

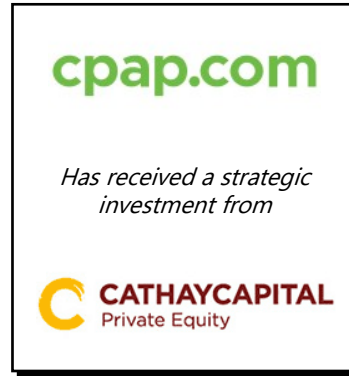
Q1-2022 Durable Medical Equipment (DME) Update

Market Update

The market for consolidation in DME continued its momentum into 2021 with several notable transactions announced both in the early weeks of the new year and in March as Q1 ended. Private equity platforms and strategic acquirers alike have continually sought opportunities to increase economies of scale. Operators with a defensible market position and significant back-office capabilities will continue to be poised to attract premium valuations in the M&A markets.

Provident expects M&A momentum within DME to continue as recently formed platforms seek to expand their geographic and product footprints via acquisition.

Notable Transaction



January 2022

CPAP.com, a leading DTC e-commerce provider of sleep apnea equipment, received a strategic growth equity investment from private equity firm Cathay Capital. The transaction provides CPAP.com with significant capital and operational resources to capture incremental market share as demand for sleep apnea equipment is projected to continue its ascent in the near-term.

Private equity sponsors have shown continued demand for DME businesses exhibiting a defensible market position and a demonstrated growth strategy to effectively capitalize on the prevailing tailwinds in the sector.

Select Transactions:

Month	Acquirer	Target	Deal Description
March	Strive Medical	United States Medical Supply (Urology division)	Strive Medical, a portfolio Company of New Mainstream Capital, acquired the urology division of US Medical Supply (US MED), a subsidiary of Advanced Diabetes Supplies which was recently acquired by Court Square Capital. This divestiture allows US Med / ADS to refine its core focus on diabetic supplies while enabling Strive to strengthen its service offering as a specialty provider of urology, wound care, and other disposable medical supplies.
March	Medical Service Company	Ascension St. Vincent's Medical Equipment	Medical Service Company (MSC), an independently-owned provider of sleep and respiratory equipment, acquired IN-based Ascension St. Vincent's Medical Equipment. The transaction allows MSC to create a strong foothold within Southern IN and solidify its Midwest regional presence, while indicating continued momentum for inorganic growth across the upper and lower ends of the DME market cap spectrum.
January	AdaptHealth	Community Surgical Supply	Community Surgical Supply, a provider of respiratory equipment including oxygen, vents, and other HME, was acquired by AdaptHealth in a \$100M+ transaction. The deal represents AdaptHealth's largest acquisitions since its \$2bn+ buyout of AeroCare in December 2020. AdaptHealth remains the most active consolidator across DME and continues to seek opportunities for strategic inorganic expansion.
January	MSC BioMedical	Repair Authority	MSC Biomedical Services has acquired Repair Authority to create a nationwide provider of HME repair services. While the two entities will operate independently in the near-term, the combined company will provide repair services to a range of HME products to both its national & regional commercial clients in addition to retail customers.

Provident Industry Coverage Team

Kevin Palamara
 Managing Director
kpalamara@providenthp.com
 (617) 226-4221

Brendan Schroeder
 Senior Analyst
bschroeder@providenthp.com
 (617) 226-4207