



Our Partnership Criteria

THE BEGINNING OF THE PROCESS

The conversation will be initiated by one of our Mergers & Acquisitions Analysts, during which you will be able to introduce yourself and your group while learning more about us. After an exploratory call is completed, a call will then be scheduled with the company CEO, David Krainert for further discussion. If there is mutual interest and both parties meet each other's initial criteria for a potential partnership, an NDA (non-disclosure agreement) will be sent for your review and signature. After the NDA is executed, we will begin the review process of your company financials to structure a valuation.

FINANCIAL VALUATION PROCESS

The valuation would calculate adjusted EBITDA, normalizing compensation, and reviewing possible add-backs between 5 to 10% of the company's total ordinary income. The last 3-years of financials will be required to successfully recognize trends and historic performance. Other factors such as YOY (year-over-year) growth, TTM (trailing twelve months), the number of added physicians since inception, experience and size of the executive management team, and the number of locations will determine whether your group would qualify as a platform acquisition. Once the financial valuation process is completed, assuming qualifications are met, a formal proposal would be drafted and sent to your group, this is a living document that will be adjusted as more meetings occur and the process continues. Subsequently, an LOI (letter of intent) is issued by KVLR subject to board approval to begin the diligence period for acquisition.

Our acquisition criteria for a prospective partnership requires the group to have:

- EBITDA of \$1MM+ (earnings before interest, taxes, depreciation and amortization)
- EBITDA must include normalized compensation for all partners and physicians.
- Profit margins of 20% +
- Physician partners to be on board for 5 to 7 more years post-acquisition
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Our venture capital criteria for a prospective partnership requires the group to have:

- EBITDA of \$1MM+ (earnings before interest, taxes, depreciation and amortization)
- In the case EBITDA is below \$1MM, our team could offer to be a growth partner however not through any form of acquisition or capital infusion.
- Profit margins at minimum of 20%
- Enterprise to be in operations for a minimum of 5 years since inception.