

# FOCUS

Investment Banking

## Healthcare Team

# Behavioral Health has Captured the Interest of Private Equity



## Investment Banking and Advisory Services

FOCUS Investment Banking LLC is a leading Investment Bank with specialized healthcare services expertise. We provide highly tailored services to middle market organizations including:

- Mergers & Acquisitions Advisory
- Corporate Development Consulting
- Strategic Partnering & Alliances
- Capital Financing, Debt & Equity
- Corporate Valuations

July 2021

## WHITE PAPER

- 2 Behavioral Health and Private Equity
- 4 The Growth Opportunity in Behavioral Health
- 6 Autism Spectrum Disorder (ASD)
- 7 Other Intellectual and Developmental Disabilities
- 8 General Mental Health Disorders
- 9 Substance Abuse
- 10 Eating Disorders
- 11 Traumatic Brain Injuries
- 12 Telepsychiatry
- 13 The M&A Opportunity in Behavioral Health
- 14 The Role of Private Equity
- 15 Private Equity Economics
- 16 Next Steps for Clinical Business Owners Considering a Sale

Eric J. Yetter

Managing Director and Healthcare Team Leader

J. Andrew Snyder

Managing Director Healthcare Team

# Behavioral Health and Private Equity

FOCUS Healthcare white papers are designed to provide a clearer picture of M&A activity in key market verticals.

This white paper examines private equity's growing interest in behavioral health businesses. The first quarter of 2021 delivered 38 reported behavioral health transactions, an increase over any quarter in 2020. We expect some of this activity reflects deals that were delayed due to COVID-19. However, we generally expect high deal flow throughout 2021, supported by increasing private equity interest, a favorable government, and a seller pool that is ready to transact.

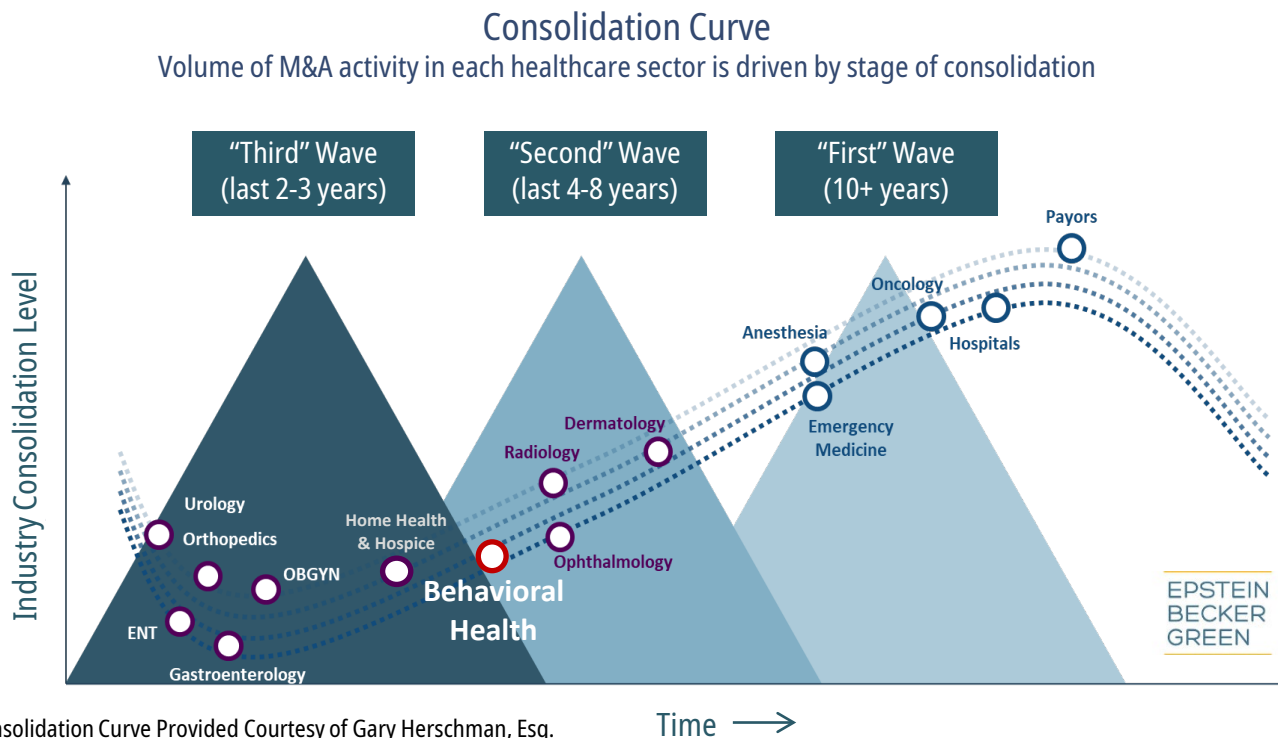
2021 should be a record year for behavioral health deals. We see continued growth in 2022.

## Our Clinical Owner Focus

FOCUS Investment Bankers offers an investment banking process designed to deliver great outcomes to clinical business owners embarking on the most important and complex transactions of their lives.

## We Specialize in Second and Third Wave Clinical Businesses

We focus on the emerging second and third wave sectors across the full spectrum clinical businesses.



Consolidation Curve Provided Courtesy of Gary Herschman, Esq.  
Epstein Becker & Green, P.C.

# Closed Transactions

We provide exceptional investment banking services to clinical businesses across the healthcare spectrum.

 **ncgCARE**

HAS ACQUIRED

 **Carolina Outreach**

 **EYE CENTER OF TEXAS**

ACQUIRED BY

 **EYESOUTH PARTNERS**

 **Omni Visions**  
Intellectual & Developmental Disabilities

ACQUIRED BY

 **CouncilCapital**

 **Vista SURGICAL CENTER**

ACQUIRED BY

 **SURGERY PARTNERS**

 **MIDWEST VISION PARTNERS**

HAS ACQUIRED

 **Rosenbaum Eye & Laser Center**

 **Arrow CHILD & FAMILY MINISTRIES**  
Home & Community Services

ACQUIRED BY

 **MOSAIC**  
Real life. Real possibilities.

 **CWC COMPLETE WOMEN CARE**

ACQUIRED BY

 **Women's Care ENTERPRISES**

 **ncgCARE**

HAS ACQUIRED

 **THERAPEUTIC INTERVENTIONS**

 **ncgCARE**

HAS ACQUIRED

 **TPFC**  
Turning Point Family CARE

 **Valley Eye Institute**

ACQUIRED BY

 **CIP**

 **ACI Support Specialists**

ACQUIRED BY

 **Dungarvin**

 **Carroll County Surgery Center**

ACQUIRED BY

 **Vision Innovation**  
PARTNERS

 **McCoy VISION**

ACQUIRED BY

 **SEES GROUP**

 **ncgCARE**

HAS ACQUIRED

 **GRACE HARBOUR BEHAVIORAL HEALTH**

 **OLYMPIA EYE CLINIC**

ACQUIRED BY

 **NVISION EYE CENTERS**

 **ncgCARE**

HAS ACQUIRED

 **Appalachian COMMUNITY SERVICES**

# The Growth Opportunity in Behavioral Health

The U.S. behavioral health market has been growing strongly for the past several decades, the result of an increasing number of cases, greater awareness and sensitivity, improved diagnostics, a growing number of care providers, and improved insurance coverage and reimbursement policies, both private and governmental. However, the field got an additional lift from the COVID-19 pandemic, which created even more stress in people's lives above and beyond its physical toll, conditions that are likely to last for years.

This created a huge M&A opportunity for companies in the sector, which includes general mental health (including anxiety and depression), substance abuse disorder (including opioid addiction), eating disorders, traumatic brain injury, autism spectrum disorder, other intellectual and development disabilities, and telepsychiatry.

According to a survey conducted by the Substance Abuse and Mental Health Services Administration (SAMHSA) in 2018, i.e., before the pandemic, about one in five adults, or nearly 50 million Americans, experienced a mental illness in the previous year, while nearly 18 million suffered from a major depressive episode.

Then COVID-19 hit. Fear of the disease, isolation due to social distancing rules, unemployment, death of friends and loved ones, and general uncertainty all conspired to create a perfect storm for behavioral health disorders. According to the Centers for Disease Control, in June 2020, 40% of adults reported symptoms of mental health or substance abuse over the previous three months, compared to 25% the year prior. Similarly, a study by the Kaiser Family Foundation found that the share of people reporting negative behavioral health events from the virus jumped to 53% from 32% between March and July of 2020. GoodRx found that nearly two-thirds of the 1,000 people it surveyed during the pandemic said their anxiety and/or depression symptoms got "worse" or "much worse" over the course of the year.

"The behavioral health impact really represents a third wave of the pandemic," Dr. Matthew Hurford, president and CEO of Community Care Behavioral Health, a unit of the University of Pittsburgh Medical Center, told Fierce Healthcare, a website that covers the industry.

But aside from the pandemic, other factors have been driving growth in the behavioral health business, and in turn mergers and acquisition activity, for the past several years, including:

- **Reduced stigma** about behavioral health issues and greater social acceptance of those seeking treatment, which lead to increased utilization of mental health services.
- **Increased access to care**, including telepsychiatry. According to SAMHSA, there are now more than 14,000 for-profit behavioral health and substance abuse facilities in the U.S.
- **More employers offering mental health services.** "Everyone has medical, dental and vision. Mental health has now really become that fourth pillar of benefits for all employers," said Alyson Watson, CEO of Modern Health, a startup mental health benefits platform that was recently valued at over \$1 billion after its latest fundraising.

# The Growth Opportunity in Behavioral Health (cont.)

- **Increased government and private insurance coverage and reimbursement** for mental health treatment. For example, the Mental Health Parity and Addiction Equity Act of 2008 (MHPAEA) requires private insurers to reimburse patients for a variety of behavioral health needs.
- **Advances in scientific understanding** of behavioral conditions and improved data collection and analysis produce better outcomes, leading to increased use of behavioral health services.
- **Less stringent government regulations** encourage greater use of mental health services. For example, the loosening of the Ryan Haight Online Pharmacy Consumer Protection Act allowed providers to prescribe medication remotely during an initial consultation rather than requiring the patient to be seen in person.

In short, "with greater awareness of behavioral health comes greater detection, greater referrals, reduction in stigma," Hurford said. "That over time is going to drive greater investments in the behavioral health care delivery system."

# The Major Categories of Behavioral Health

## Autism Spectrum Disorder (ASD)

Autism may be the fastest-growing developmental disability. According to a March 2020 report from the Centers for Disease Control and Prevention, one in 54 eight-year-old children had ASD as of 2016. That's up from one in 150 in 2002. The number of cases has been on an upward trend for the last two decades. More than 3.5 million Americans live with ASD, according to another study.



While the increasing prevalence of ASD may be due in part to better detection and changed criteria for diagnosis, meaning more people now fit on the spectrum, the medical and scientific community has been unable to explain what else may be driving the increase.

Boys are four times more likely to be diagnosed with autism than girls, with one in 34 boys identified with ASD, compared to one in 144 girls. It's also not clear why this is so, although it may be that ASD symptoms are more noticeable in boys.

In addition to neurological, behavioral and learning issues, many people with ASD often have other problems, both medical and mental, including Type 1 diabetes, immune system problems, depression and anxiety, blindness and hearing loss, epilepsy and seizures, and cerebral palsy.

It is estimated that autism services cost American citizens between \$236 billion and \$262 billion annually. The lifetime cost of dealing with autism can cost about \$2.4 million for a person with an intellectual disability and \$1.4 million for a person without that disability. Most of the costs (\$175 billion to \$196 billion), are for adult services, versus \$61 billion to \$66 billion for children.

# The Major Categories of Behavioral Health

## Other Intellectual and Developmental Disabilities (not ASD)

People in this category include those with developmental disabilities or mental handicaps, which cause them to have greater difficulty than most people with intellectual and adaptive functioning, hindering their everyday living skills. The American Association on Intellectual and Developmental Disabilities (AAIDD) estimates that between 1.5% and 2.5% of the U.S. population has an intellectual disability, which translates to about 4.6 million to 7.7 million people.



According to a recent report from Coherent Market Insights, different types of facilities provide services, including hospitals, group homes, private homes, and dedicated facilities. These can be further segmented into state-run facilities, Medicaid-funded services, private large facilities, and private small facilities. The demand for these residential facilities largely depends on reimbursement from Medicare and Medicaid. In addition, many local government agencies and private players offer residential facilities.

Since 2008, according to Coherent, increased federal funding and growth in the number of afflicted people have led to an increase in the number facilities providing care, but there remains “a huge deficit [between] the demand and the supply of these facilities.” Future demand for facilities is also expected to increase due to a shortage of caregivers, who are often family members. “Due to the changing demographics, caregivers will also age in the coming years and the shortage of caregivers will create more demand for residential facilities,” the report says. Growing awareness of programs is also expected to increase demand.

On the negative side, an increasing number of facility closures and diminishing quality of service at some residential facilities are expected to restrict market growth, the report said.



# The Major Categories of Behavioral Health

## General Mental Health Disorders

Mental health disorders—including anxiety and depression—may be the most prevalent behavioral health illness, particularly among the youngest cohorts. About 29% of Americans aged 18 to 25 suffered from some type of mental illness in 2019, while 15% of people in this age group had a major depressive episode, according to Statista. By comparison, about 25% of those 26 to 49 and 14% of those 50 and older had a mental illness in the past year, with about 8% of all those over 18 having a major depressive episode during the year. Females are more likely to suffer mental health disorders, with about 25% of them suffering from anxiety and depression compared to about 16% of men.



Anxiety disorders include general anxiety, social anxiety, and panic. Depression includes prolonged feelings of sadness, hopelessness, and despair, leading to loss of energy and interest, trouble sleeping, and thoughts of death or suicide.

There is a strong link between mental illness and substance abuse, both as a cause and an effect. Substance abuse has been known to cause mental illness while those with such an illness often use drugs to self-medicate. Around 15% of those with a mental illness also report substance dependence or abuse, compared to 5% of people with no mental illness. Those with mental illness are more likely to use illicit drugs such as heroin and cocaine, and to abuse prescription drugs than those without mental illness.

Treatment for mental health disorders varies depending on the type and severity of the illness. Common treatments include psychotherapy, behavioral therapy, counseling, medication, hospitalization, and support groups. The most common types of professionals seen for treatment include general practitioners or family doctors, psychiatrists, psychotherapists, and counselors. However, more than 40% of adults do not receive treatment because they can't afford it or do not know where to go for treatment.

According to a report by IBIS World, the U.S. mental health and substance abuse treatment industry had revenue of \$19.2 billion in 2021, with industry growth pegged at 3.2% a year over the past five years. That is faster than the increase for the overall healthcare and social assistance sector. About 45% of industry revenue currently comes from Medicaid and Medicare reimbursement payments, although federal funding has been increasing, which should enable more low-income people to access services.



# The Major Categories of Behavioral Health

## Substance Abuse

Over 20 million Americans over the age of 12 have a substance abuse problem, with 2.6 million addicted to both alcohol and illicit drugs, according to a recent report from Goldstein Market Intelligence. Nearly seven million people with an addiction also have a mental illness. Drug overdose is the number one cause of injury-related death in the U.S., killing an average of 44,000 people every year. Yet, according to the Substance Abuse and Mental Health Services Administration (SAMHSA), this is a vastly underserved market, with 90% of people who most need drug rehab not receiving it.



In terms of dollars, the global substance abuse treatment market was valued at \$16.5 billion in 2020, according to another report, with the U.S. market estimated at about a third of that, or \$5 billion. The market is expected to grow at a compound annual rate of 7.3% through 2027, with the U.S. segment doubling to about \$10 billion over that time.

Substance abuse includes alcohol, illegal drug, and nicotine addiction. Alcohol abuse treatment is the largest segment, accounting for about 42.5% market share in the U.S., according to Goldstein.

According to the Goldstein report, “consolidation of smaller rehabilitation centers by the major rehab centers across the globe is gaining momentum to provide uniformity in treatment patterns, increasing capacity of major rehabilitation centers and expansion of rehabs across the region. However, incomplete health treatment programs, extending the period of clinical trials, incomplete understanding of the various aspects encompassing this issue, inadequate services for treating substance abuse and high cost of treatment are expected to impact the target market negatively.”

# The Major Categories of Behavioral Health

## Eating Disorders

The National Eating Disorders Association estimates that 30 million Americans will have an eating disorder at some point in their lives. About two-thirds, or 20 million, of sufferers are women.

Eating disorders encompass several different types, including:

- Anorexia nervosa
- Avoidance/restrictive food intake disorder (ARFID)
- Bulimia nervosa
- Binge eating
- Pica
- Rumination
- Other specified or unspecified feeding or eating disorders



In addition, the following conditions are not themselves eating disorders but share many of the same commonalities:

- Body dysmorphic disorder
- Muscle dysmorphia
- Orthorexia

An eating disorder is both a mental and physical illness, as the mental aspect—which can cause a person to eat too much at one extreme to next to nothing at the other—can cause severe physical problems, potentially affecting every organ in the body, including death. Indeed, eating disorders have the highest mortality rate of any mental illness, with more than 10,000 deaths from 2018 to 2019, according to Statista.

The treatment of eating disorders depends on the urgency and severity of the person's condition, both mental and physical. It may involve medical and mental health providers, dietitians, and nutritionists in the following settings:

- Hospitalization
- Partial hospitalization
- Residential care
- Intensive outpatient care
- Outpatient care

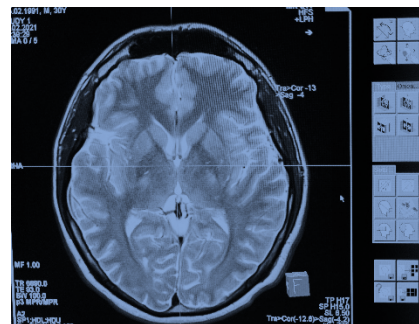
Insurance coverage varies by plan and the treatment involved.

According to Statista, eating disorders cost the U.S. health care system more than \$4.5 billion from 2018 to 2019, including \$3.4 billion for primary and outpatient care and about \$800 million for residential care. However, the real costs associated with these conditions may be as high as \$65 billion, when lost productivity is factored in. The National Institutes of Health estimates that research funding for eating disorders in the U.S. increased to \$42 million from \$26 million between 2009 and 2021.

# The Major Categories of Behavioral Health

## Traumatic Brain Injuries

Traumatic brain injuries (TBI) are permanent or temporary impairments to the brain caused by some type of shock, such as sports injuries, falls, gunshot wounds (including military), domestic violence, and traffic accidents. According to the CDC, TBIs are responsible for 2.8 million emergency visits annually in the U.S., while Stanford Children's Health estimates there are more than 3.5 million sports-related injuries among children, which account for 21% of all are traumatic brain injuries. More than 5.3 million Americans are living with permanent TBI-related disabilities, according to the CDC.



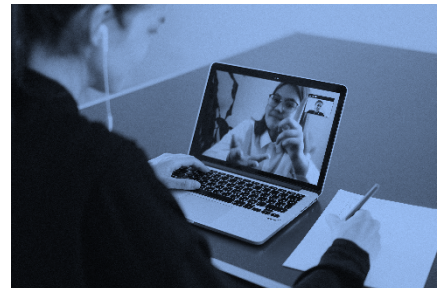
The global market for TBI injury assessment and management devices totaled nearly \$3 billion in 2020, with more than half of that in the U.S., according to a 2021 report from Grand View Research. That market is expected to grow at a compound annual rate of 8.3% by 2028, when it is expected to total \$5.5 billion. Growth drivers include the increasing number of sports injuries and road accidents, rising awareness of TBI, and increasing demand for non-invasive and minimally invasive devices for assessing and treating these injuries, such as magnetic resonance imaging (MRI) and computed tomography (CT) scanning.

Hospitals dominate the TBI market, with a 43% share in 2020, according to Grand View. Other main participants include ambulatory surgical centers, research centers, and emergency clinics, which are increasing their share of the market.

# The Major Categories of Behavioral Health

## Telepsychiatry

Telepsychiatry may be the fastest growing sector of the behavioral health industry. According to a recent report from Grand View, the global market for telepsychiatry services was \$7.7 billion in revenue in 2020, with North America accounting for nearly 40% of the total. The industry is expected to grow at a compound annual rate of nearly 25% through 2027, when industry revenue is projected to reach \$36 billion.



Telepsychiatry involves the patient and the care provider communicating with each other remotely over the telephone or through a video conferencing platform such as Zoom. Like the rest of telemedicine, telepsychiatry received a big boost from the COVID-19 epidemic, when many medical offices were closed and not seeing patients. Government policy changes also encouraged the use of remote care. For example, during the pandemic, the U.S. Department of Health and Human Services (HHS) waived HIPAA penalties for using noncompliant videoconferencing software, thus increasing its adoption. Likewise, the loosening of the Ryan Haight Online Pharmacy Consumer Protection Act allowed providers to prescribe medication remotely during an initial consultation rather than requiring the patient to be seen in person. Licensing requirements have also been relaxed to enable patients to access out-of-state providers. Improved privacy and security measures also increase patient confidence in virtual consultations, further encouraging its use.

However, telepsychiatry had already been growing before the pandemic due to the “increase in smartphone penetration, favorable reimbursement policies, and the presence of a large number of industry players,” Grand View noted. Telepsychiatry is also growing as the result of the overall growth of the behavioral health market.

In addition to the convenience factor, which reduces both time and costs, telepsychiatry can enable better monitoring of patient behavior and treatment and provide more effective crisis response. It also enables providers to see more patients, alleviating the current gap between strong demand and decreasing supply.

There have been recent consolidations in the sector, which enable companies to expand their geographic reach as well as provide more products and services. For example, in November 2019, American Well, a leading telehealth platform, acquired Aligned Telehealth, a leading national provider of telepsychiatry services to hospitals, long-term care facilities, outpatient clinics and correctional programs. The following month InSight Telepsychiatry and Chicago-based Regroup Telehealth merged, creating what they said was “the largest and most comprehensive telepsychiatry service provider in the U.S.”

# The M&A Opportunity in Behavioral Health

The strong growth trend in the behavioral health market, both pre- and post-COVID, has created an enormous opportunity for mergers and acquisitions in the industry, both for providers looking to sell or expand and cash-rich investors seeking to benefit from the trends.

The behavioral health market is highly fragmented, always a catalyst for consolidation. According to SAMHSA, there were more than 14,000 for-profit behavioral health and substance abuse facilities in the U.S. as of 2018. Similarly, as of 2019, there were 12,472 registered mental health treatment facilities in the U.S., according to Statista. Many if not most of them are small, with estimated average revenue per facility of about \$1 million, according to Duff & Phelps.

Consolidation offers health care providers the opportunity to expand their patient reach and offer more services, which leads to higher revenue, while increased scale creates more efficiencies and improved profit margins. That in turn attracts investors, mainly private equity firms, to get into the business, as we've already seen happening. It also offers providers who want to cash out an opportunity to do so.

In fact, according to an article in Behavioral Health Business, “nearly a quarter of healthcare CFOs say their organizations plan to get out of the behavioral health game,” citing a report by the BDO Center for Healthcare Excellence & Innovation. Yet, “despite the divestiture trend, 50% of respondents said they plan to invest in behavioral health services.”

That has driven deal-making in the sector to what looks likely to be a record in 2021, based on first quarter results, Behavioral Health Business said. The news site reported 54 deals in the space in Q1, compared to nearly 100 for all of 2020, when deal-making was temporarily restrained by the pandemic, which reduced travel for much of the year.

Since then, however, investors have been making up for lost time. The combination of lots of dry powder, low interest rates, and ample consolidation opportunities are fueling the deal surge. But that surge will not last forever. Eventually, as we have seen in other industry sectors, many of the best companies will be picked off early on – and at the highest valuations – so those who wait may find that the prices they were hoping to attract are no longer available.

But there is another reason not to wait too long. In addition to these market drivers, the Biden Administration's proposed hike in the capital gains tax rate is spurring behavioral health providers and their prospective investors to get deals done before any such increase goes into effect. The White House has floated raising the tax rate to 43.4% from 23.8% currently. Should that become law, that could reduce the net proceeds from a company sale by more than 20%, according to some estimates. Companies looking to sell are therefore strongly advised to do so before and if higher tax rates are enacted.

# The Role of Private Equity

Private equity plays an important role in helping behavior health practices grow by acquiring other practices and building platforms for future growth. Whether as passive investors or active managers, PE can help behavioral health practices expand geographically, increase the menu of services they provide, the number of clients they service, and the mental health categories they cover. By providing practices with capital and strategic direction, PE firms can enable practices to pursue an acquisitive strategy, setting them up to do much larger transactions and greatly increasing their valuations. PE-backed firms also usually enjoy the benefit of borrowing capital at a lower rate than non-PE-backed firms.

## What is Private Equity (PE)?

PE firms raise pools of money from investors, called limited partners, and invest it in private companies. Typically, these investors are retirement funds, endowments, insurance companies, and wealthy individuals. Regulations and capital requirements tend to restrict all but the wealthiest individuals from investing directly in PE funds. PE firms and their leaders are almost always investors in their own funds.

Many if not most PE investments involve total or controlling interest in the companies they acquire, although PE firms also make debt or minority equity investments, in which case they act as more passive investors.

PE firms usually create investment strategies around a specialty or vertical and then build practices to execute on that strategy. For example, please read the accompanying case study on Blue Sprig, the autism spectrum disorder therapy provider, which has grown enormously in the past three years following its 2018 acquisition by the Health Care Strategic Growth Fund unit of KKR, the big Wall Street investment firm.

# Private Equity Economics

PE firms earn money for their investors by acquiring and managing businesses and selling them later at a profit, usually by growing them before sale. Investors pay the PE firm for initiating and managing the fund's investments. PE firms earn money two ways, through management fees and performance fees.

Management fees are usually calculated based on the fund's assets, usually 2%, which are used to pay professionals' salaries and cover other overhead. Performance fees are based on the fund's investment performance and serve as an incentive to encourage the fund to discover and nurture the best investment ideas. When funds do well (relative to a pre-determined hurdle rate), they earn a percentage of that excess performance.

In order to increase the return on their investment, PE firms look to grow their portfolio companies so that they are more valuable when sold. Rather than taking a direct role, such as stepping in as CEO or COO, PE firms typically control their investments from the board level and provide advice and support on day-to-day operations, strategy, and financial management. The PE firm's involvement often depends on how large a stake it has in the company. If the firm takes a sizeable percentage of the equity, it will likely take a more active role in managing the newly acquired company. Conversely, the smaller the stake, the smaller the PE firm's role.

Private equity's ultimate objective is to exit investments at a profit, usually after three to 10 years. Specific timing depends on the larger market environment and numerous strategic circumstances.

Although we often hear about large corporate acquisitions and initial public offerings, the typical private equity sale in the medical space is to a larger PE firm. That new firm picks up the ball and works to continue growing the company.

Private equity investing is highly competitive, which means there is a large amount of capital seeking a limited number of strong companies and investment ideas. As a result, sellers of high-quality health care assets have a choice among buyers, and leading PE firms must establish a strong investing track record to differentiate themselves from numerous competitors.

Many PE firms are flush with capital after remaining idle during the pandemic and are eager to put those funds to work. But the current window of opportunity will not stay open forever. As we've seen in other industries, many of the best companies will be picked off early on—and at the highest valuations. So, whether you're a buyer or a seller, those who wait may find that the prices they were hoping to attract, or pay, are no longer available.

A qualified investment banking firm can help you navigate the PE landscape and help you find the right PE partner for your firm.



# Next Steps for Clinical Business Owners Considering a Sale

If you are considering the sale or expansion of your behavioral health care business or looking to raise capital, we advise you not to delay, given the reasons cited in this white paper.

FOCUS Investment Banking has a long and successful track record serving middle market firms in the health care space.

## Contact

To discuss your specific situation with no obligation please feel free to call:

Eric Yetter  
FOCUS Managing Director and Healthcare Team Leader  
Direct: 615-477-4741

We are happy to share our knowledge and help you understand your options. All conversations are strictly confidential.

## 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.

Copyright © 2021 FOCUS Investment Banking LLC.

3353 Peachtree Road, NE | Suite 1160 | Atlanta, GA 30326