

Vertical
Behavioral Health

Focus
Q1 2021 Acquisition Activity and Outlook

Transaction Volume Continues to Increase Across Behavioral Health

The first quarter of 2021 delivered 38 reported behavioral health transactions, an increase over any quarter in 2020. We expect some of this activity reflects deals that were delayed due to COVID-19. However, we generally expect high deal flow throughout 2021, supported by increasing private equity interest, a favorable government, and a seller pool that is ready to transact.

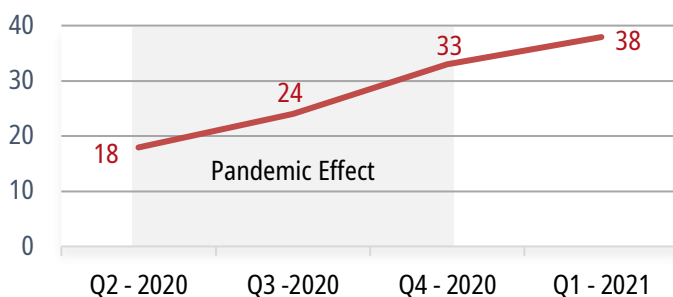
Transactions in mental health, intellectual and developmental disabilities, and addiction treatment continued to dominate the marketplace. Most sellers had one or a handful of locations. With COVID-19 closures phasing out of

TTM financial data, seller EBITDA will likely be at its highest level in 18 months. We expect more companies will be interested in pursuing deals that will close this calendar year given potential tax implications looming in 2022.

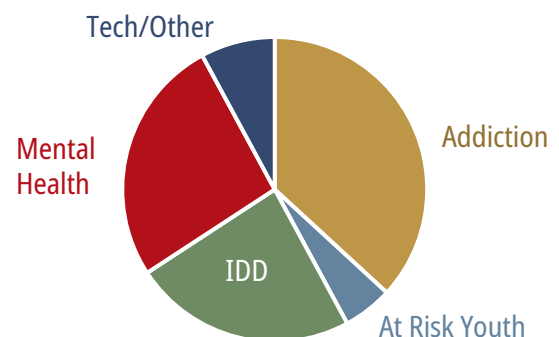
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12-Month Quarterly Acquisition Trend



Transactions by Vertical



Notable Deals in the Q1 2021

Buyer	Target	State	Locations	Date
Lighthouse Autism Services	A Step Ahead	IN	2	3/17/21
AppleGate Recovery	Redemption Recovery	TN	5	2/17/21
Proud Moments ABA	Bridges	NM	1	2/8/21
Nexus Family Healing	Steps of Success	MN	2	1/7/21
Seaside Healthcare	Second Chances	VA	6	1/6/21

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