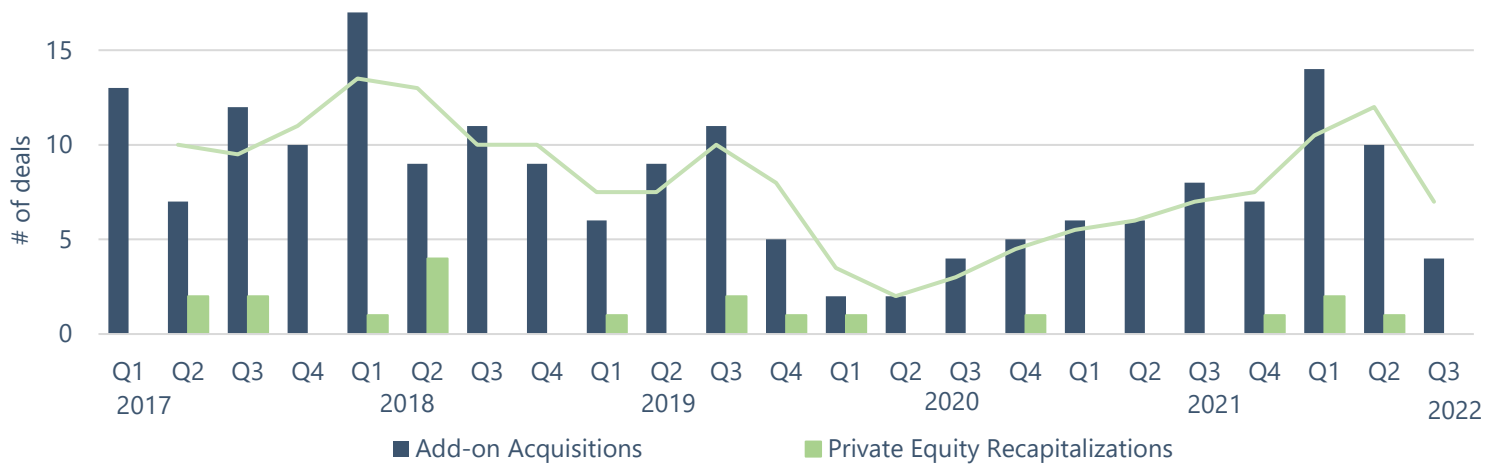


Q3-2022 Dermatology Update

Market Update



While transaction activity was relatively modest in the third quarter within the dermatology space, Provident expects the slowdown to be a “calm before the storm”, of sorts, as many private equity-backed platforms are rumored to have launched sale processes of their own. Provident expects multiple PE-backed MSOs to trade hands within the next three to six months, which will ultimately drive more transaction volume within the space. Outside of secondary deal activity, there seems to be multiple scaled, independent practices that are entertaining partnerships and who will serve as new platforms for existing MSOs as well as new investors entering the space. Provident expects the supply and demand imbalance within the space to continue to buoy valuations, even as a potential recession looms in the face of rising interest rates.

Select Transactions:

Month	Acquirer	Target	Target – Number of:		
			Locations	Providers	State(s)
October			2	3	TX
September			1	2	WA
July			7	14	GA
July			1	1	MD

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Upcoming Conference

Members of the Provident Healthcare Partners dermatology coverage team will be attending the AAD conference in March 2023