

Specialty

Dermatology

Focus

Q2 2021 Acquisition Activity and Outlook

Core Dermatology Buyers Remain Active in 2021. Window of Opportunity May Be Starting to Close for Smaller Practices.

The second quarter of 2021 delivered six reported dermatology practice acquisitions. Notably, Pinnacle Dermatology made a significant acquisition with Spectrum Dermatology in the Greater Phoenix Area. The practice is led by Dr. Nancy Kim and included thirty-one providers in seven locations.

In a consolidation of acquirers, Water's Edge Dermatology (WED) and RiverChase Dermatology (RCD) have merged while Gryphon Investors and GTCR remain the financial sponsors. Together, "WED/RCD" includes seventy-six dermatology locations throughout Central, South, and West Florida.

While the summer months of Q3 often experience a seasonal decrease in M&A activity, we expect an uptick in dermatology practice closings in the final three months of the year. With a potential capital gains increase on the horizon, both buyers and sellers will work hard to close deals in 2021.

Eric J. Yetter

Managing Director and
Healthcare Team Leader

(615) 477-4741

eric.yetter@focusbankers.com

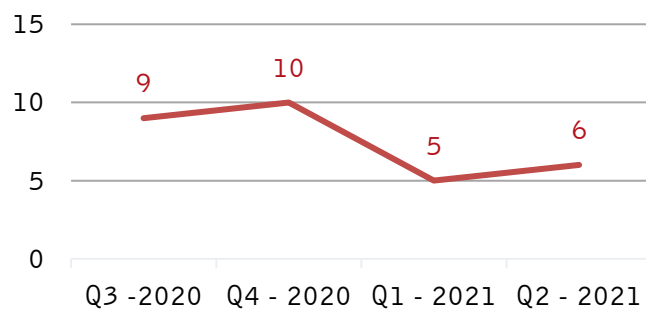
J. Andrew Snyder

Managing Director

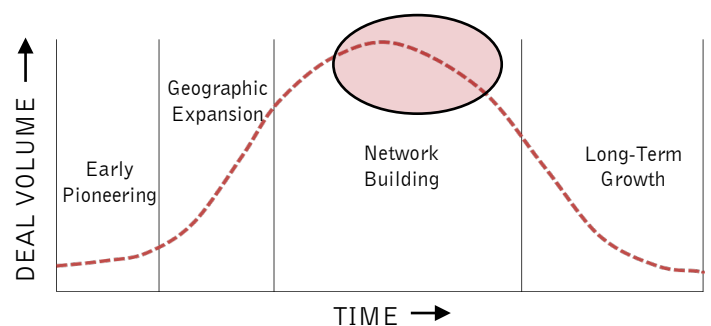
(615) 319-3233

andy.snyder@focusbankers.com

12-Month Quarterly Acquisition Trend



PE Consolidation Lifecycle Positioning



Notable Deals in the Q2 2021

Buyer	Practice	State	MDs	Date
Forefront Dermatology	Village Dermatology	AL	2	5/15/21
Pinnacle Dermatology	Spectrum Dermatology	AZ	15	5/4/21
WED/RCD	Goodman Dermatology	GA	3	6/15/21

Dermatology – Q2 2021 Acquisition Activity and Outlook

www.focusbankers.com

Legal Disclaimer/Other Disclosures

This report is for informational purposes only and does not constitute an offer, invitation, solicitation, or recommendation to buy, sell, subscribe for, or issue any securities and shall not form the basis of any contract with FOCUS Investment Banking, LLC. This report was prepared exclusively for the benefit and internal use of the person or company to whom it is directly addressed and delivered (including such recipient's subsidiaries, the "Company") in order to assist the Company in evaluating, on a preliminary basis, the feasibility of a possible transaction or transactions and does not carry any right of publication or disclosure, in whole or in part, to any other party. This report is for discussion purposes only and is incomplete without reference to, and should be viewed solely in conjunction with, the oral briefing provided by FOCUS Investment Banking, LLC ("FOCUS"). Neither this report nor any of its contents may be used for any other purpose without the prior written consent of FOCUS.

The information in this report is based upon FOCUS estimates and reflects prevailing conditions and our views as of this date, all of which are accordingly subject to change. In preparing this report, we have relied upon and assumed, without independent verification, the accuracy and completeness of information available from public sources. In addition, our analyses are not and do not purport to be appraisals of the assets, stock, or business of the Company or any other entity. FOCUS makes no representations as to the actual value which may be received in connection with a transaction or the legal, tax or accounting effects of consummating a transaction. FOCUS does not render legal or tax advice, and the information contained in this communication should not be regarded as such. The information in this report does not take into account the effects of a possible transaction (or transactions) involving an actual or potential change of control, which may have significant valuation and other effects. The information in this report is confidential.

If you are not the intended recipient or an authorized representative of the intended recipient, you are hereby notified that any review, dissemination or copying of this report is prohibited.

Copyright Notice

The contents of this paper, including (but not limited to) all written material, images, analysis, and graphics, are protected under international copyright and trademark laws. You may not copy, publish, reproduce, broadcast, modify, reprint, transmit or distribute any material from this paper or pdf in whole or in part without the express written permission of FOCUS.