

Meridan Partners
Project NOVA

NovaPeak Software Inc
Sell-Side M&A Advisory | Preliminary Deal Memo
Rohan Rajesh

Section A: Strategic Analysis

A1. Strategic Rationale: Why Helix Acquires NovaPeak

Helix Systems Corp (Helix) has no presence in the healthcare vertical today. They currently operate at scale across HR, payroll, and broader workforce management. NovaPeak represents an entry point, as they offer an AI-native platform that serves over 461 healthcare operators across staff rostering, credential tracking, and labor cost forecasting. The healthcare industry has a complex regulatory environment that creates high switching costs for customers and is seen in 85% gross revenue retention and a 114% NRR, meaning NovaPeak's customers do not leave.

A2. Key Acquisition Risks & Mitigations

| Risks | Details | Mitigation |
|------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------|
| Integration Risk | NovaPeak's AI system may not be compatible with Helix's current HCM stack that can delay product rollout and cause customers to leave | Negotiate a technology integration roadmap, require technical staff to stay onboard to support integration efforts. |
| Talent Risk | NovaPeak's product success is tied to talent in the technical team. If a key player leaves post-acquisition without a sufficient knowledge-transfer the platform's competitive moat may go away | Structure retention packages for top 10-15 employees with equity vesting and a 3-year cliff to align incentives post-close |
| Regulatory Risk | Changes to staffing mandates or HIPAA can reduce demands or cause the product to be taken offline for compliance updates | Conduct regulatory diligence with legal experts in healthcare. |

A3. Alternative Buyer Universe

Meridian would approach the following buyers to introduce competition into the sell-side process. Potential buyers include UKG (United Kronos Group), a workforce management platform for healthcare that would be a strategic acquirer looking to build out their AI-powered scheduling & credential compliance platform. Vista Equity Partners and Thoma Bravo could be financial sponsor acquirers that have SaaS healthcare portfolios and would be willing to pay premiums for high NRR and mission-critical software as part of a platform & build strategy.

Section 2: Financial Model

B1. ARR Bridge & Revenue Projection

| ARR Bridge | | | | | |
|-------------------------|--------------|--------------|--------------|--------------|--------------|
| | 2024 | 2025 | Projected | | |
| | | | 2026 | 2027 | 2028 |
| Average Customer Value | 0.148 | 0.154 | 0.160 | 0.166 | 0.173 |
| Growth Rate | | 4.0% | 4.0% | 4.0% | 4.0% |
| New Customers Per Year | | 85 | 85 | 85 | 85 |
| Net Revenue Retention | 114% | 113% | 113% | 113% | 113% |
| Gross Revenue Retention | 95% | 95% | 95% | 95% | 95% |
| Churn | | 5% | 5% | 5% | 5% |
| EBITDA Margin | | 18% | 22% | 25% | 28% |
| Beginning ARR | 79.0 | 104.0 | 131.0 | 162.0 | 189.1 |
| New ARR | | | | 14.2 | 14.7 |
| Expansion ARR | | | | 21.1 | 24.6 |
| Churn ARR | | | | (8.1) | (9.5) |
| Ending ARR | 104.0 | 131.0 | 162.0 | 189.1 | 219.0 |
| Professional Services | | | | 9.0 | 10.0 |
| Revenue | | | | 184.6 | 214.0 |

| NovaPeak Software Inc (\$ 000,000s) | 2022 | Actual | | Projected | | | | |
|----------------------------------------|------|--------|------|-----------|------|------|------|------|
| | | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 |

Financial Statement Forecasting

Income Statement Model

| | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 |
|-----------------------------|--------------|------------|------------|-------------|-------------|-------------|-------------|--------|
| ARR (End of Period) | 58.0 | 79.0 | 104.0 | 131.0 | 162.0 | 189.1 | 219.0 | |
| Total Revenue | 52.4 | 72.1 | 97.3 | 122.8 | 151.6 | 184.6 | 214.0 | 252.56 |
| COGS | (15.7) | (20.2) | (25.6) | (30.7) | (36.4) | (43.4) | (49.3) | |
| Gross Profit | 36.7 | 51.9 | 71.7 | 92.1 | 115.2 | 141.2 | 164.8 | |
| SGA Expense | (36.2) | (47.1) | (59.3) | (70.0) | (81.5) | (95.0) | (104.9) | |
| EBITDA | 0.5 | 4.8 | 12.4 | 22.1 | 33.7 | 46.1 | 59.9 | 75.77 |
| Depreciation & Amortization | (1.8) | (2.3) | (2.9) | (3.4) | (4.1) | (5.5) | (6.4) | |
| EBIT | (1.3) | 2.5 | 9.5 | 18.7 | 29.6 | 40.6 | 53.5 | |
| Tax Liability | (0.4) | (0.7) | (1.8) | (3.1) | (4.8) | | | |
| Net Income | (1.7) | 1.8 | 7.7 | 15.6 | 24.8 | 40.6 | 53.5 | |

B2. Unlevered Free Cash Flow

| Free Cash Flow | | | | | |
|-----------------------------|--------------|--------------|--------------|--------------|--------------|
| | 2025 | 2026 | Projected | | |
| | | | 2027 | 2028 | 2029 |
| Total Revenue | 122.8 | 151.6 | 184.6 | 214.0 | 252.6 |
| EBITDA | 22.1 | 33.7 | 46.1 | 59.9 | 75.8 |
| Depreciation & Amortization | (3.4) | (4.1) | (5.5) | (6.4) | (7.6) |
| EBIT | 18.70 | 29.60 | 40.60 | 53.51 | 68.19 |
| Taxes | 25% | 25% | 25% | 25% | 25% |
| NOPAT | 14.03 | 22.20 | 30.45 | 40.13 | 51.14 |
| Depreciation & Amortization | 3.4 | 4.1 | 5.5 | 6.4 | 7.6 |
| CapEx | 2.46 | 3.03 | 3.69 | 4.28 | 5.05 |
| Change in NWC | - | - | - | - | - |
| Unlevered FCF | 14.97 | 23.27 | 32.30 | 42.27 | 53.67 |

FCF Assumptions & Drivers

| | 2025 | 2026 | 2027 | 2028 | 2029 |
|-----------------------|------|------|------|------|------|
| CapEx as % of Revenue | 2% | 2% | 2% | 2% | 2% |
| D&A as % of Revenue | 3% | 3% | 3% | 3% | 3% |
| Change in NWC | - | - | - | - | - |
| Cash Tax Rate | 25% | 25% | 25% | 25% | 25% |

B3. Billing Customers in Advance

By billing in advance, NovaPeak creates a deferred revenue liability. This is a source of cash that acts like an interest-free loan for financing working capital. We would add the YoY increase in Deferred Revenue to NOPAT as a cash inflow. With the neutral WC assumption, the FCF estimate is conservative.

Section C: Valuation

C1. Comparable Public Company Analysis

Comparable Public Companies

| <i>Company Information</i> | <i>Financial Information</i> | | | | <i>Financial Multiples</i> | | |
|---------------------------------------|-------------------------------|----------------------|---------------------------|---------------------|------------------------------|---------------------|--------------------|
| Company Name | Enterprise Value (\$M) | Revenue (\$M) | Revenue Growth (%) | EBITDA (\$M) | Net Revenue Retention | EV / Revenue | EV / EBITDA |
| ShiftMed Technologies | 3,200.00 | 410.00 | 28% | 78.00 | 112% | 7.80x | 41.03x |
| CareSync Platforms | 1,800.00 | 198.00 | 31% | 32.00 | 117% | 9.09x | 56.25x |
| WorkforeIQ Inc. | 5,600.00 | 890.00 | 19% | 214.00 | 108% | 6.29x | 26.17x |
| AxisPro Solutions | 900.00 | 134.00 | 41% | 18.00 | 119% | 6.72x | 50.00x |
| MedStaff Cloud | 2,400.00 | 312.00 | 22% | 71.00 | 110% | 7.69x | 33.80x |
| NovaPeak Software Inc NTM | | 151.60 | 23% | 33.70 | 114% | 6.54x | 34.87x |
| Minimum | 900.00 | 134.00 | 19% | 18.00 | 108% | 6.29x | 26.17x |
| Median | 2,400.00 | 312.00 | 28% | 71.00 | 112% | 7.69x | 41.03x |
| Average | 2,780.00 | 388.80 | 28% | 82.60 | 113% | 7.52x | 41.45x |
| Maximum | 5,600.00 | 890.00 | 41% | 214.00 | 119% | 9.09x | 56.25x |
| 25th Percentile | | | | | | 6.50x | 29.99x |
| 75th Percentile | | | | | | 8.45x | 53.13x |
| Size/Liquidity Discount | | 15% | | | | | |
| Enterprise Value (EV/ NTM Rev) | 991.23 | | | | | | |
| Net Cash | 13.30 | | | | | | |
| Implied Equity Value | 977.93 | | | | | | |
| Shares Outstanding (M) | 8.50 | | | | | | |
| Implied Equity Value Per Share | 115.05 | | | | | | |
| Enterprise Value (EV/ NTM EBITDA) | 1,175.18 | | | | | | |
| Net Cash | 13.30 | | | | | | |
| Implied Equity Value | 1,161.88 | | | | | | |
| Shares Outstanding (M) | 8.50 | | | | | | |
| Implied Equity Value Per Share | 136.6917 | | | | | | |

Rohan Rajesh:
 NTM multiples not provided for comparable companies; LTM EV/Revenue and EV/EBITDA multiples used as proxy and applied to NovaPeak's FY2026E (NTM) figures. This is a conservative approach because NTM multiples would be lower than LTM for high-growth peers.

C2. Precedent Transactions Analysis

Precedent Transaction Comps

| Company Information | | | Financial Multiples | | |
|----------------------------------|----------------|-----------|---------------------|-----------------|-----------------------|
| Target Name | Acquirer Name | Deal Date | EV/NTM Rev | EV / NTM EBITDA | Net Revenue Retention |
| HealthRoster Pro | Kronos Unified | Mar-24 | 9.20x | 52.00x | 116% |
| NursingOS | SAP Healthcare | Sep-23 | 8.10x | 48.00x | 111% |
| ShiftLogic | ADP | Nov-22 | 7.40x | 44.00x | 108% |
| MedTrack | Ceridian | Jun-22 | 8.80x | 51.00x | 113% |
| NovaPeak Software Inc NTM | | | 8.45x | 49.50x | 112% |
| Minimum | | | 7.40x | 44.00x | 108% |
| Median | | | 8.45x | 49.50x | 112% |
| Average | | | 8.38x | 48.75x | 112% |
| Maximum | | | 9.20x | 52.00x | 116% |
| 25th Percentile | | | 7.58x | 45.00x | |
| 75th Percentile | | | 9.10x | 51.75x | |

| | |
|---------------------------------------|---------------|
| Enterprise Value (EV/ NTM Rev) | 1,281.02 |
| Net Cash | 13.30 |
| Implied Equity Value | 1,267.72 |
| Shares Outstanding (M) | 8.50 |
| Implied Equity Value Per Share | 149.14 |
| Enterprise Value (EV/ NTM EBITDA) | 1,668.15 |
| Net Cash | 13.30 |
| Implied Equity Value | 1,654.85 |
| Shares Outstanding (M) | 8.50 |
| Implied Equity Value Per Share | 194.69 |

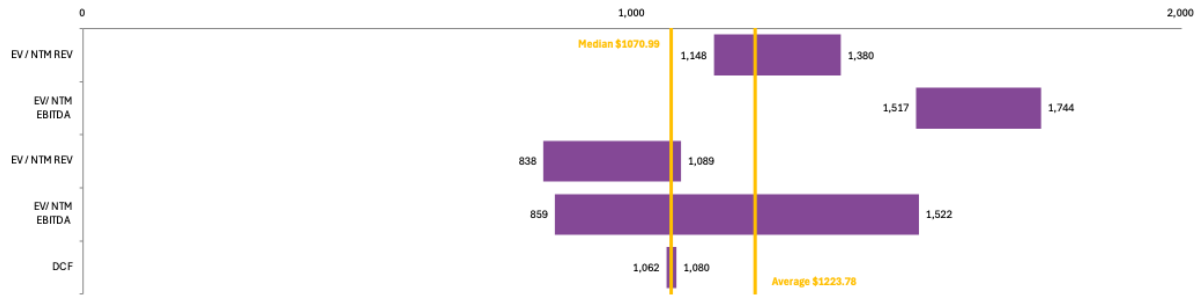
Precedent Transactions multiples are higher than public company comps because of the control premium paid during a M&A transaction by the acquirer for their strategy, synergies, and to capture future value creation that a public market investor cannot (usually 20-40%). Precedent transactions also see higher multiples because multiple strategic acquirers / financial buyers bidding in an "auction" drives prices above what public markets value the asset.

C3. Discounted Cash Flow

| Discounted Cash Flow | | | | | | |
|---------------------------------------|---------------|--------------|--------------|--------------|--------------|--------------|
| Unlevered FCF | | 14.97 | 23.27 | 32.30 | 42.27 | 53.67 |
| Period | | 1 | 2 | 3 | 4 | 5 |
| Discounted Cash Flows | | 13.43 | 18.72 | 23.30 | 27.35 | 31.14 |
| WACC | 11.50% | | | | | |
| Exit Multiple | 22.00x | | | | | |
| 2029E EBITDA | 75.77 | | | | | |
| Terminal Value | 1,666.89 | | | | | |
| Discounted Terminal Value | 967.24 | | | | | |
| Terminal Value as % of Total EV | 89% | | | | | |
| Enterprise Value | 1,081.17 | | | | | |
| Net Cash | 13.3 | | | | | |
| Equity Value | 1,094.47 | | | | | |
| Shares Outstanding | 8.5 | | | | | |
| Implied Equity Value per Share | 128.76 | | | | | |

| | | Exit Multiple | | | | |
|------|--------|---------------|----------|----------|----------|----------|
| | | 21.50x | 21.75x | 22.00x | 22.25x | 22.50x |
| WACC | 1,081 | | | | | |
| | 11.20% | 1,073.05 | 1,061.91 | 1,061.91 | 1,073.05 | 1,095.33 |
| | 11.35% | 1,080.07 | 1,068.85 | 1,068.85 | 1,080.07 | 1,102.50 |
| | 11.50% | 1,080.07 | 1,068.85 | 1,068.85 | 1,080.07 | 1,102.50 |
| | 11.65% | 1,073.05 | 1,061.91 | 1,061.91 | 1,073.05 | 1,095.33 |
| | 11.80% | 1,059.19 | 1,048.20 | 1,048.20 | 1,059.19 | 1,081.17 |

C4. Football Field



| | | Low | High | Delta | Line X | Average | Median |
|--------|---------------|--------------|--------------|-----------------|----------------|------------|-------------|
| | DCF | 1,062 | 1,080 | | | | |
| PC | EV/NTM EBITDA | 859 | 1,522 | 663 | 1.5 | 1,224 | 1,071 |
| PC | EV/NTM REV | 838 | 1,089 | 250 | 2.5 | 1,224 | 1,071 |
| T | EV/NTM EBITDA | 1,517 | 1,744 | 227 | 3.5 | 1,224 | 1,071 |
| T | EV/NTM REV | 1,148 | 1,380 | 231 | 4.5 | 1,224 | 1,071 |
| | | Low | High | Midpoint | Company | Low | High |
| Public | EV/NTM EBITDA | 25.49x | 45.16x | 35.32x | 34 | 858.94 | 1,521.77 |
| | EV/NTM REV | 5.53x | 7.18x | 6.35x | 152 | 838.14 | 1,088.60 |
| Trans | EV/NTM EBITDA | 45.00x | 51.75x | 48.38x | 34 | 1,516.50 | 1,743.98 |
| | EV/NTM REV | 7.58x | 9.10x | 8.34x | 152 | 1,148.37 | 1,379.56 |

Arcturus should anchor at \$1.5B. The comps set the floor. The DCF provides a midpoint, and the precedents show the upside.

Section D: Deal Basics

D1. Helix Verbal Offer

This is not fair based on the transaction multiples. At 6.27x NTM Revenue and 28.19x NTM EBITDA, the midpoint sits inside the adjusted public comps range but materially below both precedent transaction multiples (7.58x-9.10x revenue; 45x-52x EBITDA) and the DCF-implied value of ~\$1,103M. This offer implies a 25-25% discount to precedents and does not factor in NovaPeaks's 144% NRR, 25%+ growth and expanding margins. Arcturus should counter above \$1.1B

| | | Low | High | Midpoint | Company | Low | High |
|-------|---------------|--------|--------|----------|---------|-----|------|
| Offer | EV/NTM EBITDA | 26.71x | 29.67x | 28.19x | 34 | 900 | 1000 |
| | EV/NTM REV | 5.94x | 6.60x | 6.27x | 152 | 900 | 1000 |

D2. Accretion / Dilution Analysis

This deal is dilutive to EPS by 0.4% before accounting for any deal synergies.

Accretion / Dilution

| | |
|--------------------------------------|-----------------|
| Purchase Price (M) | 950.00 |
| Cash Consideration | 50.00% |
| Cash Used | 475.00 |
| New Debt Issued | 475.00 |
| Interest Rate on New Debt | 6.50% |
| Cash Tax Rate | 25.00% |
| Helix Diluted Shares Outstanding (M) | 2.98 |
| Helix EPS | \$6.85 |
| Gross Annual Interest Cost | 30.88 |
| After-Tax Interest | 23.16 |
| Helix Net Income | 2,041.30 |
| NovaPeak Net Income | 15.60 |
| After-Tax Interest on Debt | 23.16 |
| Projected Net Income | 2,033.74 |
| Projected EPS | 6.82 |
| Accretion / (Dilution) | (0.03) |
| Accretion / (Dilution) % | -0.37% |

D3. Deal Process

| Milestone | What Happens | Deliverables | Weeks from Launch |
|-----------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------|-------------------|
| 1) Preparation & Positioning | Meridian partners with Arcturus and NovaPeak management to build marketing materials, stress-test the financial model, and position the equity story around NRR, margin trajectory, and a healthcare-focused moat. | Confidential Information Memorandum, Management Presentation, Financial Model, Teaser / One-Pager | Weeks 1-4 |
| 2) Buyer Identification & Outreach | Meridian develops a buyer list across strategic acquirers and financial sponsors, distributes blind teasers, and manages NDA execution prior to sharing the CIM. | Buyer Universe List, Blind Teaser, NDA Agreements, Indication of Interest (IOI) | Weeks 3-6 |
| 3) First Round Bids (Indications of Interest) | Qualified buyers receive the CIM and model, submit IOIs with valuation ranges, and Meridian narrows the field to a shortlist for management presentations. | CIM Distribution, IOI Submissions, Buyer Shortlist | Weeks 6-9 |
| 4) Management Presentations & Due Diligence | Shortlisted bidders engage with management and access a VDR containing full diligence materials while conducting parallel operational, financial, and legal review. | Management Presentation Meetings, VDR Access, Q&A Log, Diligence | Weeks 8-14 |
| 5) Final Round Bids (Letters of Intent) | Final bidders submit binding LOIs with price, structure, and financing details, and Meridian runs a competitive process before Arcturus selects a preferred bidder and grants exclusivity. | LOI Submissions, Bid Comparison Matrix, Exclusivity Agreement | Weeks 13-17 |
| 6) Definitive Agreement & Close | Legal teams finalize the SPA, complete confirmatory diligence and regulatory approvals, and close the transaction with proceeds transferred to Arcturus. | Signed SPA, Regulatory Filings, Closing Funds Flow, Press Release | Weeks 16-24 |