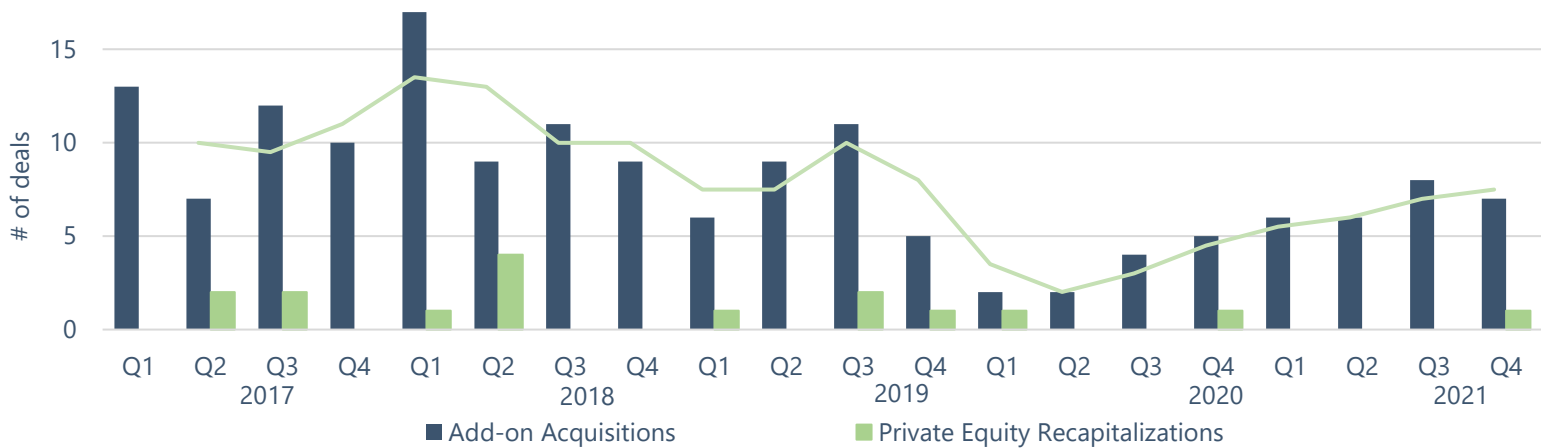


Q4-2021 Dermatology Update

Market Update



While transaction activity has slowed meaningfully from pre-pandemic levels, the dermatology space still continues to see consistent deal flow, predominantly characterized by strategic add-on transactions or regional platform additions. The landmark transaction of the quarter was BayPine's acquisition of Pinnacle Dermatology from its previous backer, Chicago Pacific Founders. The transaction marked the first private equity platform deal of the year and the tenth secondary deal, in which a private equity firm divested its position to a larger private equity fund, a tell tale sign of a maturing M&A market. Provident expects this theme to continue to play out in 2022 as at least a handful of PE-backed platforms are currently exploring sale options. With many groups gearing up for an exit, Provident foresees a scenario where add-on activity could pick up to pre-pandemic levels.

Select Transactions:

Month	Acquirer	Target	Target – Number of:		
			Locations	Providers	State(s)
December	PhyNet Dermatology	SkinPros, LLC	4	4	MA, RI
December	Advanced Dermatology & Cosmetic Surgery	Greenville Dermatology	1	1	SC
November	Advanced Dermatology & Cosmetic Surgery	SkinTrust Dermatology	1	1	SC
October	BayPine	Pinnacle Dermatology Management	87	218	11
October	Schweiger Dermatology	The Derm Group	13	40	NJ
October	West Dermatology	Dermatology & Laser of Del Mar	1	5	CA
October	Schweiger Dermatology	Warmouth Institute of Dermatology	2	3	NJ
October	Epiphany Dermatology	Avail Dermatology	4	15	GA

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Upcoming Conference

Members of the Provident Healthcare Partners dermatology coverage team will be attending the AAD conference in Boston in March.