and utilise this data, will drive significant business innovations and gain a competitive advantage over the rest of the market.

Various investors from the healthcare and pharma domain have invested around $4.7 billion in big data analytics

From an investment perspective, global M&A deal activity within the pharma industry remained strong throughout 2022, with 784 deals completed. Businesses that can support organisations with the development of new drugs and innovative treatments that improve patient outcomes and global health will be well-placed to build sustainable strategic value.

James Hales, Senior Director

PORTFOLIO FOCUS

Helios Global Group (Helios) comprises three full-service healthcare communications agencies: Helios Medical Communications, the original agency founded in 2015; Selene Medical Communications, a sister agency founded in 2020; and Apollo Medical Communications, its US division, founded in 2021. The Group specialises in delivering science-led, high-quality, high-impact, customised solutions to the pharmaceutical and biotech industry to help its clients meet their objectives.

Despite challenging macro-economic conditions, Helios has been able to achieve impressive growth by continuing to be a great place to work and delivering excellence for its clients.

25% year-on-year increase in revenue

+76 Helios have a world-class employee net promoter score (eNPS) of +76

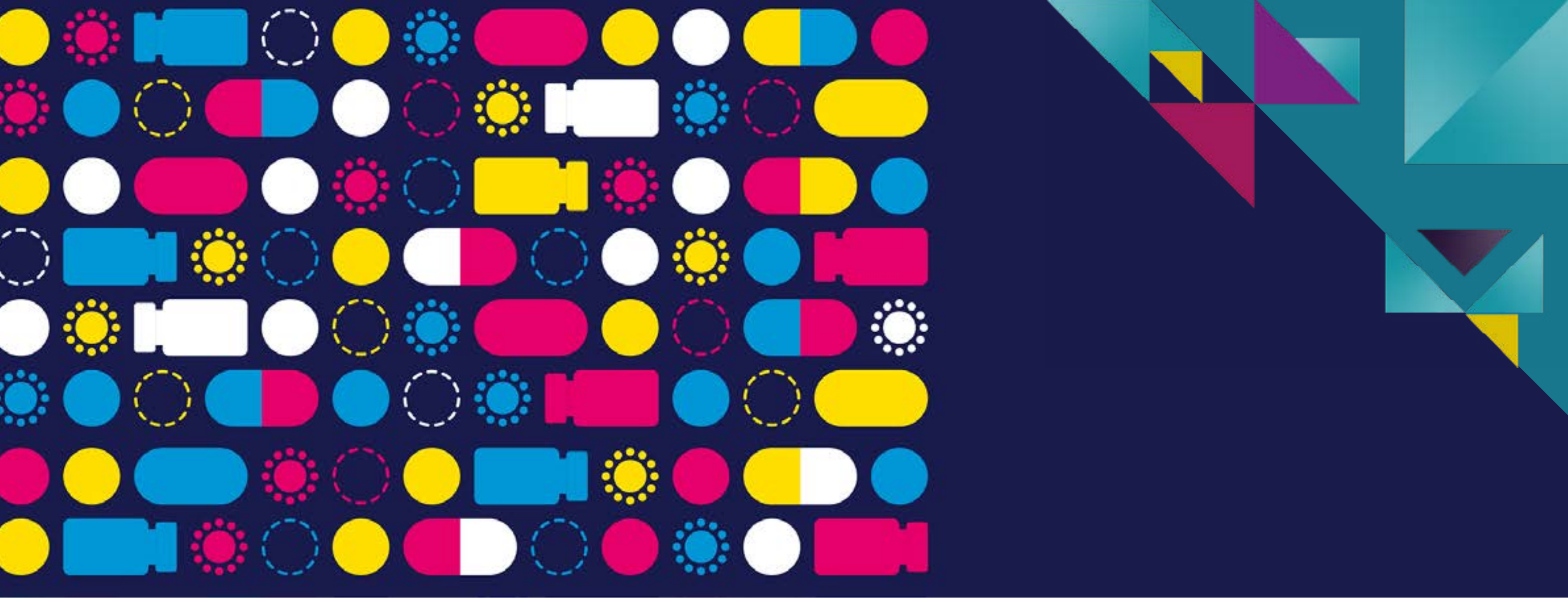
Achieved international expansion with US-based Apollo Medical Communications, delivering £3m in revenue through new client wins and building a team of 25 in Connecticut

Remained an agency of choice for clients developing ground-breaking and headline-making new therapeutics in areas of high unmet need

Helios partners with **3** of the top **10** and **6** of the top **20** pharmaceutical companies

Continued to broaden its UK operations with additional offices in Manchester and Oxford

Achieved a world-class Net Promoter Score (NPS) of +76, with 80% of respondents stating that Helios is better or much better than the other agencies they work with



OUR PRIVATE EQUITY JOURNEY

ramarketing

ramarketing is a full-service commercial impact agency which supports clients in the high-growth pharmaceutical and biotech markets. It's been over a year since we signed on the dotted line to secure private equity (PE) investment from, NorthEdge - and what a journey it has been so far.

We recently unveiled financial figures from 2022, which showed a 45% rise in our top-line revenue growth, as well as over a 40% headcount increase over the last 12 months.

We have made more than 25 new hires in the UK and the US since the investment began, with key appointments made to support our ambitious growth plans and increase capabilities in strategically important functions and sectors, such as Customer Success, Data and Biotech.

In addition to continued investment in our people, we have also implemented several initiatives over the last 12 months, including an ongoing drive to diversify our client base, which has enabled us to secure multiple strategic projects from blue chip clients, upgrading a number of our core systems and focussing on services that drive measurable commercial impact for our clients.

Our partnership with NorthEdge has been a really positive experience so far. They have been supportive and provided guidance in a way that fits well with our values. We've grown the team, building on our marketing and sector expertise, and have some exciting plans for this year to ensure we deliver value to our clients across the globe.

The decision to go through private equity investment was not made lightly, but it's safe to say that it has been totally worth it. I am really looking forward to growing the business in partnership with the NorthEdge team over the coming years.

Emma Banks, CEO of ramarketing

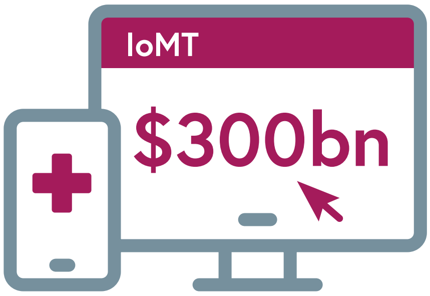
Click here to learn more about ramarketing's private equity journey.

IN FOCUS
Medical Devices & Diagnostics

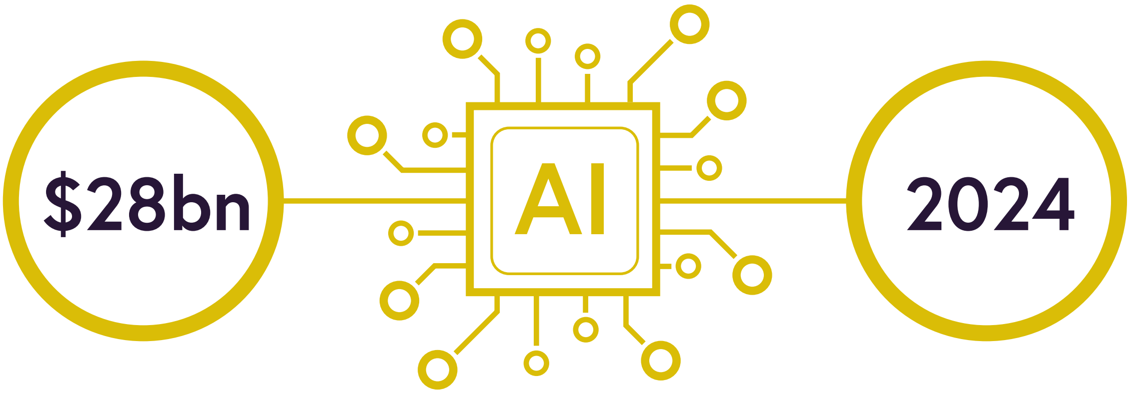
$799bn
by
2030

The global medical device market is expected to grow to the value of $799bn by 2030

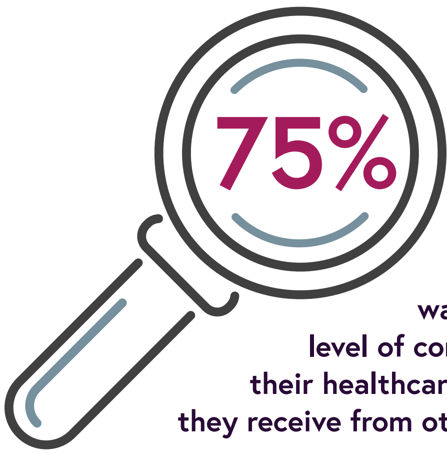
The Internet of Medical Things is expected to save the healthcare sector $300bn annually



AI in the healthcare market could reach over $28bn by 2024



of consumers felt the healthcare customer experience is time consuming and difficult to navigate



wanted the same level of convenience from their healthcare provider that they receive from other businesses

Medical Devices & Diagnostics

The medical devices market is crucial to ensuring quality of life across the world. We have outlined the key trends that we believe will support the industry to continually develop, innovate and better serve patient needs:

Internet of Medical Things

In an ever-connected world, it's becoming increasingly important for devices and systems to connect and communicate with one another, particularly in the healthcare sector. The Internet of Medical Things (IoMT) allows medical devices to connect to wider networks and global healthcare IT systems. Establishing a transmission of medical information between patients and doctors, IoMT opens up more possibilities for remote patient care, reducing the need for hospital visits and alleviating the strain on the healthcare infrastructure. Where hospital care is still needed, the integration of these devices could result in smarter hospital systems, ultimately resulting in better care for patients that is personalised to their needs.

With reports estimating that IoMT will save the healthcare sector $300bn annually in expenditures, there are ample opportunities in this space as healthcare providers look to benefit from the efficiencies and opportunities that these devices provide.

Analysts expect the number of IoMT in smart hospitals will exceed 7m globally by 2026

AI-Optimised Medical Devices

As technology continues to advance every aspect of healthcare, AI is increasingly being used within the medical device market to better serve patient needs. Given the vast amount of data generated by these devices, AI can process and analyse the information to create new and important insights. Benefits for patients include the ability to spot medical disorders early and tracking the effectiveness of certain therapies. Hospitals are also able to utilise AI to automate and optimise specific processes, such as the speeding up of diagnostics and the facilitation of AI during surgeries.

With forecasts suggesting that AI in the healthcare market could reach over $28bn by 2024, there is huge growth potential for companies that can integrate AI into medical devices.

It's estimated that AI can improve patient outcomes by 30% to 40% while reducing treatment costs by up to 50%

Consumerisation of Diagnostics

Due to recent advancements in technology, people now have access to a range of devices that can provide insights into their physical health. This type of healthcare fits with the 'on demand' lifestyle that consumers are now accustomed to, allowing them to receive accurate updates on their health at their own convenience, rather than waiting for their local GP to become available. This is reinforced in recent research, where 42% of respondents felt the healthcare customer experience is time consuming and difficult to navigate, and 75% wanted the same level of convenience from their healthcare provider that they receive from other businesses.

Due to this change in behaviour, there are plenty of opportunities in the market for companies that can satisfy consumers needs for on demand healthcare products and services.

Consumers are willing to pay up to 25% more for a healthcare product or service if the experience of buying and fulfilment is more convenient

Demand for the medical devices market is largely being driven by a strong need for better connected healthcare systems and the development of smart hospitals. This presents an exciting opportunity from an investment perspective, especially with forecasts expecting the global medical device market to grow from the value of $512bn in 2022 to $799bn by 2030. Businesses that develop technologies and devices to improve patient outcomes will be well placed to drive long term growth in the market.

Andrew Skinner, Senior Director

PORTFOLIO FOCUS

Direct Healthcare Group (DHG) is a medical device manufacturer and provider of intelligent pressure care products, specialist seating and equipment for safe movement and handling – their mission is to move health forward by delivering innovative solutions for individuals whose lives are impacted by reduced movement. DHG was part of the NorthEdge portfolio between 2016 and 2019, during our partnership we supported DHG to:

- Acquire five businesses to expand its product range, services and geographical reach
- Invest over £1m in R&D to create a pipeline of new products
- 52 ▸ 185 — Build a team of talented leaders to drive the business forward allowing the business to scale effectively during our partnership

During our partnership, revenue at the business more than doubled, with EBITDA more than tripling over the same period. This period of strong growth ultimately led to the sale of DHG to ArchiMed, a European healthcare specialist investor, in December 2019.

The deal saw NorthEdge achieve a 3x return on investment, with an IRR of 39%.

> **NorthEdge was the catalyst behind the rapid growth of DHG during our partnership, providing both the funding to facilitate expansion and acquisitions, as well as 'on-the-ground' knowledge to add significant value.**
>
> **During the exit process NorthEdge worked tirelessly to explore all exit options available to us, leading to a successful exit for all parties and placing our business in an extremely favourable position to continue our vision of reaching new geographies and demographics in the future.**

Graham Ewart, CEO of Direct Healthcare Group

IN FOCUS
MedTech

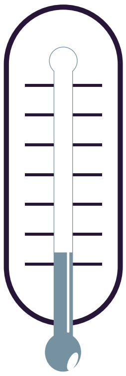
67% of healthcare organisations

&

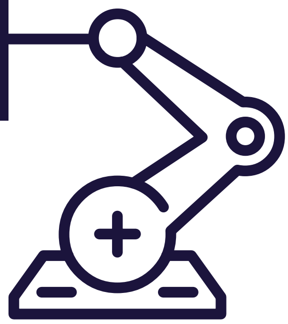
74% institutional investors

anticipate the global MedTech M&A market to be busier in 2023 compared to 2022

22% of healthcare leaders are keen to partner with technology companies to address data interoperability issues



At least **33%** of tasks in the healthcare sector have the potential to be automated



The Future Health index predicts that the global healthcare workforce will be short of 15m people by 2030

Breakthroughs and refinements in MedTech have been crucial at a time when health services around the world are under more pressure than ever. We have outlined two trends that we believe will support healthcare practitioners to deliver more cost-effective and streamlined services to patients.

23% of healthcare leaders say that technology infrastructure limitations are the main barrier to effective use of data

Information Flow

The pandemic was a key driver in the decentralisation of healthcare, as patients expectations shifted towards health services that were convenient and accessible for everyone. However, the increased use of multiple care settings came with the added pressure of better integrating information flow. To support a rapidly decentralising system, there is an urgent need for technologies that enable healthcare data exchange, interconnectivity, and diagnostic support. Not only does this open up the option of monitoring patients across multiple sites from one central location, but it also boosts the impact and efficiency of healthcare professionals, allowing them to provide high-quality care to the public at home, and freeing up time to focus on those who need urgent care.

With 22% of healthcare leaders keen to partner with technology companies to address data interoperability issues, there are significant opportunities for MedTech businesses that can integrate multiple data sources into singular platforms. This will allow people everywhere to gain access to better, more sustainable and more convenient care – improving both the patient and staff experiences.

Addressing the Talent Shortage

Healthcare providers are already facing the strain due to the shortage of healthcare professionals alongside ever-growing patient waiting lists – particularly within the NHS. Healthcare leaders are under increasing pressure to identify their team's challenges and then find, integrate, and promote the right technology to curb stress and burnout. MedTech companies will play an increasingly important role in relieving some of this labour burden through innovations in communication and automation.

For most healthcare providers, the medical staff handle every step of the patient experience, from scheduling appointments and arranging follow-ups. This can lead to cumbersome and overwhelming workloads without the correct technology to automate these functions, reducing time medical staff are spending treating or caring for patients. MedTech innovations support the automation of the full patient journey, which reduces any errors, alleviates staff stress and essentially improves the whole experience for patients. For example, tools like patient portals that offer online or mobile registration allow patients to check in for appointments without the need to go to the front desk. However, the main benefit lies with nurses and doctors being able to spend more time focusing on treating patients rather than dealing with administrative tasks. This opens up opportunities to build more efficient care systems where time is put to better use, allowing more patients to be seen and better care provided.

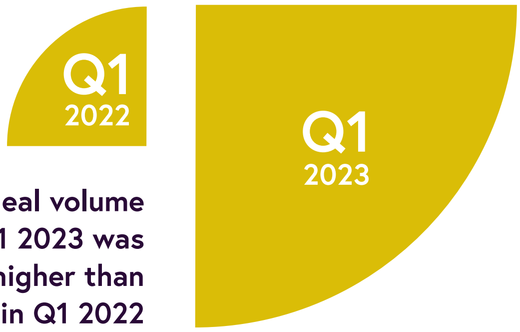
With reports suggesting that at least 33% of tasks in the healthcare sector have the potential to be automated, MedTech companies that can leverage innovative new technologies to automate manual processes will play a significant role in supporting healthcare organisations to improve their operations, reduce burnout, and deliver the modern experience patients now expect.

Despite not reaching the record-breaking highs set in 2021, MedTech deal activity remained strong in 2022, falling back in line with historical averages. With 67% of healthcare organisations and 74% of institutional investors anticipating the global MedTech M&A market to be busier in 2023, there are significant opportunities for businesses that can support organisations to leverage technology that improves both the staff and patient experience.

Phil Frame, Partner

IN FOCUS
Health & Wellbeing

54 health and wellbeing deals were completed globally in **2022**



M&A deal volume in Q1 2023 was 600% higher than in Q1 2022

£53bn **£56bn**

Poor mental health costs UK businesses between £53bn to £56bn each year

£31bn

Workplace wellness programmes have blossomed into a £31bn industry globally

British consumers spent a reported **£487** per head on wellness in 2022

Health & Wellbeing

The global health and wellbeing market is growing exponentially as consumers continue to spend more on products and services that improve all aspects of their wellbeing. We explore the two key trends that will play a central role in the shaping the future of wellness:

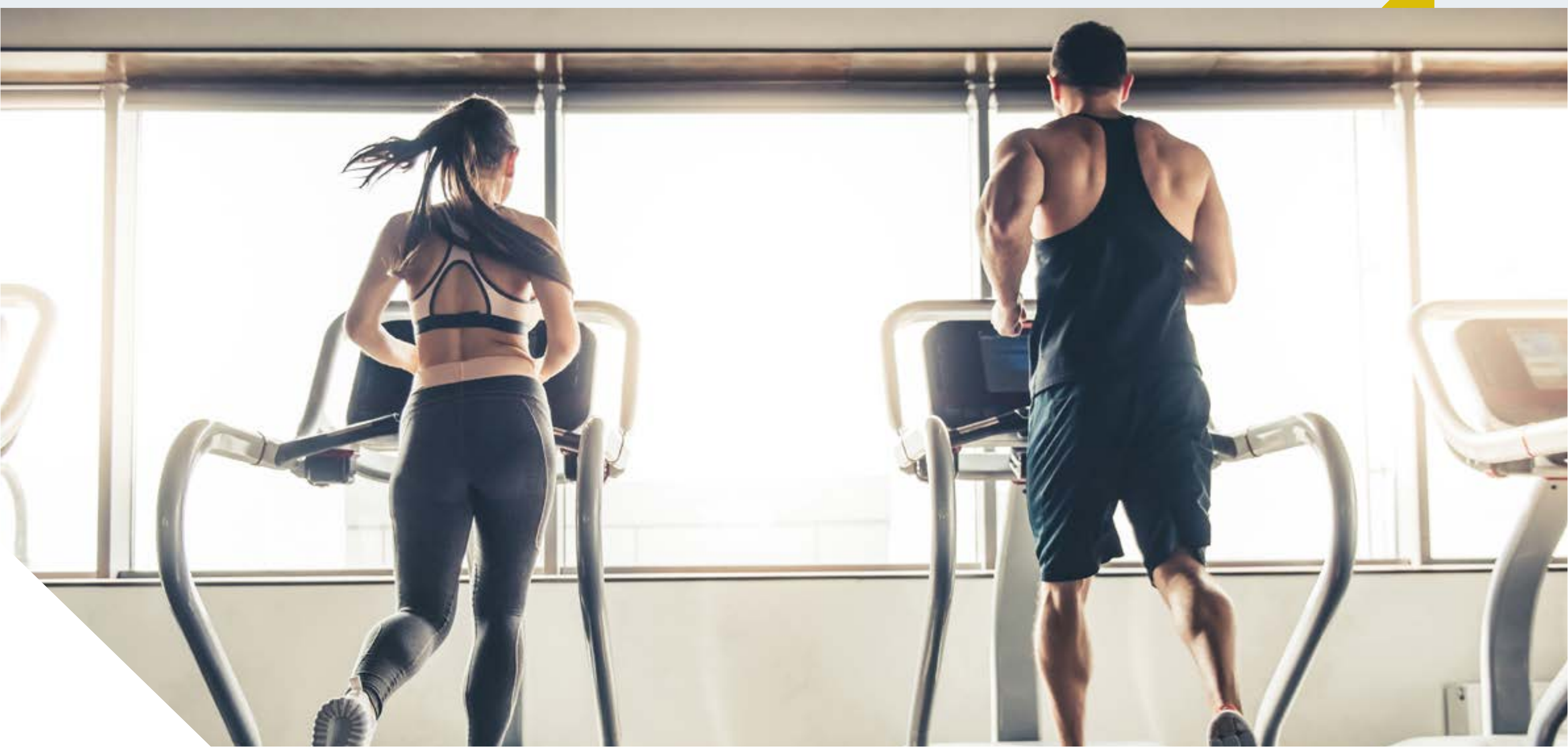
Corporate Wellness

With the concept of wellbeing becoming universally accepted across many different industries, corporate wellness programmes are no longer viewed as a workplace benefit but rather a business necessity. Organisations have shifted their attitudes towards action – providing a range of holistic wellness programmes for all their colleagues.

Increased awareness of mental health issues has played an important role towards this shift in behaviour, as more companies are making a long-standing commitment to support and improve the mental wellbeing of their colleagues. This level of proactivity is now the expectation from employees, it also makes sense from a commercial standpoint given poor mental health costs UK businesses between £53bn to £56bn each year.

With workplace wellness programmes blossoming into a £31bn global industry, there are opportunities for organisations that can offer a range of corporate wellness packages to support businesses with their wellbeing journeys.

For every £1 employers invest in proactive measures to improve the mental health of their colleagues, it will yield an average return of £5



Digital Wellness

Perhaps at no other time in recent memory have people worldwide paid more attention to their own health. Recent advancements in technology have been a key driver towards this evolution in self-care, as consumers are accessing more information than ever before across a range of digital devices, apps, services and products. Items such as fitness wearables have become increasingly popular, allowing consumers to track performance and monitor progress across values such as sleep, nutrition, mindfulness and exercise.

A record 19.2m health tracking devices were bought by UK consumers in the year to July 2021 – more than double the previous year

As these technological capabilities have become commonplace within the health and fitness industry, there has been an unprecedented shift in consumers taking charge of their own health and wellbeing. This has resulted in more consumers searching for a full digital experience, whereby their devices inter-connect and communicate with one another to deliver a full holistic view of their health.

With British consumers spending a reported £487 per head on wellness in 2022, there is huge potential for businesses that can tap into this digital offering and supply consumers with a full self-care experience across a range of virtual touchpoints.

With more consumers than ever prioritising their health, as well as early M&A data showing deal volume in Q1 2023 was 600% higher than in Q1 2022, there are significant opportunities in the market for businesses that can support people to access and improve all aspects of their wellbeing.

Matthew Mellon, Investment Manager

NorthEdge partners with Sanctus to support colleague development

Investing in Mental Health

At NorthEdge, mental health and wellbeing has been at the top of our agenda for the last couple of years. We have made a commitment to understand how to support our colleagues and portfolio to maintain and improve their mental health and wellbeing on an ongoing basis.

108
mental health first aiders in the portfolio

6
portfolio leaders completed Sanctus Connected Leadership programme

86%
portfolio companies complete annual team surveys to monitor colleague satisfaction

To add to this longstanding commitment last year we were delighted to announce a formal partnership with Sanctus, an organisation that helps businesses pro-actively support their people to achieve better mental health.

Sanctus supports over 100 businesses, both in the UK and internationally, to provide proactive wellbeing and growth support in the workplace. Their team of high-quality and experienced coaches create unique and confidendial spaces (digitally) within the workplace where people can benefit from emotional support, build greater resilience to everyday challenges, and maximise their personal and professional development.

As part of the partnership, NorthEdge colleagues have access to one-to-one Sanctus coaching sessions every month. The coaching sessions are a blend of personal and professional development with proactive mental wellbeing support – creating a safe space for whatever our colleagues need to discuss. Whether it is to discuss imposter syndrome, improving confidence or building healthy habits, we want our team to have the right support as they grow their careers and lives as part of Team NorthEdge.

We also sponsored six leaders across our portfolio to take part in the Sanctus Connected Leadership programme. The programme was designed to support people managers at all levels to lead with confidence and create high trust-environments, with leaders from the NorthEdge portfolio who completed the programme reporting over a 10% improvement against a number of focus areas and competencies, including resilience, emotional self regulation, thriving in change and uncertain environments, cultivating empathetic connection and support-seeking.

Taking Responsibility

Over the past two years, there has been increased pressure on the healthcare sector, especially with the pandemic creating additional challenges with resources, systems and the general provision of care. As we have emerged from the pandemic, healthcare leaders are embarking on a reset – refocusing on a number of new and existing priorities.

Top of the list is tackling employee satisfaction and retention, which have become increasingly difficult to maintain in a sector facing widescale labour shortages and burnout. To put this into perspective, it's predicted that the global demand for healthcare workers is due to rise to 80m staff by 2030. With the supply of healthcare workers expected to reach just 65m over the same period, this leaves an alarming shortfall of 15m workers needed to fill the gap. In addition to this, more than half of all healthcare workers worldwide are experiencing burnout in their role, which is causing increased staff churn.

80m
global demand for healthcare staff by
2030

15m
shortfall of healthcare workers with
50%
of the current workforce experiencing burnout

30%
of global healthcare leaders have ranked both staff satisfaction and retention as their highest priority this year

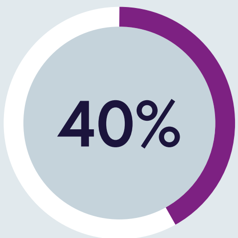
This may explain why 30% of global healthcare leaders have ranked both staff satisfaction and retention as their highest priority this year. There are many different ways businesses can improve these figures and start investing in their people, however a good start is by conducting a colleague survey to gain feedback on areas for improvement. This feedback will highlight any issues that colleagues are currently facing and will help to drive actionable insights within the business. For example, the survey may demonstrate that people would like more training or that more support is needed to look after colleagues' mental wellbeing, which will allow the business to introduce the appropriate initiatives.

By continuing to evolve their approach to people, placing on emphasis on listening to their employees and then using their voice to drive change, businesses will remain at the forefront of the competition, ensuring they are able to build a great place to work that attracts and retains the best talent.

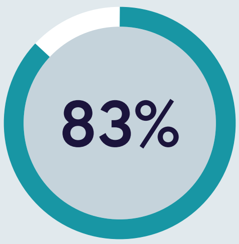
Meet is an international provider of talent solutions to the life sciences sector, with offices in London, New York, San Francisco, San Diego and Berlin. Servicing clients across three core, high growth verticals; Pharma Services, MedTech and Healthcare Communications, Meet has quickly established itself as one of the best talent partners for the life sciences industry. Working closely with a broad range of blue-chip multinationals, as well as emerging start-ups, they have built a reputation for excellence, an award-winning attitude, and most importantly, extremely engaged customers.

To continue driving positive change within their industry, Meet is pro-actively creating a range of ESG content pieces, on topics such as sustainability, racial discrimination, and the gender health gap within Life Sciences, which is distributed to over 350,000 people in their network.

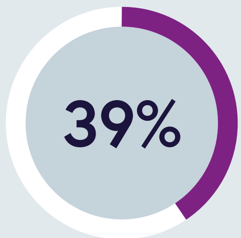
To drive the message of creating equity in Life Sciences, Meet is also creating a whitepaper, which includes research from 1,500 participants around women in leadership. The research highlighted:



of respondents believe that males have an advantage when it comes to promotions/compensation



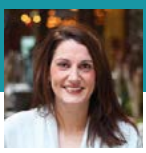
of respondents would like to see more women in senior leadership positions



of respondents feel their current organisation didn't offer equal opportunities for all

As well as sharing content with the wider industry, Meet also support their clients to build more diverse teams by offering customised insight reports, which highlight how to improve diversity initiatives and remove unconscious bias in the hiring process. These reports highlight the current makeup of the global life sciences industry and challenges clients to go above and beyond to build a more inclusive and diverse workplace.

We are really proud of the business we've built. We have a diverse range of extremely talented people working with us, which has allowed us to grow the company at an impressive rate over the last few years – expanding globally and targeting new markets and customers. We truly believe that people are the key to business success. Whatever the size of an organisation, the people who work there are its biggest asset. That's why we're passionate about matching the right candidates to the right roles and making the whole recruitment process simple and pain free.



Hannah Haigh, CEO of Meet

In addition to the attraction and retention of diverse talent, there are a number of other key ESG focus areas that support Healthcare companies to create value for all stakeholders, including:

E

The British Medical Association has described the climate emergency as a health emergency:

- Doctors are already seeing the effects of climate change on patients
- Healthcare businesses have made a commitment to become more sustainable, as a result their decarbonisation strategies will quickly start to filter through supply chains – increasing pressure for companies supplying into the sector to decarbonise their own operations
- Calculating Scope 1, 2 & 3 emissions is an important first step towards Net Zero
- Read our latest Net Zero Plan

S

In 2022 NHS Supply Chain announced tenders will have a minimum of 10% weighting for net zero and social value:

- As part of their broader social value approach, NHS Supply Chain have announced 33% of its spend will remain with small and medium size businesses given their important role in local communities
- In 2020 the UK Government published The Social Value Model to support the regeneration of local communities and economies
- Demonstrating and quantifying the social value of your business will be important for long-term partnerships with large companies adopting this approach with procurement

G

A resilient and more sustainable supply chain will help mitigate financial and operational risks:

- Good governance is required to ensure no modern slavery or poor health and safety practices in the supply chain – this is particularly important from a reputational perspective
- We would recommend evaluating your supply chain to ensure you are engaging in socially responsible supplier partnerships and able to accurately assess risks that could impact your business
- McKinsey have a framework for mapping risks (exhibit 4)
- SEDEX is an organisation that provides a platform for managing and improving working conditions in global supply chains

Why net zero matters for businesses:

It supports **talent attraction and retention** - a third of 18 to 24 year-olds have rejected a job offer based on the prospective employers' ESG performance in favour of more environmentally friendly firms.

It can **reduce operating costs** by switching energy to renewable sources.

It can provide **greater resilience** in the face of rising costs and disruption to supply chains.

It can provide a **competitive advantage** with 32% of consumers prepared to pay more for goods and services if it ensured brands reduced their carbon footprint.

For further information on NorthEdge's approach to ESG, alongside how we help our portfolio companies, read our latest ESG report

About NorthEdge

NorthEdge is a lower-mid market private equity firm headquartered in the North, owned and built by its senior team, supported by a global blue chip investor base. We have £900m AUM across four regionally focused funds.

Headquartered in Manchester, with offices in Leeds and Birmingham, we have a 25-year track record of investing in businesses with ambitious management teams and significant growth potential. Our current portfolio of 26 businesses employs c.7,400 people.

We look to invest in like-minded businesses and management teams who have real ambition and the potential to shape global markets. We back management teams, in the Technology, Healthcare, Business Services and Specialised Industrials sectors, who recognise the value of having an experienced business partner alongside them, supporting them to build a better business.

If you would like to get in touch, please contact any member of our Healthcare sector team:

Phil Frame, Partner

phil.frame@northedge.com

Andrew Skinner, Senior Director

andrew.skinner@northedge.com

James Hales, Senior Director

james.hales@northedge.com

Matthew Mellon, Investment Manager

matthew.mellon@northedge.com

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Building better businesses, together.

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