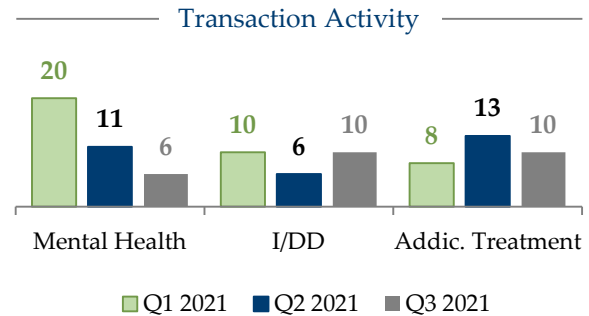


Q3 2021 Behavioral Health Market Update

Market Commentary

- 2021 has continued to produce record deal activity in the behavioral health sector. While transaction volume in the provider space was down in Q3 compared to Q1 and Q2 of 2021, there have already been 119 transactions involving behavioral health-related companies this year.
- In line with Q2 trends, Q3 saw many Addiction Treatment deals. The number of substance abuse disorder transactions so far in 2021 already exceeds the 2020 total.
 - This trend comes as no surprise to many recovery providers; the CDC reported that since the onset of the pandemic, drug overdose occurrences have increased 18 percent.
- Behavioral and mental health treatment options for the aging and disabled population may be growing soon. The proposed Improving Access to Mental Health Act of 2021 would expand the number of clinicians eligible for Medicare reimbursement by up to 140,000. M&A activity among such mental health providers could see a significant uptick as their client population and revenues increase.



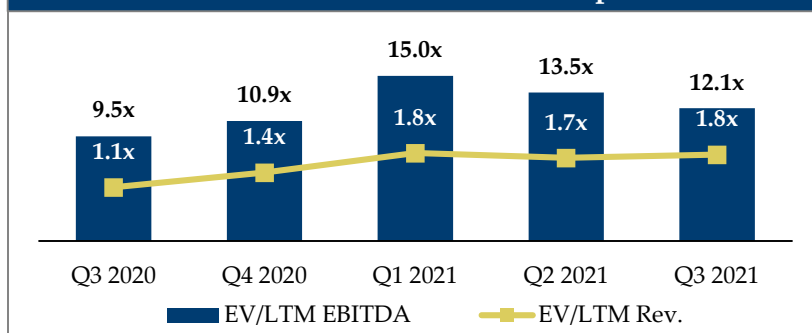
Select Q3 Behavioral Health Transactions

Date	Announced Buyer	Target	Target Category/Focus
09/27/21	The MENTOR Network	Good Neighbor Homes, Inc.	I/DD
09/20/21	Delic Holdings Corp	Ketamine Wellness Centers Arizona LLC	Mental Health
09/09/21	Patient Square Capital	Summit BHC	Addiction Treatment
08/27/21	Ontario Teachers' Pension Plan	Acorn Health	I/DD
07/29/21	BayMark Health Services	Mt Sinai Wellness Center	Addiction Treatment
07/19/21	Monte Nido & Affiliates	Walden Behavioral Care	Mental Health
07/15/21	BRC Healthcare	Nashville Recovery Center and 3 affiliated companies	Addiction Treatment
07/13/21	Autism Care Partners	Autism Bridges	I/DD
07/01/21	Ethema Health Corporation (OTC: GRST)	Evernia Health Center	Addiction Treatment

(\$ in millions except share price)

Company Name	Ticker	Price	1-Year Price Change	Shares Outstanding (MM)	Market Capitalization	Enterprise Value	LTM Financials		Enterprise Value/LTM	
							Revenue	EBITDA	Revenue	EBITDA
Universal Health Services, Inc.	UHS	\$138.37	29.3%	83	\$12,479	\$15,313	\$12,210	\$2,025	1.3x	7.6x
Acadia Healthcare Company, Inc.	ACHC	63.78	116.4%	90	5,631	7,242	2,223	492	3.3x	14.7x
Magellan Health, Inc.	MGLN	94.55	24.8%	26	2,461	2,171	4,737	73	0.5x	29.9x
ModivCare Inc.	MODV	181.62	95.5%	14	2,384	2,779	1,647	174	1.7x	16.0x

Historic Mean Valuation Multiples¹



Max	3.3x	29.9x
Median	1.5x	15.3x
Mean	1.8x	12.1x
Min	0.5x	7.6x

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Sherman & Company is an investment banking firm dedicated to the convergence of the insurance, healthcare, technology, and asset management industries.