



Older PE Platforms Have Slowed as New Sponsor Capital Enters Orthopedics

*Orthopedic practice deals from the low
in 2024 through September 2026:
which PE-backed platforms are buying
and where deal activity is happening*

Q3 2026 Orthopedics & MSK M&A Update

Updated: September 30, 2026



The PE Platforms That Led Orthopedic M&A From 2019 to 2023 Have Slowed as New Sponsor Capital Enters the Sector

2024: THE LOW POINT

7

PE-backed orthopedic deals in 2024, down from 28 in 2022

- The nine most active platforms (2019 to 2023) made 6 deals in 2024, yet have only made 1 since
- OrthoAlliance joined SCA Health, and OCP completed a growth recapitalization with Brookfield in Dec. 2024

Pages 3 to 5

2025: NEW SPONSOR CAPITAL

4

sponsor platform investments in 2025, the most since 2021

- New platforms: Evolve (NY), OrthoNOW (FL) and Precision (MI); OSM (FL) moved to Vesey Street in a sponsor-to-sponsor deal
- Total deals reached 39, the most in our tracker; health systems made 19

Pages 3, 4 and 6

2026 YTD: WHO AND WHERE

14

deals through Sep. 2026: 8 by health systems, 3 PE-backed

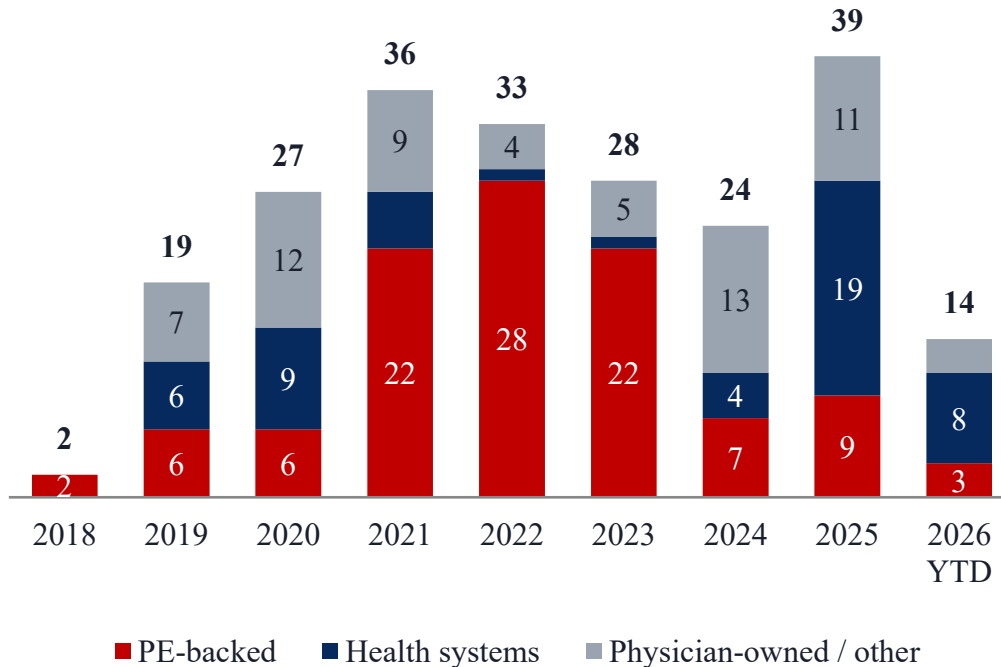
- OSM continued expanding with its acquisition of Orlando Orthopaedic Center and its ASC in August 2026
- Since 2025, PE deals clustered in Florida and the Northeast following new sponsor investments

Pages 3 and 6

PE-backed orthopedic deals fell to 7 in 2024, the lowest since 2020, then rose to 9 in 2025, including three new platforms and OSM's sponsor-to-sponsor transaction.

Orthopedic Deals Fell to 24 in 2024, Then Hit 39 in 2025 as Health Systems Bought 19

ANNOUNCED DEALS BY BUYER TYPE, 2018 TO 2026 YTD



- PE-backed deals fell from 28 in 2022 to 7 in 2024, the lowest since 2020; recovered to 9 deals in 2025
- Health systems went from 1 deal in 2022 to 19 in 2025. Through Sep. 2026 there have been 14 deals: 8 by health systems, 3 PE-backed

HOW EACH BUYER TYPE TYPICALLY PAYS

PE-backed

Cash at close plus rollover equity (sellers reinvest part of the price in the buyer)

Health systems

Salary and productivity pay over a multi-year contract; little cash at close

Physician-owned

Ownership in a larger physician group; modest cash, if any

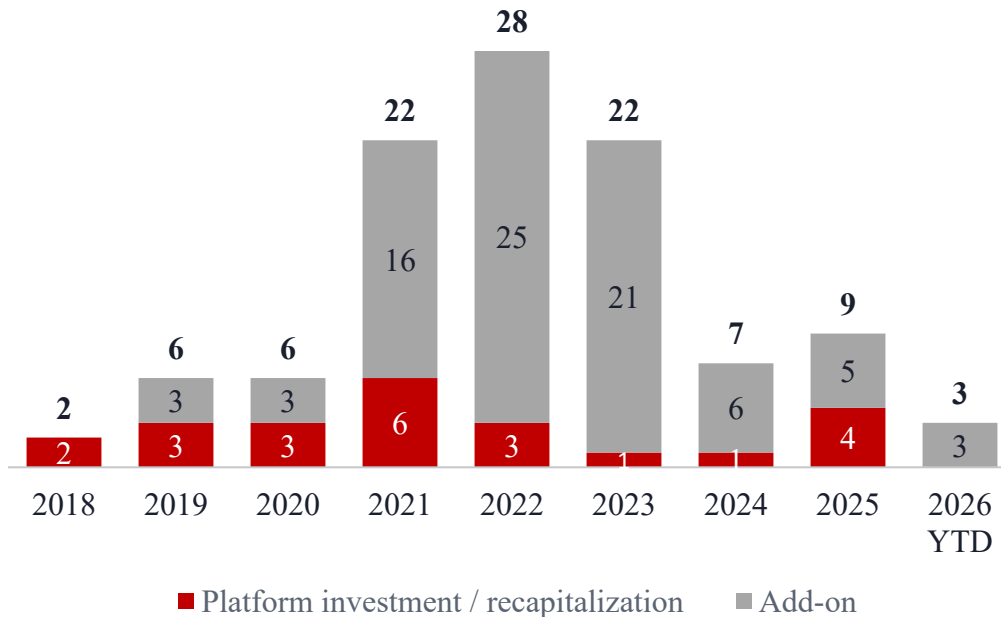
Other: ASC / strategic

Cash for an ASC or ancillary stake; the practice often stays independent

While PE buying recovered from 2024 lows, the pace has not returned to its 2022 levels. Health systems have been involved in 27 of the 53 transactions announced since January 2025.

PE Add-Ons Fell From 25 in 2022 to 6 in 2024; Sponsors Made Four Platform Investments in 2025

PE-BACKED DEALS BY TYPE, 2018 TO 2026 YTD



THREE WAYS A PRACTICE PARTNERS WITH PE

New platform

The first practice a sponsor buys, usually a large group; its partners hold equity in the platform that makes later add-ons

Add-on

Joins an existing platform (82 of 105 PE deals); cash plus equity in a group that already has management and payer contracts

Sponsor recap or sale

OCP completed a growth recapitalization with Brookfield (2024). Physician owners may receive liquidity and reinvest alongside the new sponsor

- The 2024 low followed the older platforms slowing down: the nine most active made 6 deals in 2024 and 1 since (page 5)
- In 2025 had the most platform investments since 2021, with three new platforms formed and Vesey Street investing in OSM

After six platforms formed in 2021, PE add-ons peaked at 25 in 2022 and 21 in 2023. Platforms are usually most active acquiring add-ons in the first 3 to 4 years following new PE investment

The Nine Most Active 2019-23 PE Platforms Have Made 7 Deals Since 2024; Five Platforms With Sponsor Investment Since 2023 Have Made 9

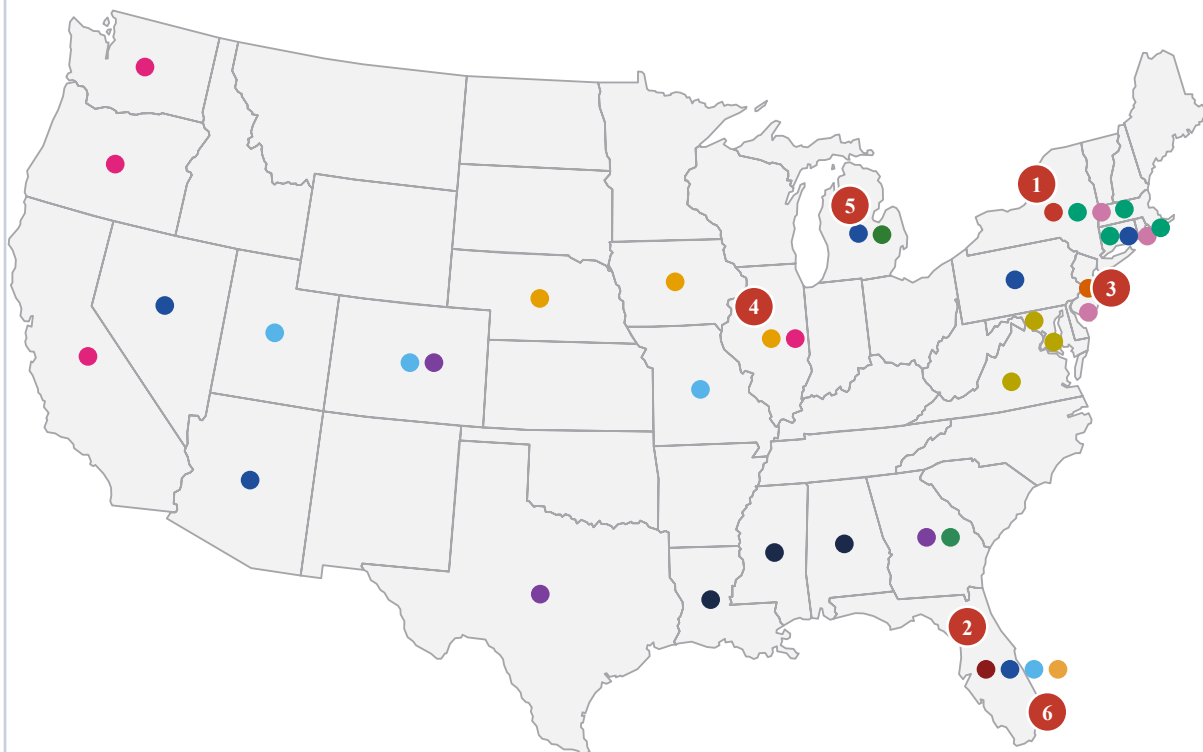
ANNOUNCED DEALS BY PE-BACKED ORTHOPEDIC PLATFORM, 2019 TO SEP. 2026

PE-backed platform	PE Sponsor	PE inv. year	2019–23	Since 2024	Last deal	Ownership
OrthoAlliance	Revelstoke	2019	11	0	Apr. 2023	Sold to UnitedHealth, Dec. 2024
HOPCo	Audax, Linden	2019	11	2	May 2026	No change announced
Orthopedic Care Partners	Varsity Healthcare	2017	10	3	Dec. 2024	Brookfield growth recap, Dec. 2024
U.S. Orthopaedic Partners	FFL, Thurston	2020	8	0	Jul. 2023	No change announced
United Musculoskeletal Partners	WCAS, A&M	2022	6	1	Jan. 2024	No change announced
Spire Orthopedic Partners	Kohlberg	2019	6	1	Jun. 2024	No change announced
American Orthopedic Partners	Stone Point	2021	5	0	Dec. 2022	No change announced
Health Plus Management	Investcorp	2019	4	0	Oct. 2023	No change announced
Unity MSK	Trinity Hunt	2021	4	0	Jan. 2023	No change announced
Total, nine most active 2019–23 platforms			65	7		

Orthopaedic Solutions Mgmt.	Vesey Street	2025	1	4	Aug. 2026	Vesey Street invested Jul. 2025
Evolve Orthopedic Partners	Zenyth	2025	0	2	Jan. 2026	New platform (OrthoNY)
OrthoNOW	Redwood Growth	2025	0	1	Sep. 2025	New platform
Precision Orthopedics (MI)	Shore Capital	2025	0	1	Sep. 2025	New platform
Sequel Ortho	InTandem	2023	1	1	Nov. 2025	New platform (OrthoNebraska)
Total, five platforms with sponsor investment since 2023			2	9		

Most of the 2019 to 2023 platforms have slowed, sold or recapitalized. A practice weighing PE today will mostly hear from the newer platforms early in their add-on programs or from new PE firms looking to enter the space.

Selected PE-Backed Buyers Active in Orthopedics, 2025-2026



- PE platform footprint (key at right)
- # Announced deal, 2025 to 2026 YTD (number keys to panel at right)

PE-backed platforms with announced deals in 2025 or 2026

- 1. Evolve (Zenyth):** NY. OrthoNY (Aug. 2025, new platform); Syracuse Orthopedic Specialists (Jan. 2026)
- 2. OSM (Vesey Street):** FL. Florida Orthopaedic Associates (Oct. 2025); Orlando Orthopaedic Center + ASC (Aug. 2026)
- 3. HOPCo (Audax, Linden):** CT. Orthopaedic Specialty Group (May 2026)
- 4. Sequel (InTandem):** IL. Fox Valley Orthopedics (Nov. 2025)
- 5. Shore Capital:** MI. Precision Orthopedics (Sep. 2025, new platform)
- 6. Redwood Growth:** FL. OrthoNOW urgent care (Sep. 2025, new platform)

PE-backed platform footprints (state level)

- HOPCo: AZ, NV, MI, PA, FL
- Sequel: NE, IA
- Spire: CT, MA, NY, RI
- Health Plus: NY, NJ, CT
- American Ortho Partners: NJ
- Ortho Care Partners: FL, MO, CO, UT
- United MSK Partners: GA, TX, CO
- US Orthopaedic Partners: MS, AL, LA
- Aligned: DC, MD, VA
- Triumph (Shore): GA
- Unity MSK: CA, IL, WA, OR

A smaller group usually needs a PE-backed platform already in its state. A larger group can attract a platform that wants to enter a new state, or a new PE firm looking to enter the specialty.

Outpatient Surgery and Reimbursement Pressure Shape Orthopedic M&A

SURGERY IS MOVING OUTPATIENT

54% to 6%

of Medicare knee replacements done inpatient, 2019 vs. 2023

- ASCs did about 30% of commercial hip and knee replacements in 2023
- Medicare pays an ASC 28% less than a hospital outpatient department for a knee (\$9,393 vs. \$13,116)

SURGEON FEES DOWN, ASC FEES UP

-18% / +9%

Medicare surgeon fee / ASC facility payment for a total knee, 2020 to 2026

- The surgeon fee fell from \$1,413 to \$1,165; CMS proposes \$931 for 2027
- The ASC facility payment rose from \$8,609 to \$9,393

SHORTAGE OF SURGEONS

12% short

projected U.S. supply of orthopedic surgeons vs. demand by 2038 (HRSA)

- Medscape's 2026 report puts average orthopedic surgeon compensation at \$611K, the highest among surveyed specialties

ASC ownership and surgeon retention are key valuation factors. PE-backed buyers accounted for 11 of the 12 tracked transactions that disclosed an ASC.

When Physician Owners Decide to Sell, Bayshore Helps Them Get the Most for Their Practice and Find the Best Partner

25+

physician groups advised

\$1M-\$20M

EBITDA range of represented clients

\$2B+

in transaction value the team has advised on*

QoE

dedicated quality-of-earnings and accounting support

WHAT WE DO FOR PRACTICE OWNERS

1 Prepare the financials

sell-side quality of earnings that documents each defensible add-back

2 Run a competitive process

create competition among qualified buyers

3 Negotiate price and terms

purchase price, rollover equity, working capital, employment

BAYSHORE GROWTH PARTNERS TEAM



Steven Carmen
Managing Partner

- 15+ years of M&A and business development
- Previously BNP Paribas, PwC, and GCA
- MBA, Kellogg; BS, Florida State



Andrew Adams
Managing Director

- 15+ years of M&A, operations, and strategy
- Previously Bain, Lake Capital (\$1.3B PE firm), and JP Morgan
- MBA, Wharton; BBA, Michigan



Daniel Shaw
Managing Director

- 10+ years of diligence and accounting
- Previously Alvarez & Marsal and KPMG; CPA
- BS, Louisiana Tech



Dr. Keith Friedenberg
Managing Director

- 30+ years of clinical experience
- Founder, Great Lakes Gastro and CTNx
- MD, UCLA; MBA, Indiana; BA, Cornell



Alexander Dean
Vice President

- 10+ years of strategy and finance
- Previously DaVita and the U.S. Marine Corps
- MBA, Darden; BA, Seton Hall

The Bayshore Team Has Deep Physician Practice Transaction Experience



Physician-practice experience

More than 25 physician groups advised on successful sale transactions.



Defensible EBITDA

Dedicated quality-of-earnings and accounting support before buyers test the numbers.



A buyer's perspective

Our team includes former PE investors who sat on investment committees. We know where buyers push on value and how to respond.



Licensed execution

FINRA-licensed bankers (through NC Securities, LLC), able to execute rollovers, earn-outs and co-investments.



Partner-led process

Partners lead strategy, buyer outreach, negotiation and closing.



Buyer knowledge

We have sold to these buyers and know who closes on LOI terms.

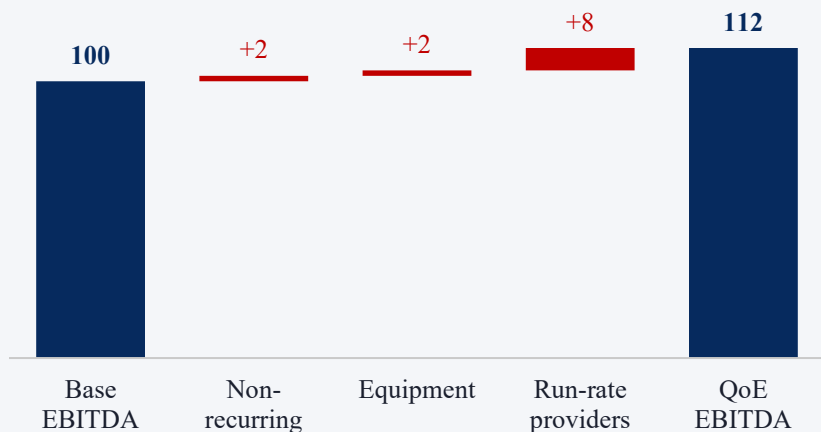
Bayshore Client Case Study, Physician Practice Sale: Financial Preparation and Buyer Competition Increased Owner Proceeds by About

Practice value = EBITDA × valuation multiple. One completed Bayshore transaction, three sources of valuation increase:

1. Maximize EBITDA: financial preparation

+12%

Adjusted EBITDA bridge, indexed to base EBITDA = 100



- Sell-side quality of earnings identified defensible adjustments: non-recurring expenses (+2%), equipment expensed (+2%), run-rate providers (+8%).

2. Maximize the multiple: run a process

50+

buyers contacted

7

first-round bids received

+1.0x

EBITDA multiple lift*

- The final negotiated multiple was 1.0x above the median of seven first-round bids.

3. Protect value: negotiate deal terms

- Working-capital target and true-up, non-compete scope, rollover equity and employment terms.
- Former PE buyers on the Bayshore team: we know how the other side extracts value.

Result: About 30% More Value to the Owner

Selected Physician Practice Transactions

Bayshore Growth Partners has served as exclusive financial advisor to 25+ physician practices, including:



Including ASC



Including Imaging Center



Including ASC



Including Clinical Trials



**GHS Gastroenterology &
Hepatology Specialists, Inc.**

Including ASC



DESERT ROSE
OBSTETRICS & GYNECOLOGY
TERRY A. HUFF, M.D., F.A.C.O.G.
LISA ROSE HUFF, M.D., Ph.D., M.P.H.



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