



Private Equity Investment and the Evolution of Medical Physics Service Groups

July 14, 2022



Agenda



- What is Private Equity?
- PE Myths vs Realities
- Why is PE interested in Medical Physics?
- PE in practice in Medical Physics

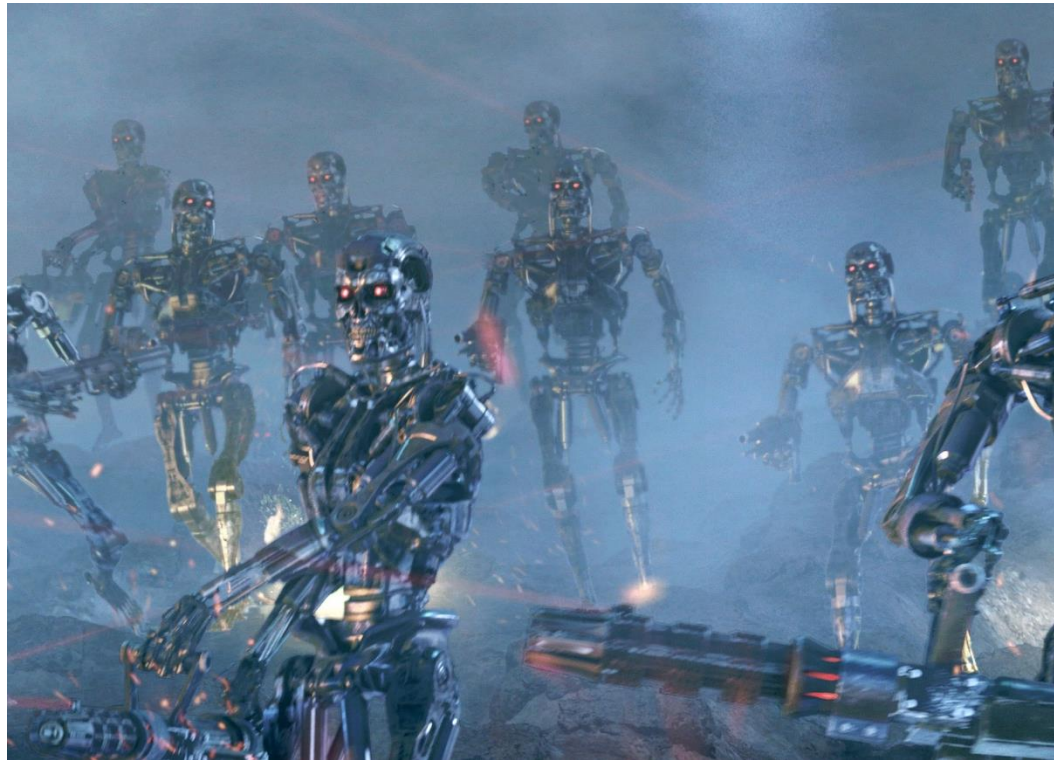
What is Private Equity?

- Investment funds organized as limited partnerships to invest in private businesses
 - Limited Partners (LPs) tend to be public pension funds, insurance companies, university endowments and high net worth families seeking to grow their capital to meet future financial needs
- Private equity funds invest in private companies and look to grow them over a 3-5 year time horizon while improving operations
 - Growth is typically achieved by greater focus on organic revenue growth, mergers and acquisitions and development of new products and services
 - Operations are improved by investing in technology to improve productivity and provide data for better decision making, adding subject matter experts to “professionalize” small businesses, and leveraging scale to better negotiate with vendors and customers at scale
 - Currently, there is ~\$2T in “dry powder” raised by private equity funds to deploy in various industries, including healthcare

Myth vs Reality: Myth



Myth vs Reality: Myth



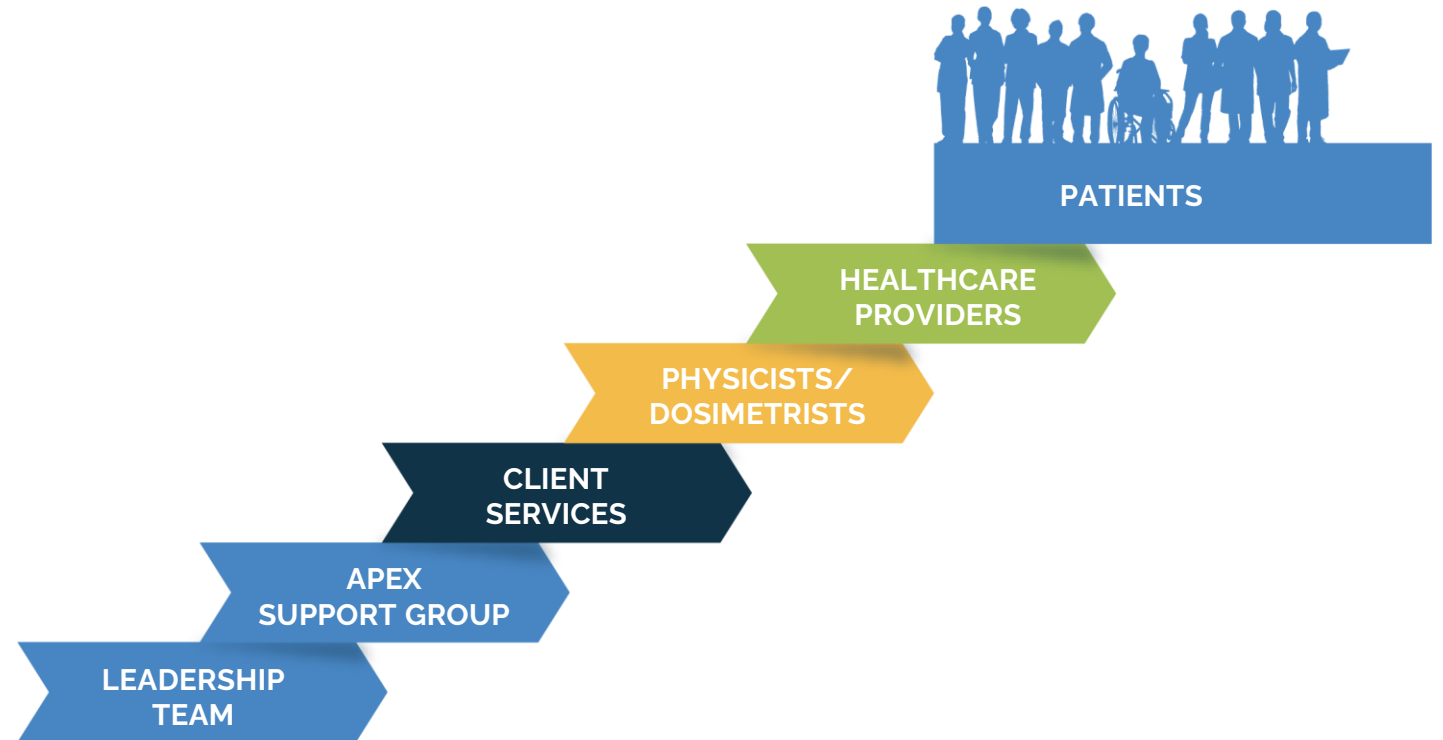
Myth vs Reality: Reality

Purpose

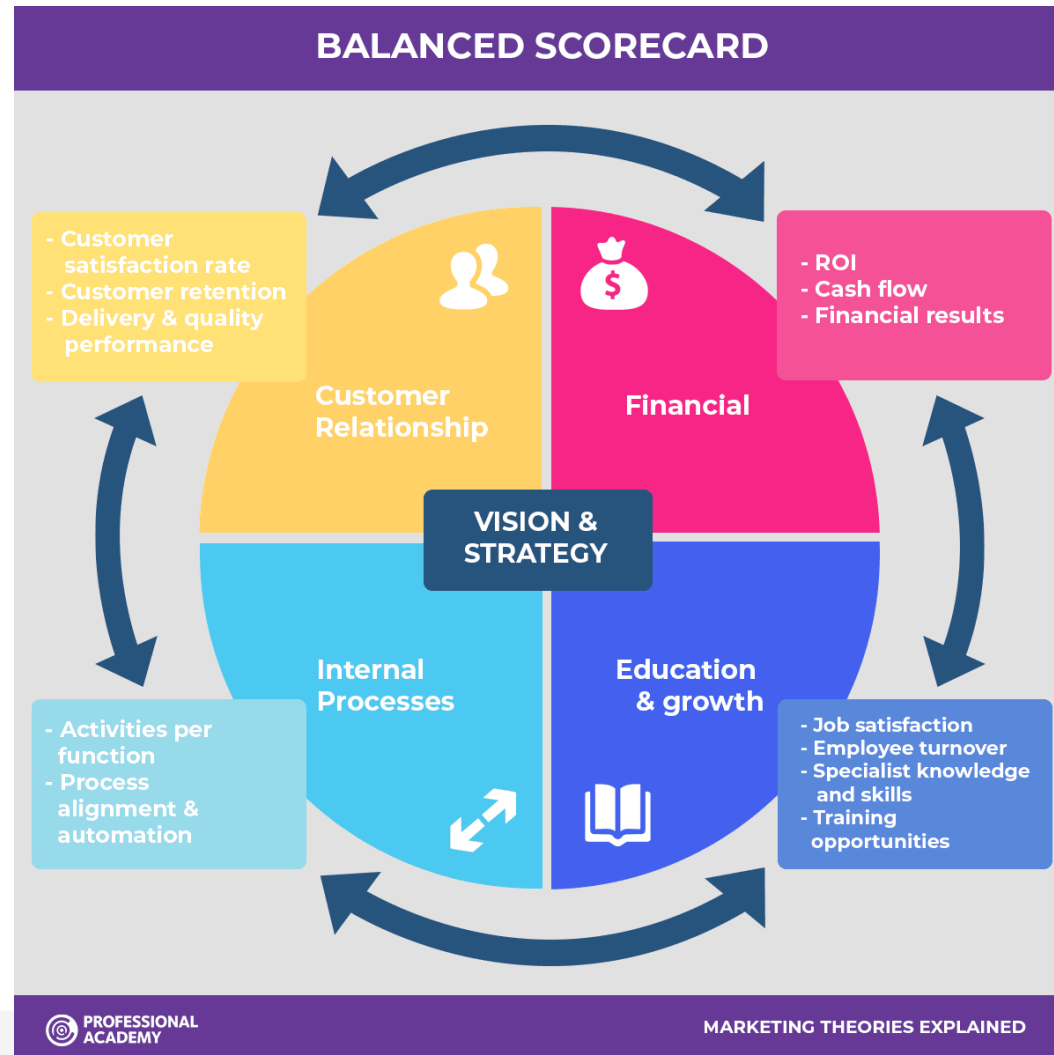
Our purpose is to enable **healthier** and **safer** outcomes for our communities

Niche

Comprehensive medical physics and radiation safety solutions in the United States



Myth vs Reality: Reality



Why Is Private Equity Interested in Medical Physics?

- › Broader interest in healthcare
 - › Largest sector of the economy
 - › Highly fragmented
 - › Waves of consolidation
 - › Trend of outsourced specialized services
- › “Late to the party” relative to specialty practices within healthcare
 - › Dental, ophthalmology, dermatology, biomedical engineering, service and repair organizations all currently meaningfully invested in by private equity
- › Demand driven consolidation
- › Highly fragmented
- › Secular growth trends in physics
- › Mission critical nature of services provided
- › Benefits of scale economics
- › Many owners seeking to solve for succession, diversification or growth capital for expansion

PE in Practice at a Medical Physics Practice: KGHP

- › Invested in KGHP in 2014
- › 16 total team members
 - › 10 physicists
- › Flat management structure
 - › Owners made all of the decisions
 - › Limited leadership opportunities available
- › Old equipment
- › Poor IT infrastructure
- › Limited benefits
- › Imbalanced workload for staff
- › Very few documented processes
- › Low to moderate growth
- › Lots of uncertainty around the future and what it meant to be owned by private equity

PE in Practice at a Medical Physics Practice: KGHP

- › Today, KGHP has 33 team members
 - › 24 physicists
- › The team is led by its Michele Loscocco (a physicist)
 - › Directors, managers and team leads (all physicists)
- › Significant growth
 - › Revenue has more than doubled in the last 5 years
- › Newer equipment
- › Better compensation
- › More attractive benefits
- › Peer review process in place
- › Robust IT services and support
- › BOSS software to optimize workload for staff
- › Leverages Apex Support resources for recruiting, sales and marketing, and IT support
- › Data to measure customer satisfaction and employee engagement
- › **Team has opportunity to invest in Apex as shareholders**

Getting Closer to the “Apex”

Core
Target

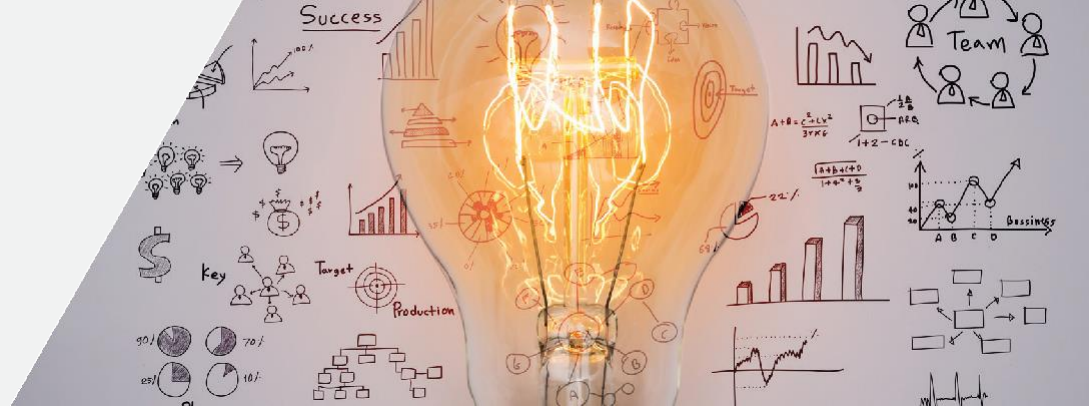
2023
3 Year Picture

2022
1 Year Plan

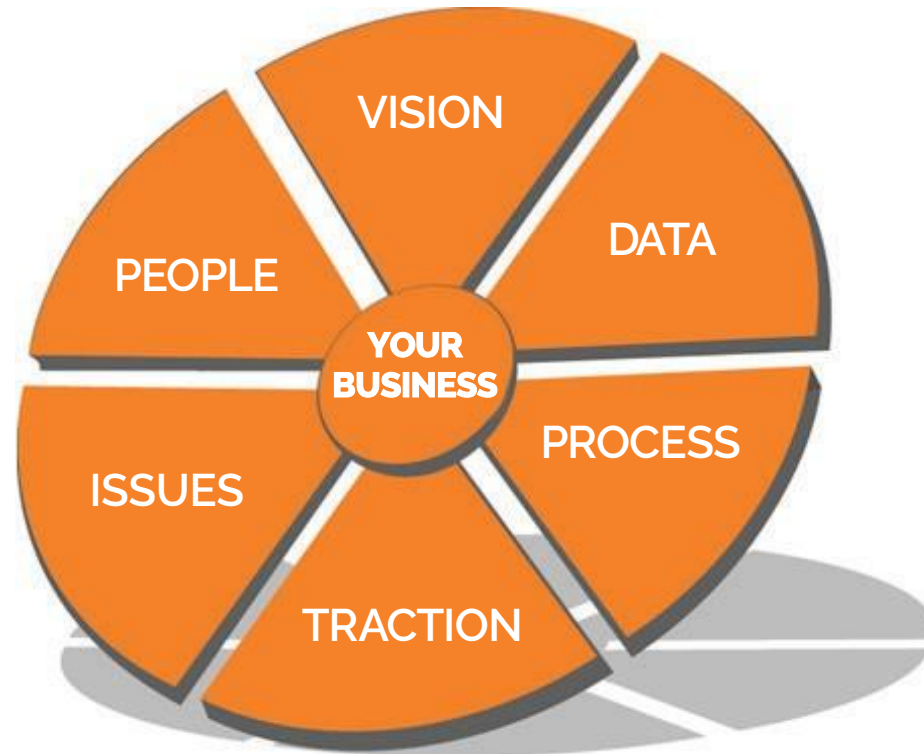
2021
Year in Review



THE EOS MODEL™



AIM FOR 100%



GOAL IS 80%+

Most Organizations are
operating at **20 – 40%**

Core Values

PASSION FOR EXCELLENCE

Our clients expect and deserve excellence. Competence is not a sufficient standard by which we measure ourselves and our work.

OWNERSHIP

We own and master our job duties and role. We will not blame others for our shortcomings. We will get the job done. Period.

POSITIVE ENERGY

We believe that positive energy is contagious. Positivity, humility, and empathy are the foundation of meaningful collaboration.

BUILDING PARTNERSHIPS

Trust is something that is earned over time. We are not just vendors or contractors to our clients. We are trusted advisors.

AGILITY

We are nimble, responsive, and maintain a healthy level of open-mindedness and creativity to respond to our clients and team.



ASSESS

Objective: Assess current financial performance and business systems

ONBOARD

Objective: Onboard practice onto Apex BOSS system and integrate key Apex support functions

- > Entrepreneur Operating System (EOS)
- > Business Development
- > Finance
- > HR
- > IT

MEASURE

Objective: Measure KPIs across key business functions to establish baseline and future targets

- > Employee engagement
- > Customer satisfaction
- > Time to hire
- > Capacity
- > Margins
- > Market share
- > Pricing

OPTIMIZE

Objective: Improve partner practices and streamline operations over a 12-18 month period

- > Increasing EBITDA
- > Increasing Pricing
- > Achieving & Maintain 70+ NPS Score
- > Maintaining or Increasing Employee Engagement (4.6 or higher)
- > Reducing Time to Hire (60 days or less)
- > BOSS Utilization
- > EOS Implementation
- > Peer Review and Apex University Participation

Pathway to Excellence

Optimize your practice to create a better ROI for you and a better experience for clients and employees

Powered by Apex BOSS

APEX
Physics Partners



Practice Leader Dashboard — Financial Review

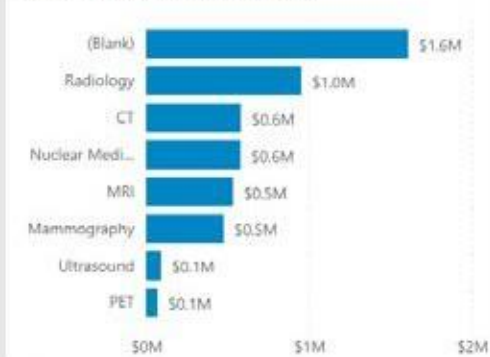




Operations

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Estimated Revenue by Modality



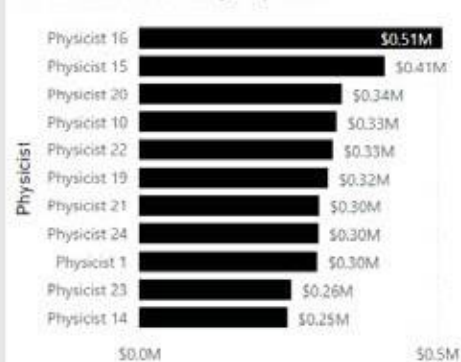
Estimated Revenue % by Modality and Date



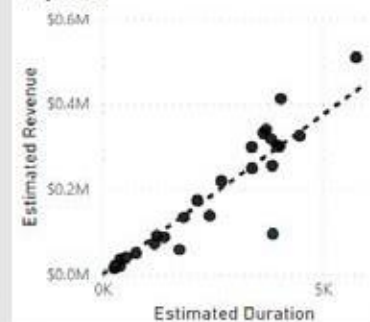
Revenue and # Site Visits by Physicist and Agreement Type



Estimated Revenue by Physicist



Estimated Duration, Estimated Revenue and Profit Margin by Physicist



80

Parent Clients

1788

Clients

8237

Equipment Count

\$24.78

Gross Profit per Hr.

\$4.9M

Estimated Revenue

Practice Leader Dashboard — Operations Review

What A PE Backed Medical Physics Practice Looks Like



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What A PE Backed Medical Physics Practice Looks Like



**“If you want to go fast, go alone.
If you want to go far, go together.”**

AFRICA PROVERB

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