

Specialty

Orthopedics

Focus

Q3 2021 Acquisition Activity and Outlook

Orthopedic Practice Acquisitions Surge in the Third Quarter Indicating a Potential Tipping Point

The third quarter of 2021 delivered seven reported orthopedic practice acquisitions, increasing to a new quarterly high for the year. This could be an indication the consolidation is transitioning from Early Pioneering to Geographic Expansion representing an increased opportunity for selling physician owners.

Notably, Orthopedic Care Partners (OCP) announced a partnership with Tucson Orthopedic Institute, a practice that includes thirty-three physicians serving eight locations in the Greater Tucson region. This marks OCP's ninth practice affiliation and extends their geographic footprint into four states since forming in 2017. Also in July, U.S. Orthopaedic Partners (USOP)

simultaneously announced partnerships with North Alabama Bone and Joint Clinic (NABJC), located in Florence, AL, and Orthopaedic Institute of North Mississippi (OINM), located in Tupelo, MS. These affiliations continue USOP's expansion throughout the Southeast by adding six practices over the past nine months. We expect to see a surge of deals announced in the fourth quarter of 2021. Current legislation suggests a capital gains tax hike to 25% (plus a 3.8% Medicare surtax) in the near future, which remains favorable to sellers compared to historical rates.

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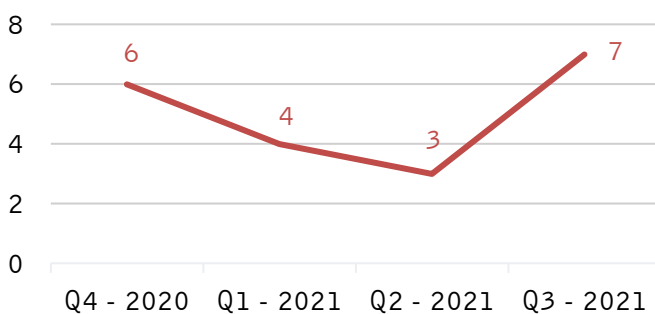
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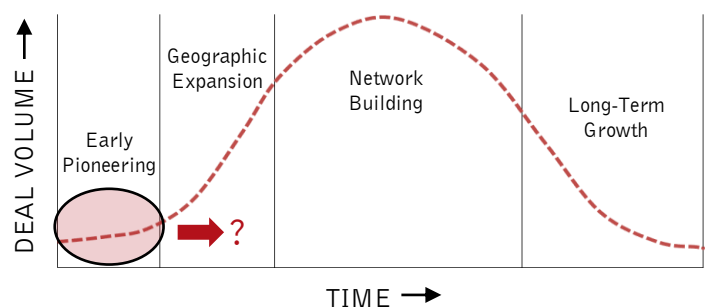
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12-Month Quarterly Acquisition Trend



PE Consolidation Lifecycle Positioning



Notable Deals in Q3 2021

Buyer	Practice	State	MDs	Date
Orthopedic Care Partners	Tucson Orthopaedic Institute	AZ	33	7/22/2021
U.S. Orthopaedic Partners	North Alabama Bone and Joint Clinic	AL	6	7/21/2021
U.S. Orthopaedic Partners	Orthopaedic Institute of North Mississippi	MS	7	7/21/2021

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