ADULT SPECIALIST CARE

SECTOR INSIGHTS

PRESSURE, OPPORTUNITY AND THE M&A DECISIONS BEING MADE NOW

FEBRUARY 2026

COOPER PARRY CORPORATE FINANCE

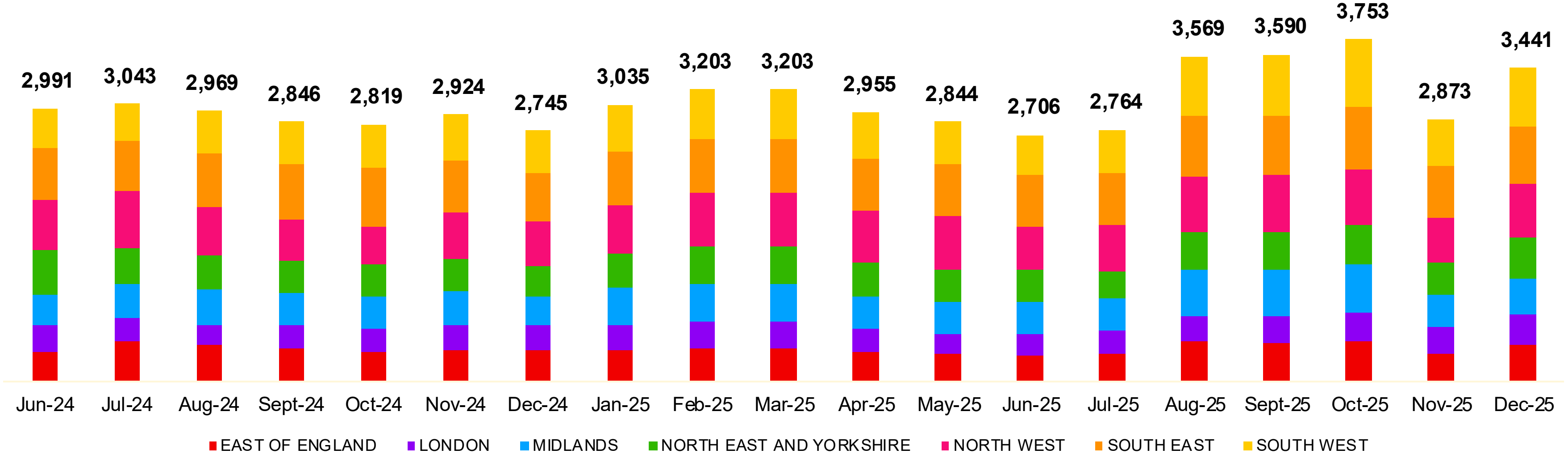
REACH

NHS SHORTFALL DRIVING RELIANCE ON SPECIALIST CARE

BUYERS ARE ACTIVELY ACQUIRING PLATFORMS THAT CAN ABSORB DEMAND, PROFESSIONALISE DELIVERY AND OPERATE AT SCALE

The UK care system is operating under sustained pressure, NHS capacity constraints, staffing shortages and delayed discharges have become structural rather than temporary. Commissioners are changing how they buy care and are prioritising reliability and scale, increasing reliance on specialist care providers.

PATIENTS STILL IN HOSPITAL 14+ DAYS AFTER BEING MEDICALLY READY TO LEAVE, DELAYED DUE TO CAPACITY



Delayed hospital discharges are increasingly driven by a shortage of appropriate step-down residential and community-based care. Patients who remain in hospital longer than necessary experience slower recovery, while NHS costs escalate. In December 2025 alone, the cost of holding patients in hospital due to a lack of downstream care exceeded £38 million. The growing bottleneck is driving NHS Hospitals and commissioners to rely more heavily on independent specialist care providers to relieve system pressure. The implications for specialist care businesses are:

Strategic Leverage: Your capacity is now critical to NHS patient flow.

Growth: rising demand creates scope to expand services & reach

Stronger contracts: Reliable providers can secure longer-term, higher-value agreements

Investor appeal: Dependence on independent providers boosts market value

Sources: NHS England, National Cost Collection Patient Level Cost dataset for admitted patient care, Cooper Parry Analysis

HOSPITALS SERVE AS A DEMAND MULTIPLIER INTO SPECIALIST CARE

LIMITED CAPACITY IN COMMUNITY CARE AND SUPPORTED LIVING LEAVES PATIENTS STUCK IN HOSPITAL

HOSPITAL

AVG 3,161 PATIENTS NOT DISCHARGED WITHIN 14 DAYS OF APPROVAL IN 2025

HIGH DEMAND + LIMITED DISCHARGE

- Inability to discharge elderly, complex or specialist cases directly pushes demand for residential and supported living
- Creates predictable referral streams

RESIDENTIAL

ACCOUNT FOR ~21% OF DELAYED DISCHARGES

CAPACITY LAG

- UK faces a 28,000-bed shortfall, rising to 75,000 by 2030. Annual need is 10,700 beds, but only 86 were added in 2024
- Boosting demand for providers that can manage admissions and reduce system pressure

SUPPORTED LIVING

SHORTFALL OF 388,100 SUPPORTED HOUSING UNITS

SHORTAGE OF PLACEMENTS

- Reforms like the Better Care Fund are shifting care into supported living and community settings to boost outcomes and independence
- There remains a need for additional supported living placements for high-need clients

COMMUNITY CARE

48% OF HOME CARE PROVIDERS COULD NOT MEET CURRENT DEMAND

UNDER RESOURCED

- Largest contributor to delayed discharges
- Supply has not kept pace with requests
- 84% of home care providers cited recruitment difficulties as main reason they could not meet demand

CRITICAL AREAS

DEMENTIA CARE

25% of hospital beds are occupied by dementia patients, a share set to grow. Providers with specialist dementia models are more resilient and command premium valuations.

ABI AND SPINAL INJURY STEP DOWN FACILITIES

Specialist step-down rehab for ABI and spinal injuries is scarce. Providers with proven pathways and outcomes are strategic assets in high demand.

HIGH ACUITY SUPPORTED LIVING

1.6 million people have complex disabilities. Intensive community care cuts hospital stays and inappropriate placements, supports discharge pathways, and attracts buyers.

Sources: NHS England, Supported Housing Review, Homecare Association Survey, Healthcare Quality Improvement Partnership, CareScope Intelligence, Sense

BUYERS ARE ACTIVE DESPITE COST AND FUNDING PRESSURES

DEMAND IS A CLEAR DRIVER WITH BUYERS LOOKING FOR CARE PROVIDERS WHO CAN MANAGE OPERATIONAL RISKS ROBUSTLY

WHY ARE BUYERS INTERESTED?

Rising wage costs, regulatory scrutiny and funding complexity are often cited as reasons not to sell. In reality, these pressures are a key reason why buyers are stepping in.

Strategic acquirers and private equity investors are underwriting the view that:

- Demand over the next 3-5 years is predictable and defensible
- Fragmentation creates opportunities for consolidation
- Scale mitigates risk – particularly staffing, compliance and commissioning relations

From a buyer's standpoint, the question is not whether challenges exist, but whether they can be managed more effectively in a larger, better capitalised group. This is why high-quality assets continue to attract competitive interest.

WHAT BUYERS ARE AFTER:

OPERATIONAL

- 'Good' or 'Outstanding' CQC ratings
- Workforce stability (structured recruitment, training programmes)
- Structured leadership capable to scale

FINANCIAL

- Revenue visibility with multi-year contracts
- Strong margins from cost control, high occupancy rates (90%+) and lean processes
- National multi-site presence or strong foothold in core geography

STRATEGIC

- Market fragmentation creates acquisition opportunity
- Short term growth potential through new services, expanded commissioner contracts and bolt-ons

Businesses with single site dependencies, informal processes or over-reliance on one commissioner will be valued significantly lower.

RECENT COMPARABLE TRANSACTIONS SHOW STRONG BUYER INTEREST IN THE MARKET

THE PAST 3 YEARS HAVE SEEN SIGNIFICANT ACTIVITY IN THE SPECIALISED HEALTHCARE MARKET WITH A SURGE IN THE PAST YEAR

MAY-25

Isla Care Group acquired of ALP Supported Living Services

ALP Supported Living provides supported living services to adults across South Wales.

JUNE-25

Tristone Healthcare Ltd acquired Serenity UK Care Ltd

Serenity UK Care provides residential care and supported housing accommodation for adults with mental health and mild learning disabilities.

SEPT-25

Cygnet Healthcare Ltd acquired Stepping Stones Resettlement Ltd

Stepping Stones Resettlement provides specialised residential and nursing care for adults with autism, learning difficulties and mental health needs.

NOV-25

Cera acquired Care at Home Services

Care at Home Services provides domiciliary and live-in care across the South, South East, East Midlands and London to 5,500+ users.

DEC-25

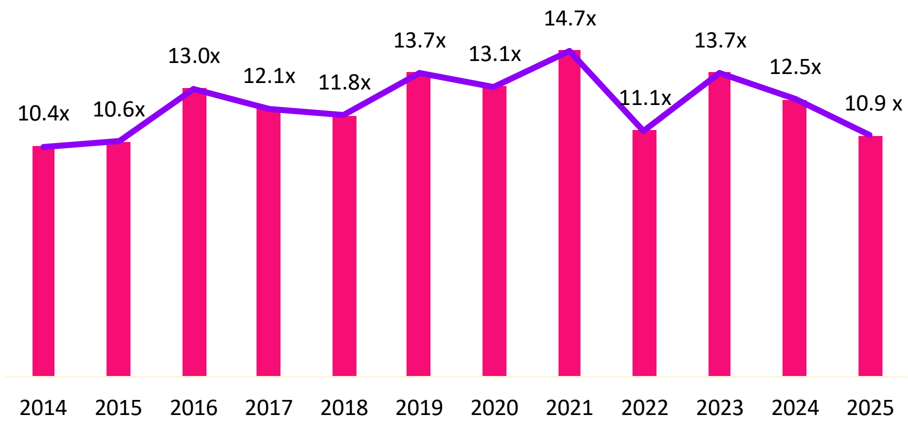
Routes Healthcare acquired Just a Little Company

Just a Little Company provides complex care, home care and supported living for adults and children in Chesterfield and surrounding areas.

DEALS ARE STILL BEING MADE BUT IN A MORE SELECTIVE ENVIRONMENT

EV/EBITDA MULTIPLES REMAIN STRONG WHILST DEAL VOLUMES EASE

AVERAGE HEALTHCARE EV/EBITDA MULTIPLES



EV/EBITDA MULTIPLES RESILIENT OVER TIME

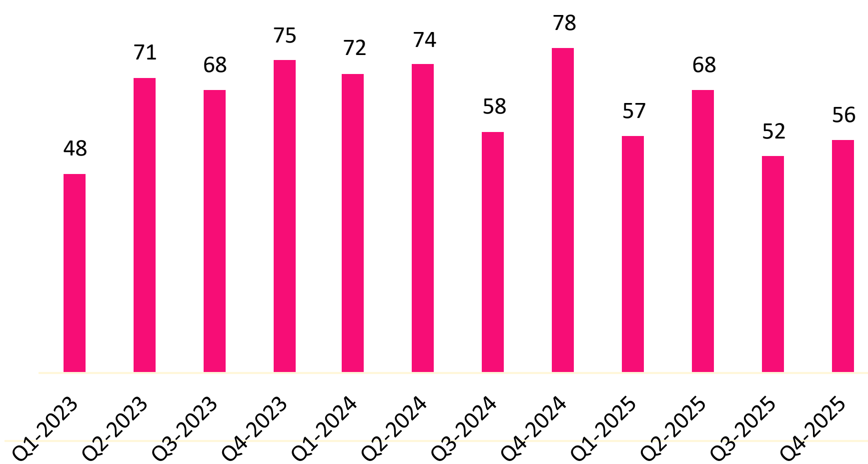
- Healthcare EV/EBITDA multiples show a **cyclical pattern of expansion and moderation** rather than a long-term decline
- Valuations increased during periods of strong investor demand for **defensive, growth-backed healthcare assets**, before easing as macro conditions tightened
- Despite recent softening, **multiples have generally held strong**, underscoring the sector's resilience
- For specialised healthcare founders, premium valuations continue to be achievable, but are increasingly driven by **earnings quality, visibility of growth and clear clinical differentiation.**

SELECTIVE INVESTOR APPETITE

- Deal activity in European healthcare services has been **consistently strong overall** but 2025 shows a clear year-on-year decrease vs the peaks in 2023 and 2024
- **Quarterly volumes tightened** through 2025 indicating greater investor selectivity and a shift toward higher-certainty opportunities
- This decline reflects a **more cautious environment** where buyers focus on quality, scalability and proven economics rather than early-stage or unproven models
- Strong Q4-2024 peak illustrates when the right businesses come to the market – **specialised, clinically differentiated, scalable** – investor appetite is strong
- Despite a more selective market in 2025, strong investor appetite for high-quality, specialised and scalable businesses suggests **2026 will be a strong year for deals in specialised healthcare.**

Sources: Capital IQ, Pitchbook, Cooper Parry Analysis

HEALTHCARE SERVICES DEAL VOLUME IN EUROPE



COOPER PARRY CORPORATE FINANCE TEAM: TRUSTED HEALTHCARE-FOCUSED ADVISERS

OUR TEAM HAS A COMBINED 35 YEARS EXPERIENCE IN HEALTHCARE, ADVISING ON SEVERAL TRANSACTIONS

ANDY PARKER
PARTNER

Andy leads Cooper Parry's Midlands Corporate Finance team, with 30 years' M&A experience, largely as a regional partner at PwC, and heads the team's Healthcare offering.

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KATIE CASH
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Katie joined the Cooper Parry Corporate Finance team in 2021 having worked in the Cooper Parry audit team beforehand. Katie is a Chartered Accountant, qualifying at PwC.

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SOPHIE TAYLOR-JACKSON
ASSISTANT MANAGER

Sophie has recently joined Cooper Parry's healthcare deals team, following her role in management consulting in strategy and commercial. She is a Chartered Accountant.

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SOME OF OUR HEALTHCARE DEALS

Positive Support Group / Apiary Capital

- PSG are a leading provider of therapy services for high-acuity children with complex needs
- We garnered interest from 10 private equity and strategic buyers who placed bids on the business
- We worked with the management team to isolate the right buyer for them

Tanglewood / Elevation

- Tanglewood is an operator of 6 care homes based in Lincolnshire, employing over 550 people with 400 residents supported.
- We advised on the sale to Elevation, after multiple offers, allowing them to build on their strong reputation for high-quality care.

Antser / YFM Equity Partners

- Antser delivers transformational solutions to the health, education and social care sectors
- We advised on the management buyout, backed by YFM Equity Partners, allowing them to strengthen their mission to provide better outcomes

THAT'S THE END BUT HOPEFULLY, ONLY THE START

THANK YOU

COOPER PARRY CORPORATE FINANCE REACH