



HST Pathways®

Acquisition Presentation for Bank of America IBD Healthcare

***By: Ethan Friesel, Kate Ambrose, Gracia Chua,
Siwon Youn, Nicola Dadlani***



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Industry Snapshot - Healthcare

Key Attributes

- The Global TAM for Healthcare is \$8.948T in 2025
 - Expected to grow to \$11318.34 billion in 2030 at a compound annual growth rate (CAGR) of 4.9%
- The SAM for the US Value-based Healthcare Service in 2025 is \$4.310T
- The SOM for HSTPathways is roughly \$100 billion annually for the U.S. Specialty Value-Based Care Pathways Enablement Market

Top Sectors

- Healthcare Services
 - High margins and increasing demand
- Healthcare Tech
 - Rapid digitization
- Biomedical Tools
 - Innovation in diagnostics, minimally invasive surgery

Drivers

- Demand
 - Ageing Population
 - Increase uptake for Ambulatory Surgical Centers, especially outpatient services
- Headwinds
 - Tightening Labour Market
 - Consolidation of the Healthcare Industry



Source: Grand View Research (2026)



Company Snapshot - HST Pathways



Business Model

- HST Pathways is a healthcare fintech service that provides cloud-based software for Ambulatory Surgery Centers (ASC)
 - HST is built for centers in the US for Health Systems and Health Technologies
 - 97% client retention rate
 - Subscription model, grows along with the entire industry

Competitors

- HST Pathways' main competitor is **Surgical Information Systems**
- Duopoly structure in the ASC space
 - Dominance in pricing power

Projected Revenue Growth

- 28% Revenue CAGR

	FY 2025	FY 2026e
Clients	1800	1921
Total Users	70,000	79,508
Total Subscription/ARR Revenue	\$80,000,000	\$102,400,000
New Clients	151	175
Total Integration/Services Revenue	\$20,000,000	\$25,600,000
Total Revenue	\$100,000,000	\$128,000,000

Risks and Mitigants

- Execution Risk: HST's Clients may not want to pay extra for integration.
 - HST offers test trials to have clients hooked to the software before integration costs.
- Market Risk: AI potential is difficult to be harnessed
 - HST uses a Cloud-based software platform that can adapt with AI



Source: HST Pathways (2026)



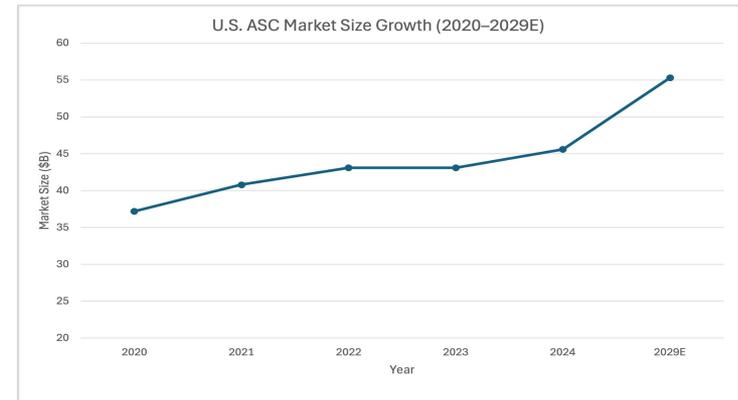
Market Trends & Drivers



Healthcare Market Trends

- Aging Population Driving Higher Demand for Outpatient Care
 - 22% of U.S. population 65+ by 2030
 - Rising patient volume and service utilization
- Provider Digitization Driving Software Adoption
 - 78% of providers accelerated digital transformation
 - Cloud +45% YoY
 - Growing complexity of administrative and care workflows
- AI & Healthcare IT Improving Efficiency and Cost Control
 - Projected \$1.9T by 2030
 - North America >40% of market
 - Rapid digital transformation across outpatient care settings

- Rising Healthcare Spending Driving Cost Efficiency Focus
 - U.S. spending +7.5% in 2023 to \$4.8T
 - Outpacing GDP growth of 6.1%
 - Increasing need for cost containment and operational scalability



ASC market projected to grow from \$45.6B to \$55.3B by 2029 (~4% CAGR), driven by outpatient migration and cost efficiency



Sources: Market Data Forecast (2025); Gitnux (2025); Capstone Partners (2024); Reuters (2024); Our World in Data (2025); Dialog Health



Financial Summary



Operating Performance & Financial Considerations

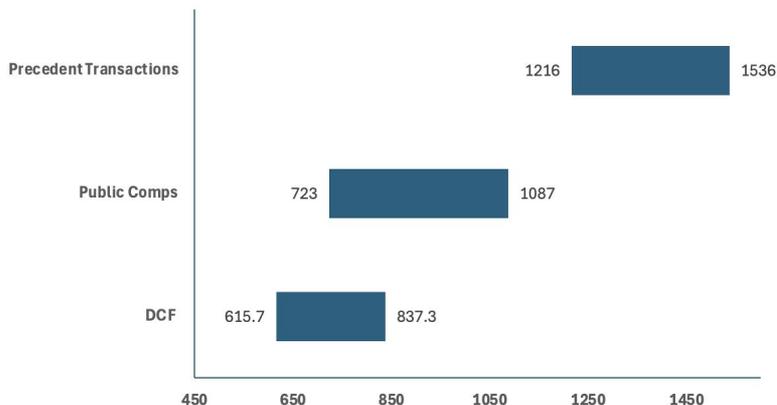
- Strong revenue trajectory
 - LTM revenue of \$100,000,000
 - Projected growth to \$128,000,000
- High profitability
 - 65% gross margin
 - ~25% adjusted EBITDA margin indicate efficient cost structure
- Strong Balance Sheet Profile
 - Cash exceeds debt with \$107.8M cash vs \$104.5M in debt (FY2025)
 - Low leverage declining from 0.65x to 0.59x

Financial Overview

Metric	LTM(FY2025)	2026E
Total Revenue	\$100,000,000	\$128,000,000
Gross Margin	65%	65%
EBITDA Margin	25%	25%
Cash	107.8	131.4
Debt	104.5	103.4
Leverage	0.65	0.59

Valuation Snapshot

Valuation Football Field



Valuation Chart

Method	Low EV	Mid EV	High EV	Implied EV/LTM Revenue
DCF	615.7	711	837.3	4.8x - 6.5x
Public Comps	723	905	1087	5.65x - 8.49x
Precedent Transactions	1216	1376	1536	9.5x - 12x

Financial Model Highlights

28% CAGR 2026E-2030E

65% Gross Margin

80% Annual Recurring Revenue

1.15x Net Debt/ EBITDA Margin 2030E

16%-23% FCF Margins 2026E-2030E

Triangulation Considerations for Comparables

- Vertical SaaS Premium
- Size Discount
- End-Market Size

Valuation Considerations

- Higher multiples for private transactions
- Higher interest rates today
- Final Valuation: **\$1.3b**



Key Risks



Risks	Description	Mitigants
Market Risk 1	<ul style="list-style-type: none">❖ Pricing power underpinned by duopoly❖ Entry by horizontal healthcare software vendor	<ul style="list-style-type: none">❖ High switching cost❖ Vertical specialisation❖ Unattractive for cold-start competition
Market Risk 2	<ul style="list-style-type: none">❖ Niche, Finite and Small ASC TAM❖ Increasing penetration slow down logo acquisition❖ Upsell may be unsustainable	<ul style="list-style-type: none">❖ Expansion of product modules to increase ARPU per provider❖ Holding Period of 5-years
Regulatory	<ul style="list-style-type: none">❖ Evolving EHR mandates, data privacy (HIPAA), cybersecurity and interoperability regulations❖ Compliance requirements increase OPEX or affect customer retention	<ul style="list-style-type: none">❖ Healthcare Software Regulations evolve gradually❖ SaaS delivery model allows centralised, scalable regulatory updates



Investment Thesis



3-Bullet Investment Thesis

1. HST Pathway holds ~40% of the ASC management software market in a two-player vertical alongside SIS, commanding 65% gross margins and 97% customer retention. Deep workflow integration creates high switching costs and supports 20% annual upsell to existing customers.
2. 80% of revenue is subscription-based ARR with only 3% annual churn, generating durable cash flows. With ~200 new logos signed annually and ASC market penetration expanding from 18% to 28% by 2030, the growth runway is both quantifiable and defensible.
3. 25% EBITDA margins and 16–23% FCF margins allow HST to fund its own expansion without external capital. Net Debt/EBITDA drops from 4.18x in 2025 to 1.15x in 2030E - signaling a business that grows stronger as it scales.

Supporting Statistic

HST Pathway grows at 28% CAGR through 2030, reaching \$344M in revenue, while maintaining 97% customer retention and a 25% EBITDA margin in a market with only one competitor.



Sources: Ion Analytics (2025); Diggrowth (2025); Monetizely (2025); Bain Insights LBO Report; ITQlick (2025); Dialog Health ASC Market Forecast; Capstone Partners (2024); Pitchbook M&A Transaction Data



Deal Rationale



Catalyst 1

- U.S. ASC volumes are growing ~6% annually as CMS reimbursement parity shifts procedures from hospitals to outpatient settings. HST's served market is expanding rapidly, with ~3,400 centers still uncontracted and penetration expected to reach 70% by 2030 (vs. ~35% today), creating a near-term window to capture new logos before SIS.

Catalyst 2

- The DCF midpoint implies ~5.5x LTM revenue, a meaningful discount to comparable vertical SaaS M&A transactions (9.5-12x+). With deal multiples compressed after the rate cycle, current pricing may represent a temporary entry window before M&A activity rebounds.

Risk

- HST's TAM caps at ~10,000 U.S. ASCs — at 70% penetration by 2030, new logo growth compresses sharply, limiting multiple expansion and complicating the post-2030 exit narrative.

Mitigation

- HST can expand into adjacent ambulatory specialties (GI, ophthalmology, orthopedics) using the same workflow platform, similar to Veeva's specialty expansion model. Additional modules (revenue cycle, analytics) can further increase customer LTV beyond the ASC TAM.



Strategic Fit: Capturing the Digital Infrastructure of the ASC Market



	Description	Support
1.	Exposure to a High-Growth Healthcare IT Market	<ul style="list-style-type: none">❖ HST Pathways provides immediate exposure to the rapidly (ASC) software market❖ Benefit from procedures to outpatient settings shift❖ ASC volumes growing ~6% annually
2.	High-Quality Recurring Revenue Model	<ul style="list-style-type: none">❖ SaaS model: ~80% annual recurring revenue and ~97% client retention❖ Generates predictable cash flows and strong revenue visibility
3.	Defensible Platform with Expansion Upside	<ul style="list-style-type: none">❖ ~40% market share in a two-player ASC software market with high switching costs❖ HST has a durable competitive moat❖ Clear path to expand into adjacent specialties and additional software modules.



Sources: Ion Analytics (2025); Diggrowth (2025); Monetizely (2025); Bain Insights LBO Report; ITQlick (2025); Dialog Health ASC Market Forecast; Capstone Partners (2024); Pitchbook M&A Transaction Data



Final Recommendation: Go



Investment Analysis

- Dominant Position in a Niche Vertical Software Market
 - ❖ 40% market share in the ASC management software market
 - ❖ Duopoly with high switching costs and deep workflow integration
 - ❖ Durable competitive moat and strong customer stickiness
- High-Quality SaaS Economics and Predictable Cash Flows
 - ❖ High recurring subscription revenue and customer retention, with low churn
 - ❖ Stable and predictable cash flows with strong profitability
 - ❖ ~25% EBITDA margins and 16–23% free cash flow margins → scale without external capital
- Clear Growth Runway with Attractive Valuation Entry
 - ❖ ASC market is expanding due to hospitals to outpatient settings migration
 - ❖ Structural demand for software infrastructure
 - ❖ ~28% CAGR growth through 2030 → \$344M revenue
 - ❖ Current valuation (~5.5x revenue) sits below comparable vertical SaaS transactions (~9.5–12x)
- Final valuation: **\$1.3 Billion**

Supporting Statistics

~80%

Recurring Subscription Rev.

~97%

Customer Retention

~3%

Churn

\$57M → \$344M

28% CAGR



Sources: Ion Analytics (2025); Diggrowth (2025); Monetizely (2025); Bain Insights LBO Report; ITQlick (2025); Dialog Health ASC Market Forecast; Capstone Partners (2024); Pitchbook M&A Transaction Data



Q&A + Meet Our Team



Ethan Friesel

Johns Hopkins University - Football

efriese2@jh.edu

www.linkedin.com/in/ethan-friesel



Kate Ambrose

Lafayette College - Field Hockey

Ambrosek@lafayette.edu

www.linkedin.com/in/kate-ambrose-78665a2ab



Gracia Chua

Stanford University - Squash

gracia10@stanford.edu

www.linkedin.com/in/gracia-chua-91ba65357



Siwon Youn

Amherst College - Football

syoun29@amherst.edu

www.linkedin.com/in/siwon-youn



Nicola Dadlani

Brown University - Track and Field

nicola_dadlani@brown.edu

www.linkedin.com/in/nicola_dadlani

