

Practice Consolidation Service Offering Overview

Building modernized healthcare delivery platforms that yield better results

Evolving Market Dynamics are Driving Practices to Consolidation



Provider Challenges Preventing Consolidation

- **To Date - Suboptimal Execution Results**
 - Underdeveloped organizational structures, Boards and ancillary service lines
 - Limited access to best-practice solutions/experts and comparable benchmarking
- **Mgmt. Operations Bandwidth Constraints**
 - We know who we want to be – if only we had the time, expertise, and capacity to get there – why can't we make real progress?
- **Sustainability and Interpersonal Risk**
 - Provider concentration and personal distrust
 - Referral network concentration
- **Competitive Risk**
 - Well-resourced consolidating competitors are gaining an advantage
- **Foregone Upside Opportunities**
 - Unbuilt revenue streams
 - Unrealized strategic partnerships, growth & geographic expansion plans, and cost savings opportunities
 - Equity value headwinds

Consolidated Group Opportunities

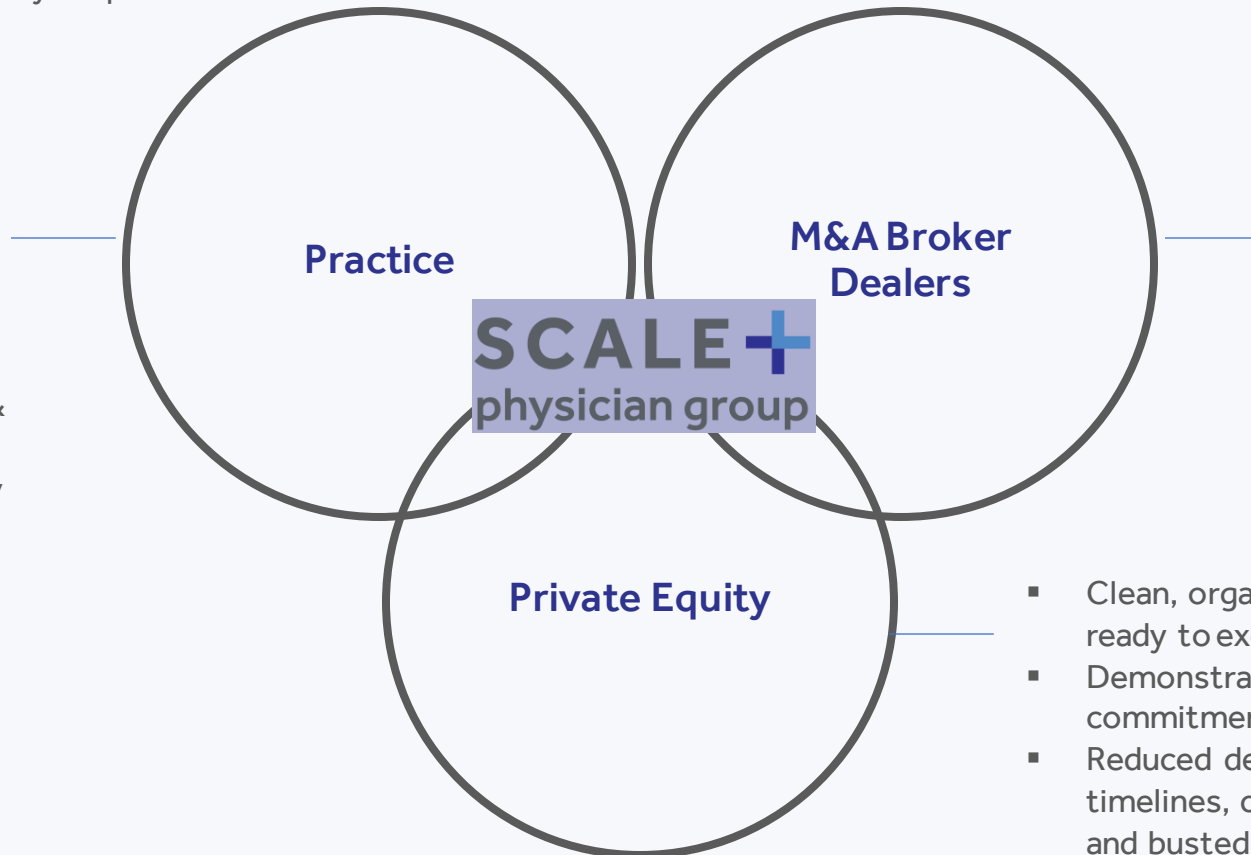
- ✓ **Economies of Scale**
 - Ancillary service lines
 - Purchasing power
- ✓ **Access**
 - Strategic partnerships
 - Payer relationships
 - Referral relationships
- ✓ **Shared Investment**
 - Leadership talent and team development
 - Technology & execution infrastructure
 - Growth & development / M&A
 - Marketing & branding
 - Innovation
 - Associate physician recruitment
- ✓ **Diversification**
 - Reduced provider and referral network concentration
 - Improved provider succession planning alternatives
- ✓ **Equity Value**
 - Momentum - "play for the winning team"
 - Developed platforms of reasonable scale typically garner favorable valuations

A SCALE Led Practice Consolidation Offers a Broad Range of Benefits to Ultimate Sale Process Stakeholders



- Practice consolidation is not a substitute to a sale transaction – it is a step toward building a more valuable/sellable platform
- Empowered by a more sellable platform, you will be better-positioned to decide if and when commencing a go-to-market process for a sale transaction is the right decision for your platform

- Optimized performance & EBITDA prior to sale
- Organized post-close business plan
- Improved strategic positioning
- Attractive to an expanded buyer universe
- Expanded buyer universe & Reduced deal execution timelines, cost, uncertainty and busted processes



- Reduced deal execution timelines, cost, uncertainty and busted processes
- Clearer go-to-market messaging
- Improved strategic positioning
- Attractive to an expanded buyer universe
- Optimized performance & EBITDA prior to sale

- Clean, organized asset that is ready to execute post-close
- Demonstrated execution commitment & wherewithal
- Reduced deal execution timelines, cost, uncertainty and busted processes

Groups Striving For Scale Face Various Pathways To Their Objective



Standalone Growth

- ✓ Maximum retention of control and upside
- Lengthy execution timeline
- Investment borne by single entity

Practice Mergers Simultaneous With Private Equity Deal

- ✓ Private equity deal offers potential catalyst for consolidation
- Reduced universe of viable buyers
- Increased deal complexity, cost and timeline / risk to close
- Competing and confused priorities across two heavy lifts: consolidation and M&A deal
- Heightened potential for: foregone valuation upside; less favorable deal terms; and post-close execution risk

Practice Mergers Prior to Pursuing Private Equity Deal

- ✓ Faster pathway to achieving scale relative to standalone growth
- ✓ Optimize EBITDA and strategic position / value proposition prior to potential liquidity event
- ✓ Offer future add-on practices the competitive differentiation of being an independent alternative
- Inherent merger integration complexity & risk – though mitigated by avoiding simultaneous private equity deal execution distraction

Early Stage Private Equity Deal Prior to Scaling

- ✓ Faster pathway to liquidity
- ✓ Delay merger integration complexity until post-close add-on deals
- Up-front deal valuations are likely to reflect the practice's limited scale and heavy post-close execution lift
- A large portion of the platform scaling upside is captured by the investor

- What determines a target's valuation?
 - Prevailing market dynamics will generally dictate an overall range
 - Asset-specific conditions will generally dictate where within the range a given asset falls
- A particular platform's ability to command a premium valuation will be driven largely by
 - How developed the platform is
 - How well-positioned the platform is to execute standalone on a compelling growth & development plan
- Complex deals can and do get done – but the best barometer of success is whether the deal was completed with a strong partner, on favorable terms, and with the company well-positioned to execute post-close

**Buyer Pricing
Leverage**

**Seller Pricing
Leverage**

Disparate Practices With...

A theoretical interest
in consolidation

An organized plan to
consolidate

Some level of
consolidation
execution completed
prior to close

Some level of
consolidation
execution *prior to go-
to-market*

Single Tax ID Prior to Close With...

Heavy integration
execution lift required

Integrated operations

- Integrated operations
- Fully developed MSO
- Fully developed clinical service portfolio
- Track record of growth, succession planning & execution
- Clear business plan and supporting execution infrastructure in place for the next phase of growth



SCALE Practice Consolidation Services

Our partners since we launched January 2019 represent a broad network

22

Physician Group
engagements

1,410

Providers across
our partners

16

States our partners
operate across

54

Service line and
operational solutions
offered by SCALE

Our team of +45 advisors provide extensive and diverse expertise

41

Healthcare companies
founded by our team

31

Exits from healthcare
companies our team
has led

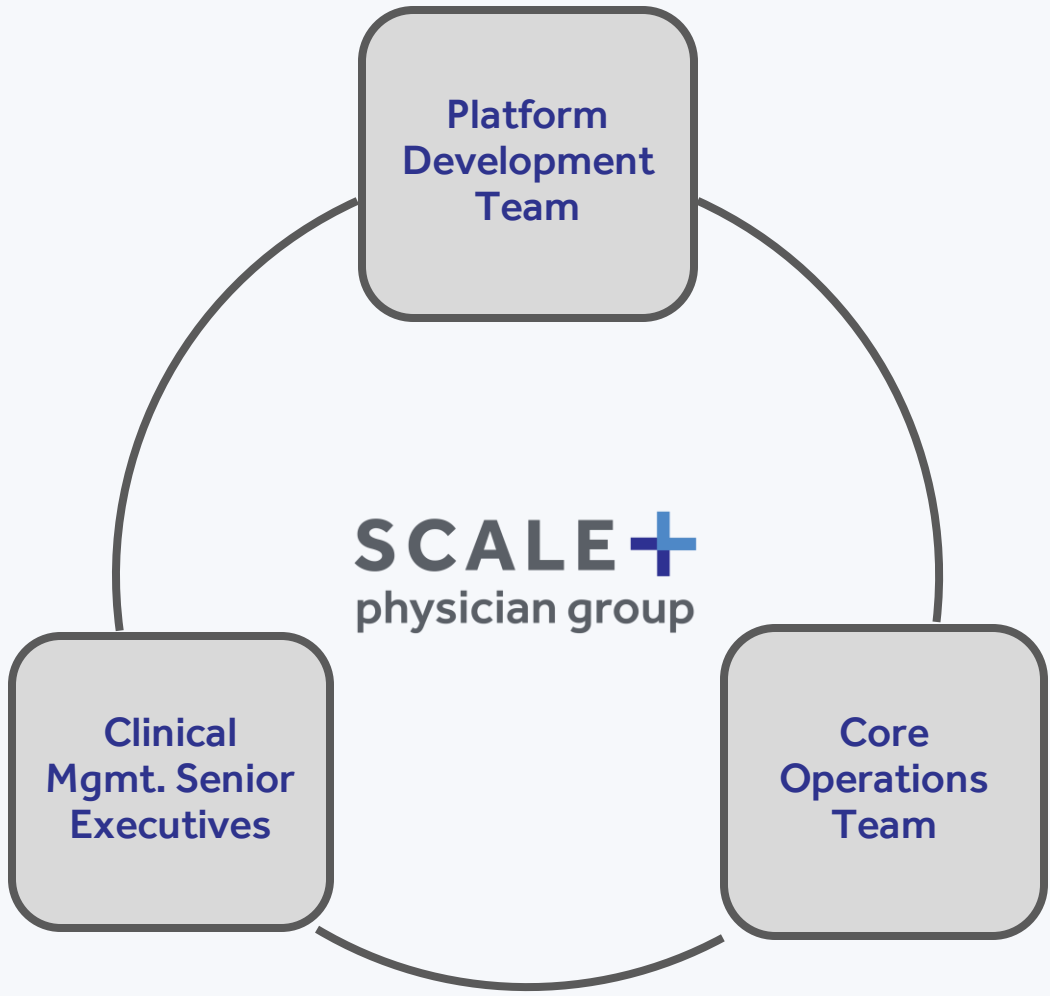
116

Healthcare c-suite roles
our team has held

33

Healthcare private equity
funds our team has advised
(operating partner)

Empower Your Consolidation Effort Through Our Integrated Advisory & Services Designed for Provider Platforms



SCALE's services platform is designed to enhance results across the diverse range of domains that contribute to aggregate performance – from **strategy development** to **execution** to **on-going oversight**.

- Advisory
- Project Management
- Execution Oversight & Leadership
- Fully Managed Services

Leverage Our Core Operations Programs to Tackle “Heavy Lift” Execution that Best Aligns With Your Specific Needs



SCALE+
physician group

Platform Development Team



RCM
Bobby Trenczer



IT / Data
David Kovel



Payer Strategy
Mike Mirt



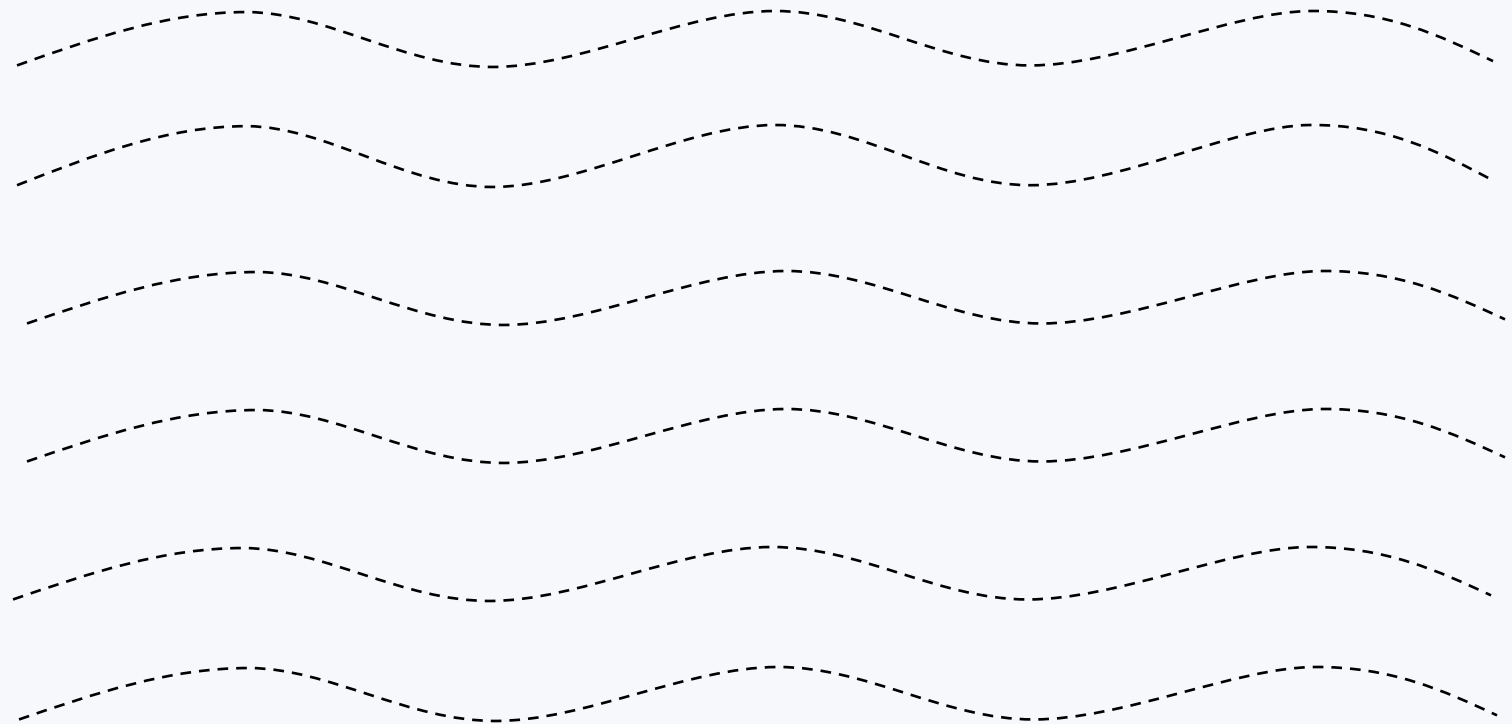
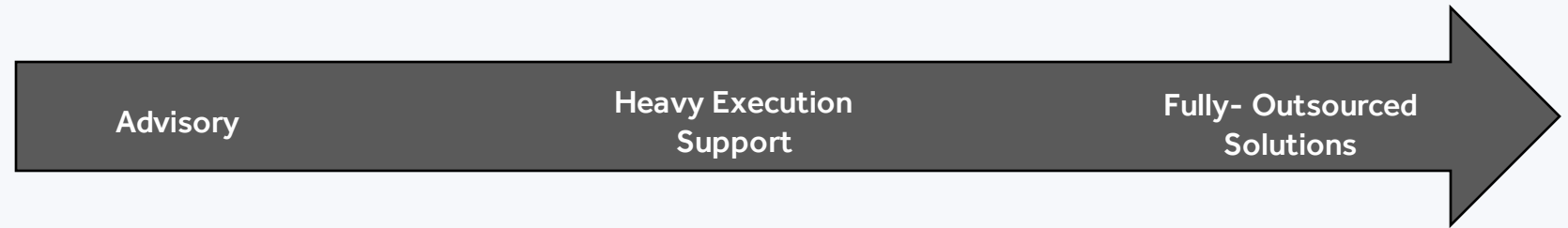
HR
Sandy Seay



Marketing
Pete Cunningham



Finance
Richard Veltre



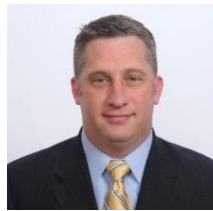
Inform Consolidation & Scaling Execution With Growth Strategies & Best-Practice “Lessons Learned”



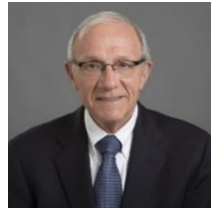
SCALE’s Clinical Service Line and Site-of-Service Team



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Provider Platforms*



Larry Crist
*Chief Advisor,
Urgent Care*



Bob DeCresce
*Chief Advisor,
Pathology*



Robert Dondes
*Chief Advisor,
Managed Care and
Payor Networks*



Laurie East
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Pediatric Provider
Platforms*



Chris Ennis
*Chief Advisor,
Urology*



Chad Eriksen
*Chief Advisor,
Clinical Research*



Steve Fiore
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Orthopedic
Provider Platforms*



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Hospitals and Operating
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William Hughson
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Richard Loewenstein
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Behavioral Health
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Adam Nielsen
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Michael Reed
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Medicare Advantage, ER
Staffing and Hospital
Physician Services Programs*



David Reese
*Chief Advisor,
Infusion & Pharma
Services*



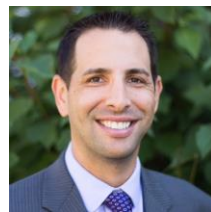
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Mark Sapner
*Chief Advisor,
Telemedicine &
Remote Care
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Provider Platforms*



Dr. Jordan Stewart
*Chief Advisor,
Podiatry Provider
Platforms*



Charles Trunz
*Chief Advisor,
Hospital Relations
& Urgent Care*



James Usdan
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Provider Platforms
& Physical Rehab*



David Friend
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/Post-Acute
Programs*



Ernest A. Varvoutis, III
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Systems*



Tracy Bahl
*Chief Advisor, National
Payor Strategy*

Breathe New Life Into Practice Consolidation Execution With SCALE



- #1 Thoughtful strategy & execution roadmap planning
- #2 Seasoned domain expertise & leadership
- #3 Enhanced execution clarity, transparency and confidence
- #4 Augmented execution resources and accountability
- #5 Analytics-based decision-making
- #6 Deliberate risk mitigation planning
- #7 Objective advisory with an eye toward near-term results, as well as sustainable longer-term success & shareholder happiness

Beginning Your Practice Consolidation Initiative With Scale



Illustrative Execution Phases

Phase 1: Consolidation Roadmap

Months 1-2

Representative Goals

- Diligence individual practices
- Develop consolidation strategy and execution roadmap
 - Identify and quantify benefits of consolidation
 - Fine tune target execution timeline & required investment
 - Frame integration sequencing & execution risk mitigation strategies
 - Develop recommended governance program
- Develop pro forma financial model
- Develop post-consolidation strategy, growth & development plan

Phase 2: Initial Integration Execution

Months 3-9

Representative Goals

- Complete tier 1 integration initiatives
 - Finalize governance documents
 - Heavy focus on core operational disciplines
 - Priority organization structure improvements
 - Target realization of initial “wins” through consolidated entity cost savings and / or growth opportunities
- Consolidated entity stabilization
 - Heavy focus on communication, transparency & partnership development

Phase 3: Full Integration & Integration Scaling

Months 10+

Representative Goals

- Complete tier 2 integration initiatives
 - Clinical and ancillary service line development
 - Performance benchmarking
 - “Best-practice” standardization
 - Tier 2 organization structure improvements
- Strategy, growth & development
 - Local & regional expansion
 - Outreach to key market stakeholders: add-on practices, payers, hospitals, other relevant strategic partnerships
 - As desired, commence market outreach for sale transaction

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