

Q4-2022 Dental Newsletter

Market Update

The DSO market experienced a slow down in large scale transaction volume in Q4-2022, however maintained historical momentum for small to medium transactions.

Unlike prior quarters with 5+ new DSO formations or DSO investor exits, there were fewer large-scale change of control transactions in Q4-2022. This is due in part to significant deal flow in Q1-Q3 2022, margin compression from a strained labor market, and a softening market for large credit facilities. We expect historical activity to resume in Q1-2023 as 10+ DSO platforms continue their active transaction processes and investors gain clarity on macroeconomic trends.

Despite this trend, the pace of small and medium partnerships has continued to perform. Both general and specialty DSOs such as Heartland, Sonrava, USOSM, and Smile Doctors added multiple practices, and both recently formed and existing DSOs successfully closed on new acquisition credit facilities of \$100M+.

Other notable trends include the continued push into multispecialty care and the growth of UK and Canadian DSOs.

Transaction Spotlight

US Endo Partners Formation of Specialized Dental Partners (SDP) & Acquisition of Cameo Dental Specialists

In October 2022, US Endo Partners launched its new sister-DSO, Specialized Dental Partners, to allow the Company to continue growth into other specialty dental services.

SDP formed its first partnership with Cameo Dental Specialists, a group of 18 specialists focused on endodontics, periodontics, and oral surgery.

This highlights the market's broad interest in specialty dental care and continues the trend of single-specialty DSOs expanding into multi-specialty.

 **US Endo Partners**

A portfolio company of

 **QUAD-C**

Has formed

 **Specialized Dental Partners**

And Acquired



Select Transactions:

Month	Target	Investor(s)	Locations	Geography
October			5	IL
October			1	UK
October			34	TX, OK
October			60+	Western US
November	7 Dental Practices		7	GA, AZ, CA

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