

## Mental Health

Q3 2023

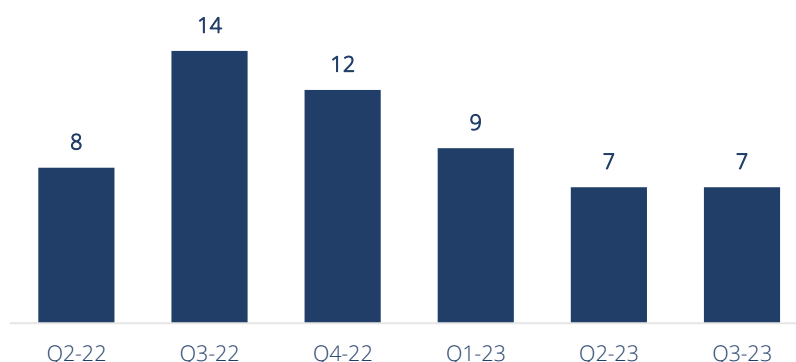
### Market Update

The third quarter saw a continued decline in behavioral health deal-making, primarily due to more targeted M&A as well as a challenging lending environment.












Most transaction activity was characterized by digitally-native behavioral health and telehealth focused investments. These models rely heavily on recurring patient flow, low-cost customer acquisition, and subscription-based models to build broad patient bases. The school-based setting also continues to attract investment dollars, as evidenced by FullBloom and New Story's partnerships with mental health providers.

Overall, Provident expects deal flow to rebound significantly in Q4 and into 2024 as debt markets stabilize.

### Quarterly Transaction Volume



### Select Transactions

Month	Acquirer	Target	Deal Description
September			New York City-based Caraway announced that it has acquired Sesh, a group therapy platform for adolescents. The acquisition allows Caraway to add group support and therapy into its stable of offerings.
September			FullBloom, a special education and behavioral health provider, recently acquired EmpowerU, a platform designed to expand K-12 educators' capacity to deliver targeted support for students struggling with mental health challenges.
September			Thrive Alliance Group, which supports children with mental health needs in public schools, was purchased by New Story, a provider of special education and mental health services backed by Audax Private Equity.
August			Thurston Group-backed behavioral health provider ARC Health has acquired Dayspring Behavioral Health. This new purchase is part of ARC Health's larger, ambitious M&A strategy.
August			Hurdle Health, a digital mental health platform, was purchased by Youme Healthcare, a leading pediatric mental health company. Upon close, both companies were rebranded to form Backpack Healthcare.
August			Big Health, one of the largest digital providers for 'non-drug' mental health services, expands into youth mental health with its Limbix acquisition.

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#### Publications & Conferences

##### Whitepaper

[Analyzing Key Developments in the Behavioral Health Space](#)

##### DealFest

PHP will be speaking on a Mental Health focused panel at Association for Corporate Growth Boston DealFest Northeast in November