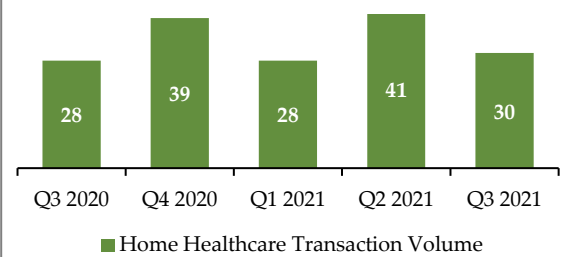


Q3 2021 Home Healthcare Market Update

Market Commentary

- S The home health market saw 30 deals in Q3 2021, down slightly compared to the average of the previous four quarters.
- S Despite reduced volume, many transactions of note occurred this quarter as the home health and hospice space continues to rapidly consolidate.
 - LHC Group acquired the 47 home-based care agencies of Brookdale Senior Living from HCA Healthcare, even though HCA only acquired Brookdale themselves in February 2021.
 - Middle-market investment firm Trive Capital officially partnered with Choice Health at Home after an initial investment in July 2020, enabling Choice to become more acquisitive in the home health space.
- S Although many home healthcare workers are not subject to the federal vaccine mandate, many states across the country are issuing their own, causing concern for many employers. There is more hesitancy among home healthcare workers to receive the vaccine compared to other health provider populations. As state mandates take effect in the coming months, mass shortages will affect home care providers, exacerbating current staffing challenges.

M&A Transaction Volume



Home Health Fast Facts

Of the **30** deals this quarter, **14** involved Private Equity-backed buyers.

The Home Health industry is expected to achieve a CAGR of **7.9%** between 2020 and 2027.

By 2030, over **20%** of the U.S. population will be above the age of 65. This group accounts for 70 percent of all home health care needs.

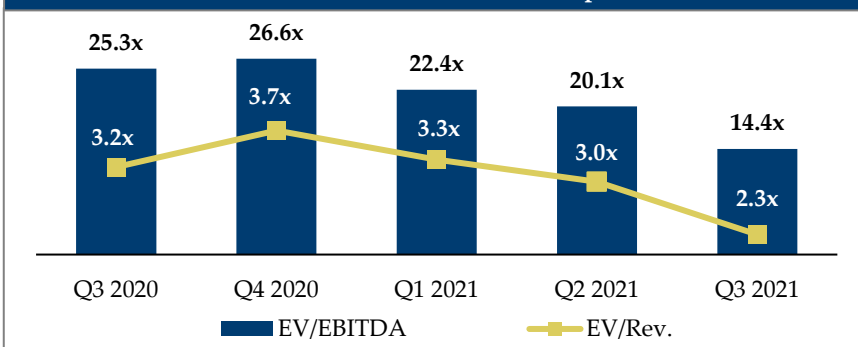
Select Q3 2021 Home Healthcare Transactions

Date	Acquirer	Target
09/14/21	LHC Group, Inc. (NASDAQ: LHCG)	Freda H. Gordon Hospice and Palliative Care/Generations Home Health
09/13/21	The Pennant Group Inc. (NASDAQ: PNTG)	Open Heart Hospice
09/08/21	LHC Group, Inc. (NASDAQ: LHCG)	Brookdale Health Care Services Agencies
08/18/21	Trive Capital	Choice Health at Home, LLC
08/16/21	Alivia Care Inc.	Better Life Home Health
08/11/21	Sharecare, Inc. (NASDAQQGS: SHCR)	CareLinx Incorporated
07/27/21	Choice Health at Home, LLC	Alpha Home Health and Hospice
07/12/21	Jet Health, Inc.	Signal Home Health & Hospice
07/08/21	Amedisys, Inc.	Assets of Visiting Nurse Association

Select Home Healthcare Trading Multiples¹

Company	Ticker	Market Cap.	Revenue	EBITDA	EV/Rev.	EV/EBITDA
Encompass Health	EHC	\$7,466.80	\$4,906.40	\$1,041.60	2.3x	10.0x
LHC Group, Inc.	LHCG	4,969.30	2,133.80	248.8	2.4x	16.5x
Amedisys, Inc.	AMED	4,865.40	2,196.10	299.10	2.3x	14.5x
Addus HomeCare	ADUS	1,257.1	813.2	90.6	1.7x	13.4x
The Pennant Group, Inc.	PNTG	796.7	422.4	20.1	2.7x	17.3x

Historic Mean Valuation Multiples



Max	2.7x	17.3x
Median	2.3x	14.5x
Mean	2.3x	14.4x
Min	1.7x	10.0x

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

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Sources: S&P Capital IQ, Grandview Research, Home Health Care News, Hospice News, Global Healthcare Advisors.
 Footnotes: 1. Market capitalization as of 9/30/21. LTM financials as of most recent available filings.