Pledge Capital

Cano Health

January 2022 – MOI Best Ideas

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Cano Health and other capitated healthcare providers have a once in a generation reinvestment opportunity. Our healthcare system as we know it is broken, delivering poor outcomes and high healthcare costs. Three key conditions have made it possible to change our healthcare system: there is a gamechanging incentive model for providers, the technology required to enable them has matured, and their growth is driven by strong unit economics. Cano Health is led by an owner operator, who we want to invest with as he transforms the healthcare industry one clinic / one physician at a time.

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Executive Summary

- **Strong Unit Economics**: Healthcare clinics generate strong ROIs and are on the cusp of a positive inflection higher.
- **Transformative Incentive System**: Shift from volume-based payments to global capitated payments creates a value-based healthcare system. It creates healthcare providers who are quasi-insurers, who are strongly incentivized to change our system. This is improving healthcare outcomes (Cano's NPS in low 80s) and reducing overall costs.
- **Opportunity**: The American healthcare system costs 2-3x on a per capita basis compared to OECD nations, while also generating inferior outcomes as measured by population level mortality rates, et al. Providers can influence downstream healthcare results and exercise ecosystem control.
- **Growth Potential**: Global capitation is fundamentally a superior incentive system. However, it only represents ~8.1% of the entire Medicare program, ~4.0% of the Medicaid program, 1.6% of Commercial Insurance, and 4.3% of total healthcare spend.
- **The Inflection Point**: Pressured to save money and improve healthcare outcomes, the Center for Medicare & Medicaid Service (CMS) is seeking to accelerate adoption of value (and specifically global capitation).

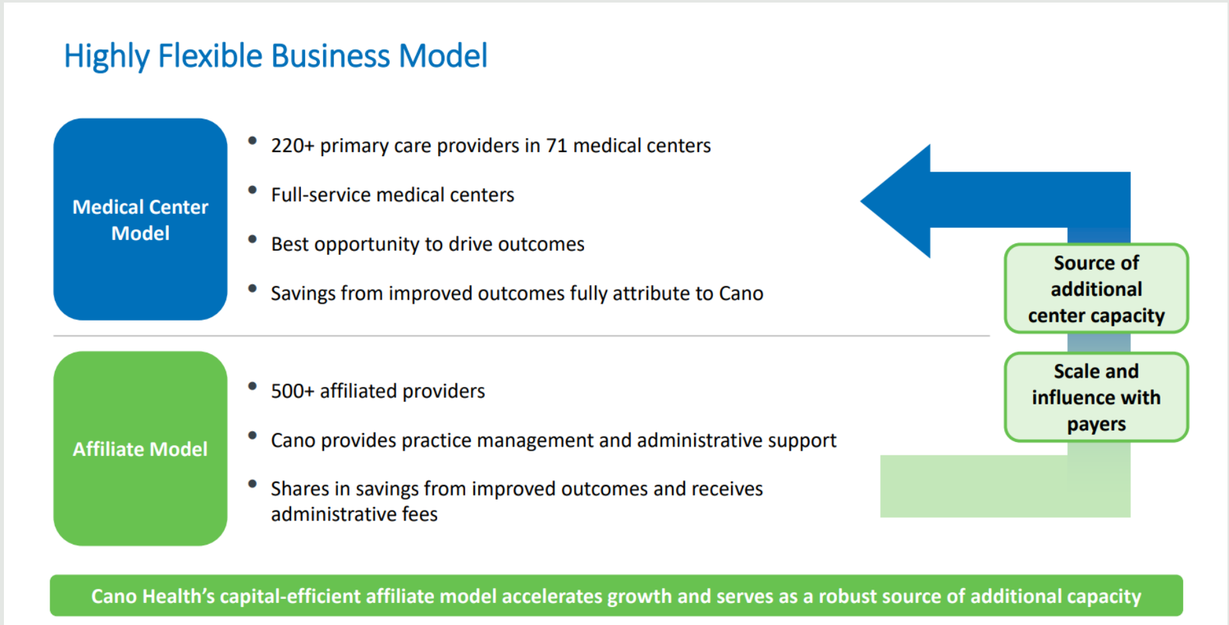
Unit Growth is Driven by Excellent Unit Economics…

- **Cano's new clinics cost ~$1.55M to build and ~$1.2M in losses before hitting breakeven, for a total investment of ~$2.75M**
  - Clinics currently generate 66-100% ROIs. Mature clinics are operating above 50% capacity. We estimate ~1.5K+ Medicare members. In the last 12-months, centers generated a contribution margin of ~16.7%. We estimate current contribution profits of $2-3M per clinic.
  - Current clinics operate significantly below full capacity. We will discuss the Direct Contracting program later, which should serve as an inflection point that will boost clinic level profits. As capacity utilization (estimated ~55-60%) and revenue per clinic grow, ROIs should reach 200%+.
- **To take advantage of whitespace opportunity and the direct contracting program, Cano Health is investing aggressively to participate**
  - After opening 16 De-Novo units in the 24-months ending December '20, and 20 new units in the year ending December '21, they are accelerating their growth to 54-59 new units in the year ending December '22 (against a base of ~130 at year end '21).

	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
De Novo							
Members beginning	-	200	600	1,100	1,400	1,700	1,950
Net addition	200	400	500	300	300	250	200
Members at year end	200	600	1,100	1,400	1,700	1,950	2,150
Total member months	500	5,000	10,000	15,000	19,040	21,840	24,080
Months per member	2.5	8.3	9.1	10.7	11.2	11.2	11.2
Utilization	8.0%	24.0%	44.0%	56.0%	68.0%	78.0%	86.0%
Capacity	2,500	2,500	2,500	2,500	2,500	2,500	2,500
PMPM	$ 981	$ 1,037	$ 1,113	$ 1,145	$ 1,179	$ 1,215	$ 1,251
Revenue	490,500	5,185,000	11,130,000	17,175,000	22,454,824	26,529,714	30,128,232
Third party medical	465,975	4,148,000	8,347,500	12,022,500	15,718,377	18,570,800	21,089,762
% of revenue	95.0%	80.0%	75.0%	70.0%	70.0%	70.0%	70.0%
Direct patient expenses	324,525	1,937,000	2,682,500	3,352,500	3,143,675	2,652,971	2,711,541
% of revenue	66.2%	37.4%	24.1%	19.5%	14.0%	10.0%	9.0%
Contribution profits	(300,000)	(900,000)	100,000	1,800,000	3,592,772	5,305,943	6,326,929
Contribution margin	-61.2%	-17.4%	0.9%	10.5%	16.0%	20.0%	21.0%

Three-pronged growth strategy

- **Cano buys & builds its clinics…**
  - Cano Health has multiple avenues to attack its addressable market, but the focus is on buy/build.
    - They have made 30+ acquisitions in the past, including 5 significant ones in the last 24-months. These occurred at an average multiple of 1.4x sales and 13.0x EBITDA. Historically, they have boosted EBITDA by 41% post-acquisition.
    - They are accelerating openings from 15-20 per year (in FY'21) to 54-59 openings (in FY '22).
  - 3Q'21 employed primary physicians = ~345.
- **…and pursues an affiliate model where they help physicians adopt value-based care**
  - This model has some similarities to the franchise model. It is capital light business. They partner with an operator that the incentive to maximize financial success. Cano Health transfers an operating playbook and provides their much-needed proprietary technology stock to affiliate partners. In return, Cano Health shares in the profits.
  - 3Q'21 affiliated physicians grew to ~1,000.



Global Capitation is a Radical Change in Incentives

Incentives are Aligned

Providers should be judged on outcomes and paid if they invest in high-quality quality care that reduces costs.

Our Health is Complicated

Providers should serve as coaches, who take the time to develop a relationship with patients instead of viewing them as another chart attached to a five-minute appointment.

Navigating Healthcare is a Challenge

Providers serve as guides (as opposed to gatekeepers), helping patients navigate the complex healthcare system.

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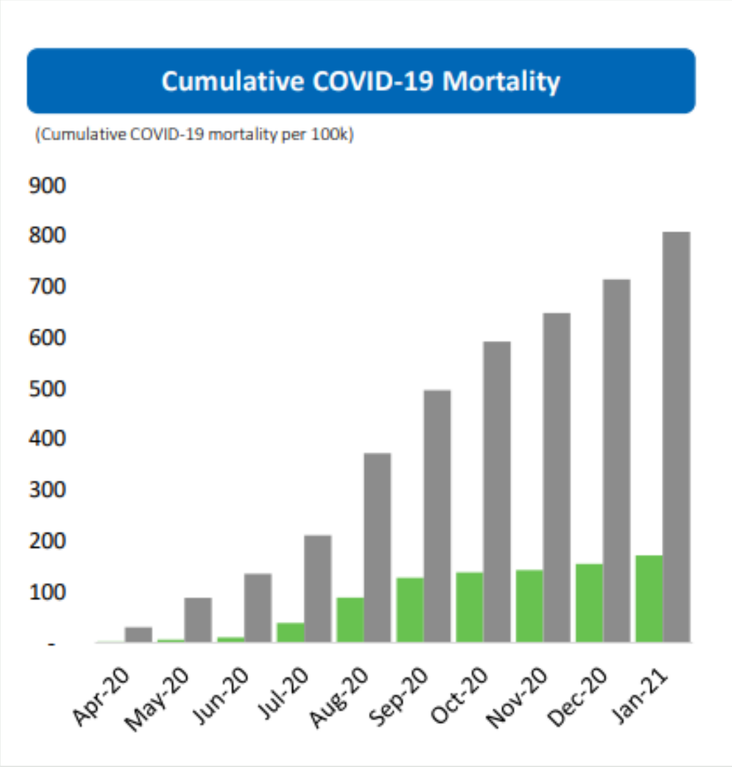
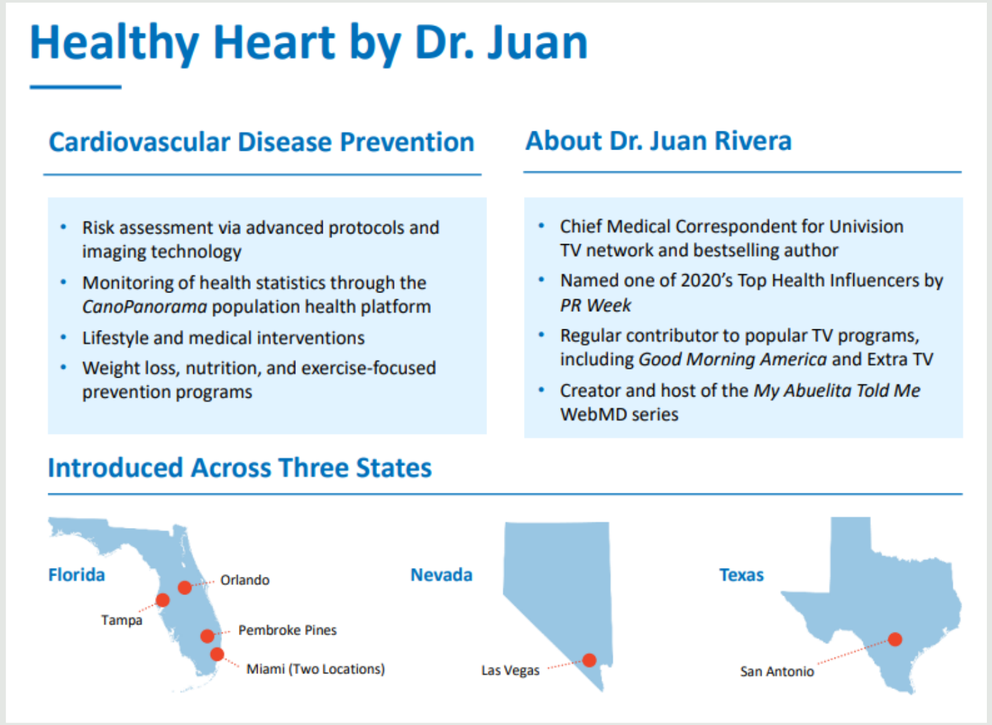
Global Capitation Drives Superior Outcomes Because Providers Invest in High ROI Outcomes…

- **Global capitation lowers mortality rates and improves outcomes**
  - Early in the pandemic, Cano Health reported a ~60% reduction in Covid-19 mortality (Cano S-1) compared to their Florida markets. Since their S-1, there Covid-19 results have improved and are depicted in green on the graph to the right. Overall, they reduced mortality by 60% versus the Medicare FFS benchmark; despite caring for an older and sicker population.
  - Cano Health reports a **net promoter score in the low 80s** and a 4.7 out of 5.0 Hedis Quality Score. In 2020, they reported a **57% decline in hospital admissions** and a **59% reduction in ER visits** compared to pre-covid Medicare national averages; despite caring for an older and sicker population versus Medicare Advantage.
- **During the pandemic, global capitated providers separated themselves from the pack.**
  - Capitated providers proactively educated patients. They distributed masks and hand sanitizer. Other doctors shut down their offices, took weeks or months to stand up telehealth. Cano Health switched patients to virtual telehealth visits overnight. They sent nurses/doctors to see high risk members in their home in order to reduce risk of infection. Once vaccines were available, they mobilized their teams to get patients vaccinated faster than their industry. As a result, patients were less likely to get Covid-19 and less likely to pass away from it. These low-cost investments yielded a significant return = lower hospitalizations and healthcare costs from Covid-19.

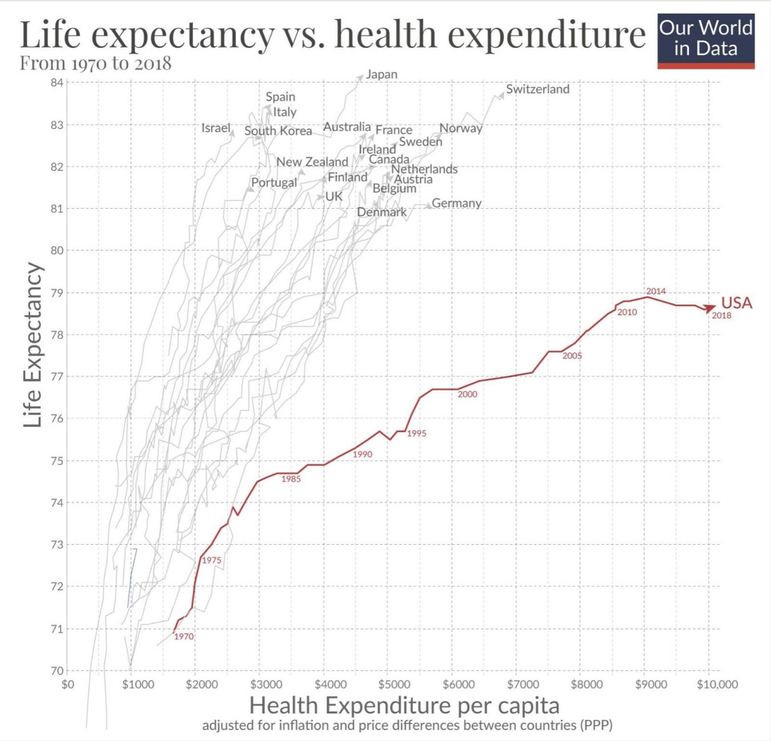


Other High ROI Investment Opportunities…

- **Global capitation enables physicians to re-imagine care for every single condition and make condition specific high ROI investments**
  - Healthy Hearts by Dr. Juan Rivera example - Preventative healthcare, care coordination, and population health strategies can make an integral impact on cardiovascular disease prevention. Lifestyle changes like diet and exercise are extremely impactful. As are care coordination to intervene at the right time.
  - Semler Scientific example – Quantaflo can quickly and accurately detect Peripheral Arterial Disease (PAD) in symptomatic patients. It roughly costs ~$20, which allows Cano Health to properly document its symptomatic patient population. Coding a PAD correctly, yields ~$2K+ in additional revenue per the risk adjustment system. This is a high ROI investment opportunity, which helps Cano improve patient health, lower mortality rates, and reduce overall healthcare costs.
  - There has been an explosion in focus on condition specific interventions. As these programs mature, there is a significant opportunity for Cano Health to work with third party specialists who seek to improve overall outcomes and lower medical costs.
- **High ROI on marketing costs**
  - CAC is around $750 per member, with a positive contribution in year 1 and payback and returns beginning in year 2. Contribution profits per member are $2-3K in years 2/3.



How big is this opportunity?



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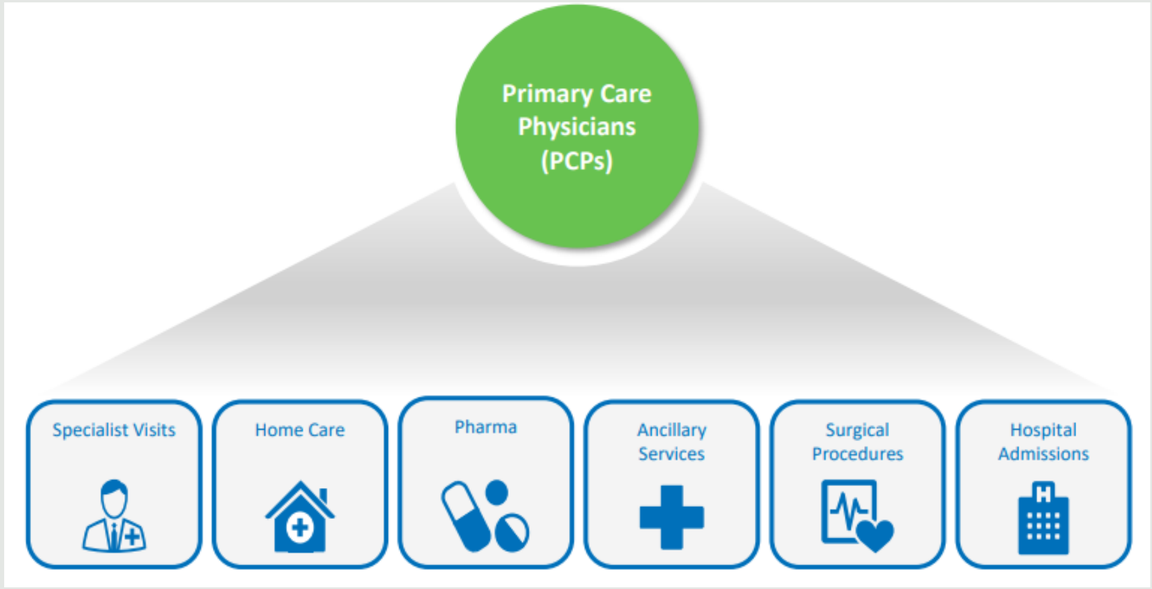
- **U.S. Healthcare Spend**: In 2019, national health expenditures totaled just under $3.8 trillion. Medicare spend was just under $800 billion. Medicaid spend was just over $600 billion.
- **High Spend / Worse Outcomes**: Compared to developed nations, we spend 2-3x on health expenditures, but we live 2-3 years less.
- **Bending the Curve**: There is an opportunity to dramatically reduce costs and improve the quality of health in the U.S. There is a gamechanging incentive system for providers, technology has improved, and growth is driven by strong unit economics. These will help us reduce the gap.
- **Just Scratching the Surface**: We have moved beyond the proof-of-concept phase, with investment pouring into global capitation and condition specific programs to bend the cost & mortality curve. We can also learn from programs in foreign countries, like the Nordics. There is a long runway of reinvestment opportunities to build clinics and alter disease states.

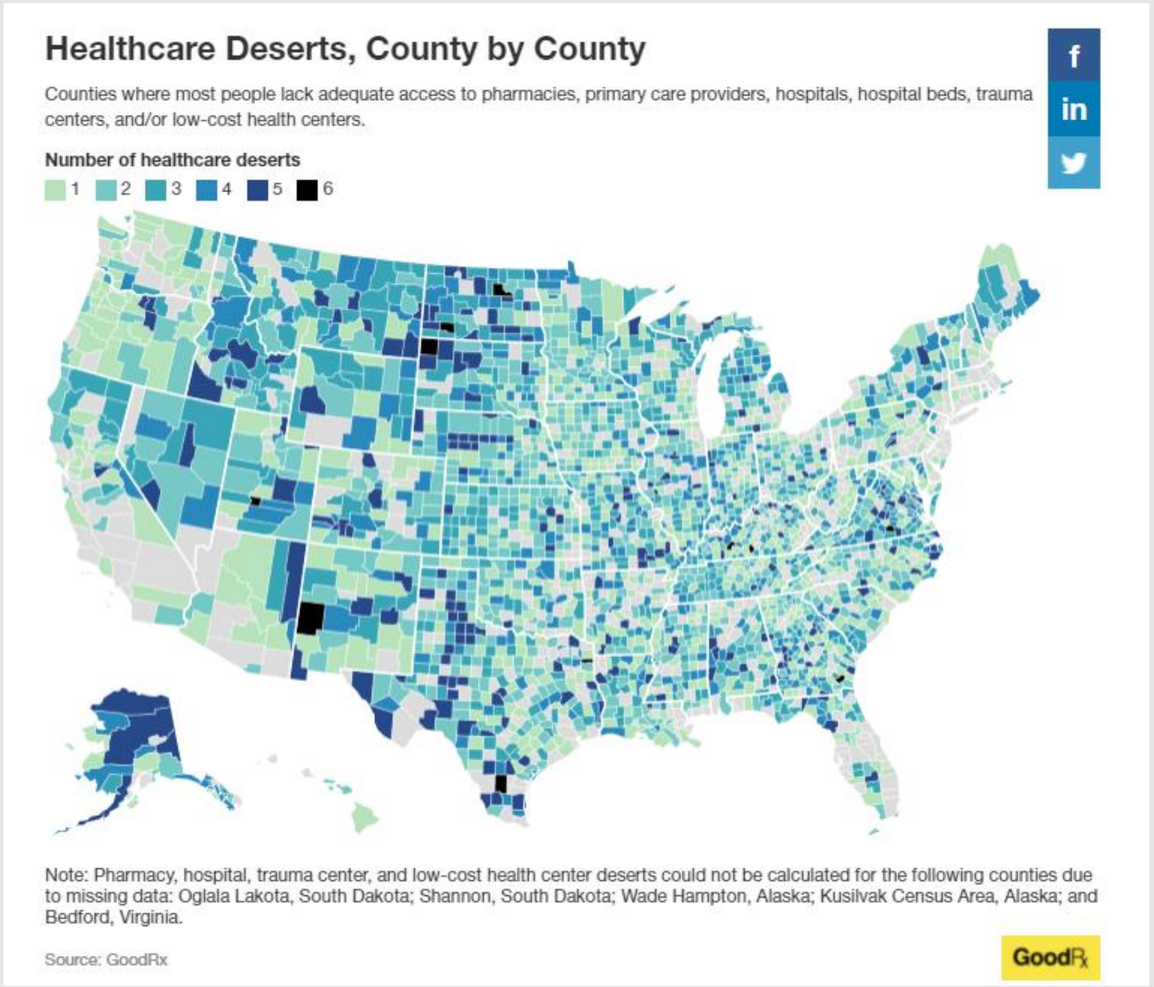
Global Capitation Positions Cano at the Top of Massive Funnel…

- **Technology has armed providers like Cano Health with high situational awareness of the population in their care**
  - They are a significant source of referrals for specialist providers, who make up ~88% of the doctors and ~95% of the spend in the United States.
  - Providers like Cano are beginning to exhibit some level of ecosystem control, over procedures and costs that occur below it on the funnel. By spotting emerging risks, they can invest or alter the normal customer journey therefore bending the curve on outcomes and costs.
  - Providers are investing preventative medicine in mental health (depression is the equivalent of smoking a pack of cigarettes each day), in physical therapy, in chiropractic care, and much more.
- **Global capitation is a paradigm shift for the healthcare system**
  - Global capitation makes up ~8% of Medicare, ~4% of Medicaid, and less than ~2% of commercial health insurance.
  - "**We're looking at a paradigm shift in how healthcare should be delivered**. Culture will describe part of it, but it is a total change in mindset of how we need to be delivering healthcare compared to how we've done it for 100+ years…**It's not the standard of care in this country at this point**. I would say if you look across the whole country and all the different hospital systems, **we're probably in the top of the first inning**." – Vice President, Cone Health



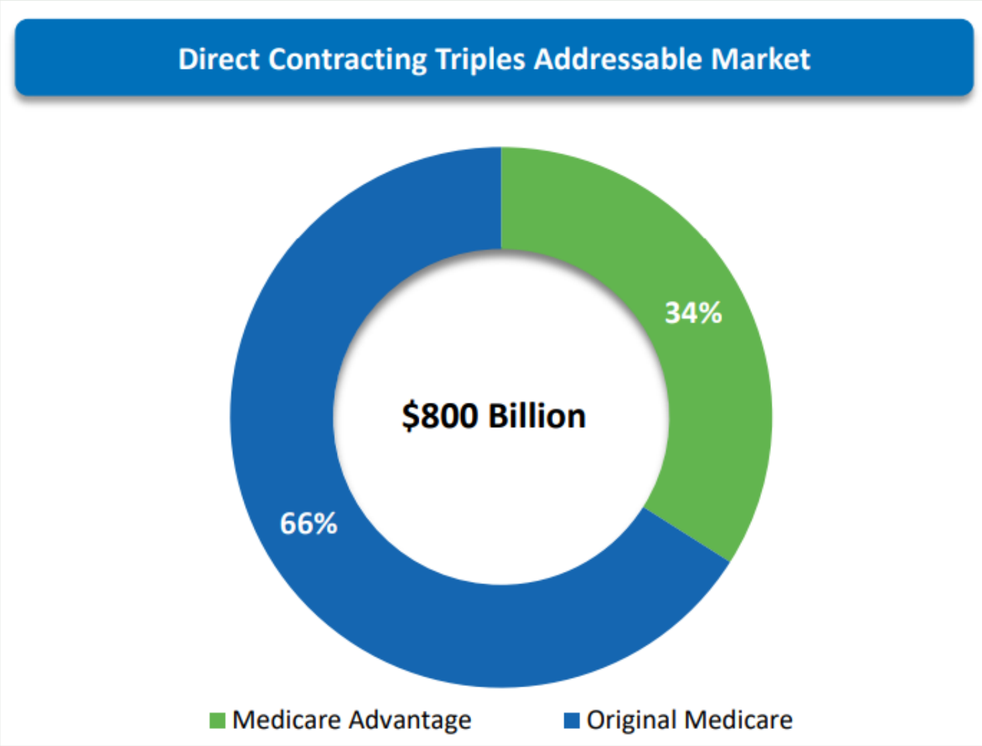
Medicare has 63M+ Beneficiaries and $800B+ in Annual Spend

- **Medicare makes up ~90% of Cano's Business**
- **As the population ages…**
  - Medicare spend is expected to grow at a 9% CAGR to 2026, reaching $1.2T+ in annual expenditures. Medicare Advantage spend is expected to grow at a 14% CAGR to 2026.
- **Cano is Highly Focused on the Low-Income Markets**
  - Dual Eligible beneficiaries (Medicare/Medicaid), make up ~50% of Cano's Medicare members. These beneficiaries represent ~12M+ or 17% of total Medicare beneficiaries. They are one of the costliest groups to insure, with per capita spend twice the Medicare Average. They often lack access to basic preventative care, and often turn to high-cost emergency rooms as a last resort.
- **Historically, Cano Health has focused on Medicare Advantage (MA)**
  - MA makes up 35-38% of the Medicare program, with the other 60%+ of seniors receiving benefits from Traditional Medicare ™. Cano Health's core market of low-income dual eligible seniors are well served by TM combined with other government programs, such as QMB, SLMB, and QI. These supplemental programs help low-income seniors pay premiums, co-pays, deductibles, and co-insurance. Historically, Cano Health has not been able to serve seniors in the Traditional Medicare program.



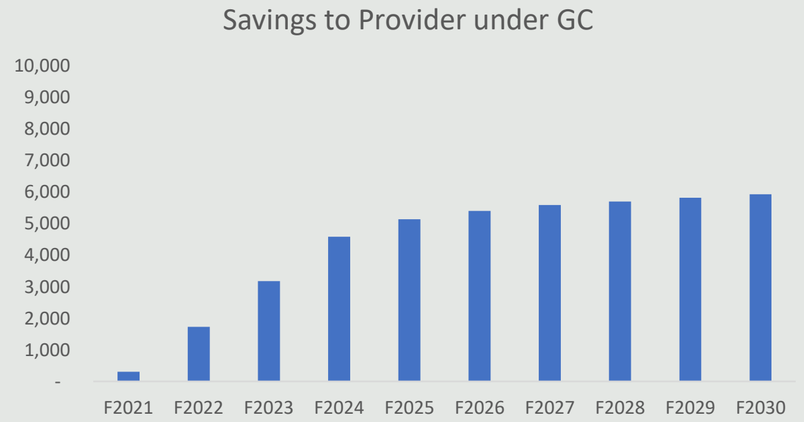
Direct Contracting Expands Cano's Medicare TAM

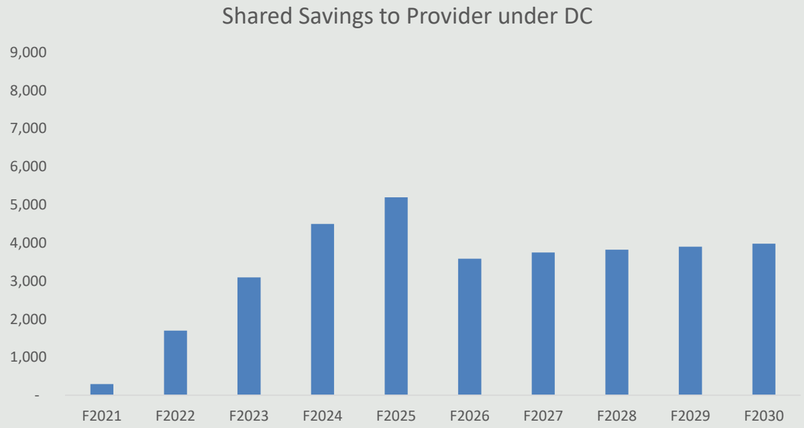
- **Direct Contracting (DCE) Program began on April 2021**
  - This Government program enables providers to contract directly with the federal government, instead of sub-contracting risk through private payors. Cano Health is one of 41 companies in the DCE program. The program effectively removes payors as a middleman.
- **DCE Opens a Big Market to Cano's Tremendous Value Proposition**
  - Cano Health will compete successfully for DCE members, because it can offer free services, such as dental, physio-therapy, transportation, mental health, supervised exercise therapy (Zumba, Tai Chi, et al), and other in-house programs to attract new members. They will bring services that was built in a MA ecosystem and scored low-80s NPS to Traditional Medicare.



Impact of DC Taking Longer and Smaller

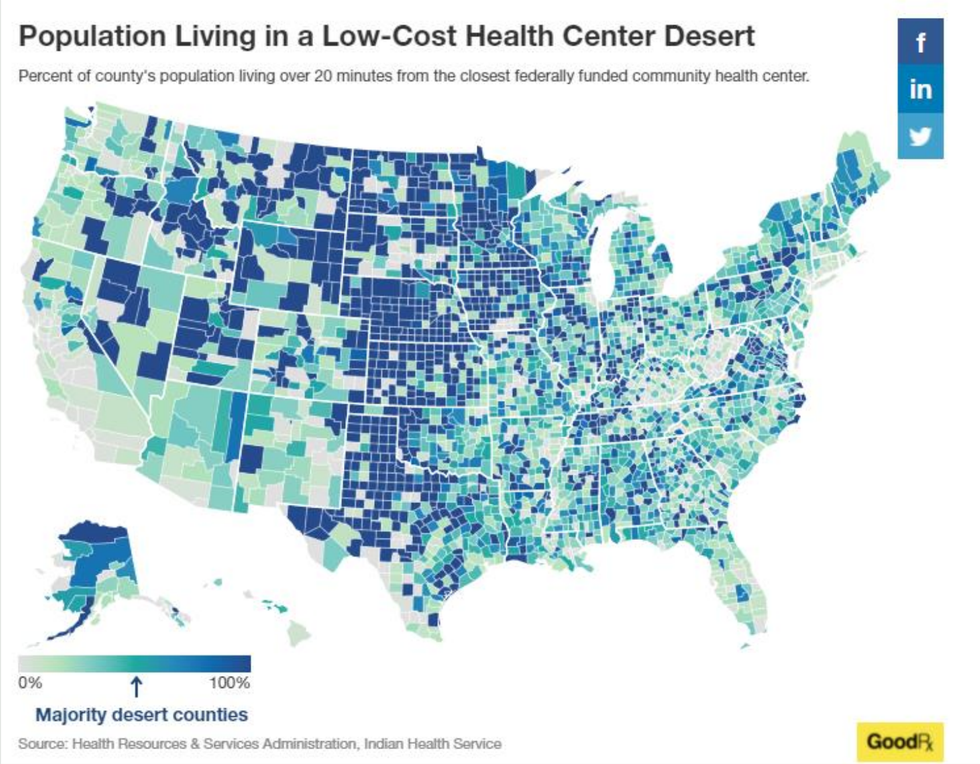
- **In my opinion, Investors are a bit disappointed by Direct Contracting**
  - Initially, the market was excited by the increased take rate (85%→95-98%) of the DC program. Our channel checks also tell us that it will be slightly harder to bend the curve on costs and outcomes. Unlike private payers, the government's systems are not as efficient. These headwind are not permanent, but they may offset the increased take rate for the foreseeable future. Direct contracting (DC) members will generate smaller contribution profits relative to global capitated members under traditional Medicare Advantage contracts.
  - Based on our reading of benchmark language, there is also a savings cliff in year 6 when the government takes a greater share of medical savings. Despite this cliff, **contribution profits from members of the DC program are still attractive and will flow through strongly to the bottom line.**
  - Like with MA global capitated (GC) members, it takes time to ramp up savings from direct contracting (DC) members. It will take until year 2-4, for members to deliver attractive contribution profits. The company began DC enrollments in 2021, with a small initial cohort. The second cohort in 1Q'22 is ~3x bigger than the first, but significant contribution profits are still 1+ years away.
  - Churn has been a positive so far. DC members are switching providers significantly less than globally capitated MA members.





Medicaid has ~76M members and $600B+ in Annual Spend

- **There are over 76M+ Medicaid members who incur 600B+ in healthcare spend**
  - These enrollees generate lower revenue (~$8K for Medicaid compared to ~$12K for Medicare) and are more likely to have a life event and drop off Medicaid, so they are structurally less profitable.
  - However, it remains a large opportunity. Only 4% of Medicaid members are cared for under Global Capitated models. Over sixteen million are over the age of 46. The Medicaid program spends 71% of its budget on individuals with multiple chronic conditions.
- **CMS is seeking to expand value-based care in Medicaid**
  - "With Medicaid costs rising and continuing to consume a greater share of state budgets, and with federal costs forecasted to continue to grow according to the CMS Office of the Actuary, CMS has a duty to ensure the program remains sustainable. Moving toward more **value-driven reimbursement models** is a critical part of this effort, as fee-for-service payment incentivizes higher volume and greater spending, rather than accountability for costs and outcomes." – CMS Letter to State Medicaid Directors: Value-Based Care Opportunities in Medicaid
- **Cano Health has been expanding into the Medicaid business through acquisitions**
  - The acquisition of Doctor's Medical Center, brought Cano 7K Medicare members and 31K Medicaid members. Less than 10% of Cano's footprint is heavily focused on the Medicaid segment.

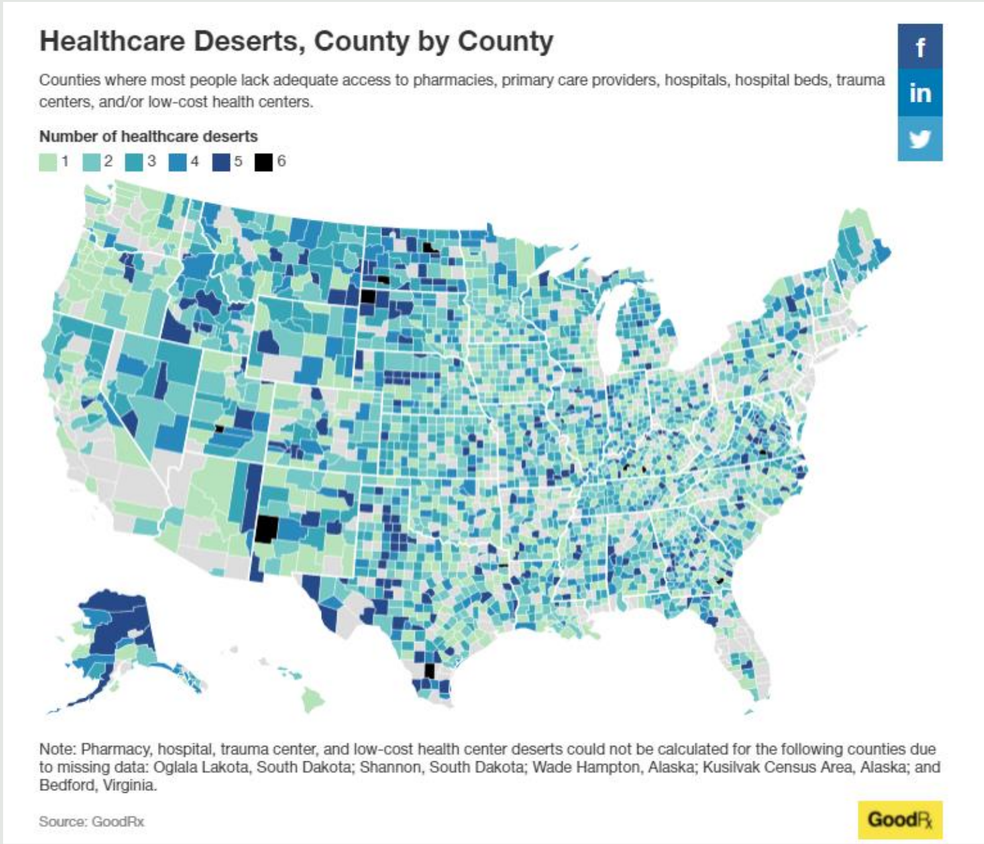


Major Risk Factors

- **Execution Risk:** Cano is accelerating in new unit openings, expanding into Medicaid, and has made multiple acquisitions in the past 4+ years.
- **Competition:** Some view this as a crowded space. Everyone is getting into it, from insurance payors, to private equity, to start-ups to major pharmacy chains. Many have made significant acquisitions in the past few years. In addition, incumbents have widely adopted other value-based payment models.
- **Regulatory Risk:** Some investors believe fiscal tightening is on the horizon, and Medicare will come under attack. Others believe one-payor is on the horizon. Risk adjustment is also imperfect, and further attempts to reform the system will occur.
- **Liquidity Risk:** A highly indebted business with a history of modest operating losses / modest profits, with significant capex requirements in F2022 and beyond to meet growth targets.
- **Pandemic Risk:** The pandemic has threatened the lives of their members. Many seniors have put off preventative care. This has led to more serious health costs. Social distancing practices at clinics also reduce actual capacity.

Execution Risk

- **Management has not won sufficient trust yet and growth is viewed as too aggressive by some investors**
  - Significant acceleration in unit openings. 16 in the 24-months ending December 2020, an estimated 20-unit openings in the year ending December 2021, to 55–59-unit openings in the year ending December 2022.
  - 30+ acquisitions in the past ~4 years. Including 4 major ones, that were above $100M+ transaction sizes.
- **But risks may be overstated**
  - Key employees like physicians and nurse practitioners, are highly compensated (Cano pays 25% above average) and highly educated professionals who are more dependable than your average part-time worker at other high-growth chains.
  - Leadership motivates and inspires their employees by pushing the altruistic mission. Employees may be pushed to work hard, but generally feel a sense of accomplishment by helping patients stay healthy and live longer.
  - This is also a high-growth business, with many opportunities to advance careers. Many mid-level executives started as low level employees, who worked their way up to greater responsibilities.
  - Thus far, Cano Health has focused on under-served low-income communities. These patients have fewer primary care options, and often live in care deserts. This contrasts with peers, who often have a larger mix of middle-income or even high-income patients who tend to have established primary care relationships.



Acquisitions May Reduce Risk Instead of Adding

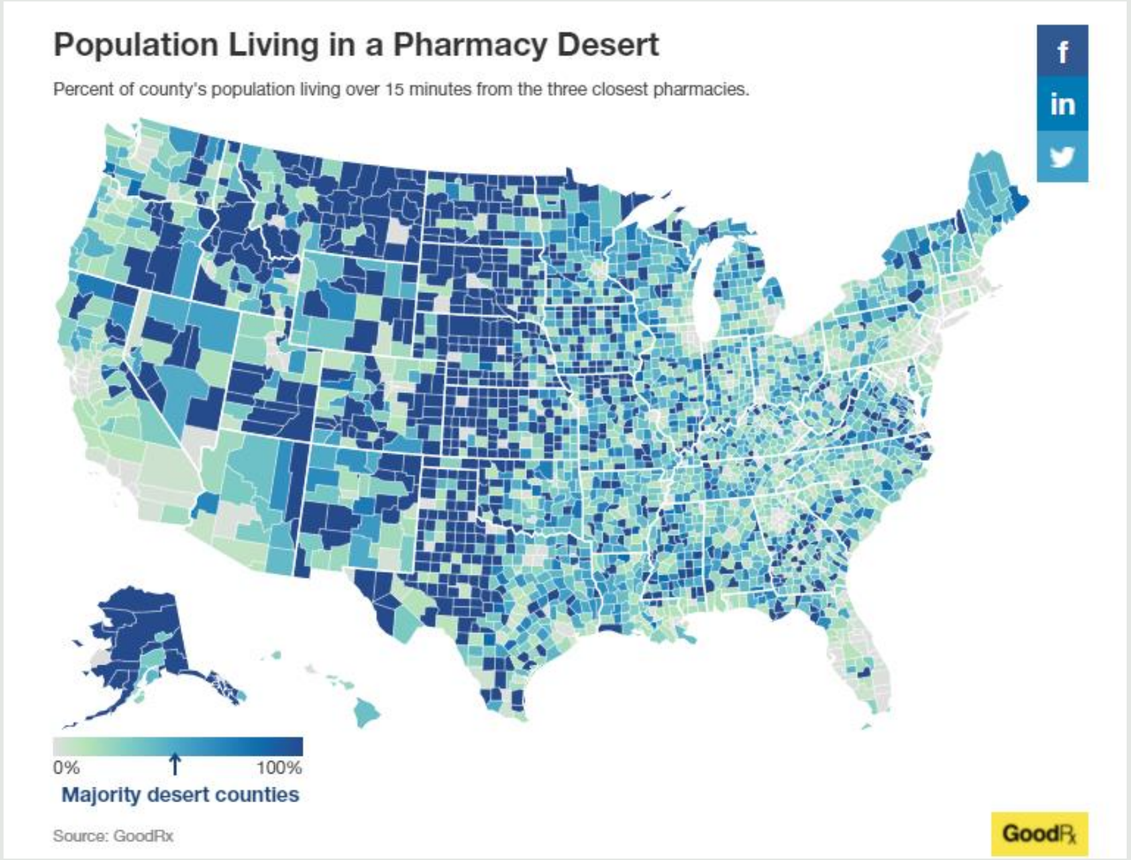
- **No major issues uncovered in our channel checks**
  - In many cases, new entrants into value-based care find some early success but then they stagnate. Many independent practices who sell out or join Managed Service Organizations (MSO), are looking to level up. By joining a larger organization, they benefit from idea sharing and help cross pollinate practices that improve value-based care.
  - We spoke to the COO of one of Cano's largest acquisition targets. Dr. Herandez-Cano is well regarded and respected in the value-based community. According to our scuttlebutt, there have been no major issues in Cano's past acquisition. However, this round of acquisitions are certainly a step up in size compared to past ones.
- **Acquisitions are Acqui-Hires**
  - The goal of these acquisition is not to slash & burn, but to invest further into the value-based healthcare industry. Many providers and support staff at clinics acquired by Cano, are later elevated to leadership roles across a growing business. The point of many acquisitions, is to land in a new market and expand using experienced an experienced team. Cano Health mixes veterans with fresh hires, to staff new clinics. This reduces the time to breakeven and the losses incurred to reach that point. Cano projects a ~$2.75M cost to open and reach breakeven (compared to ~$5M for a major competitor). The key is breakeven, with Cano projecting contribution profits in year 2 versus year 4 for some peers. In the past, Cano has hit breakeven points in less than six months due to this buy & build strategy.

Analyst: [00:25:47]	**Yeah. Very valid point. I definitely agree with you. Okay. Switching gears a little bit. When you go into a new market, is it more difficult to start afresh? You don't have boots on the ground. You don't have local physicians with the local knowledge, whether the best urgent or specialty physicians to partner with or the best outpatient. Is it easier to reach profitability acquiring, or is it easier to enter a market acquiring or building organically in your own experience?**
Expert: [00:26:47]	That's an extremely good question, by the way. Yes. Let's say, for example, that we're going to go and let's start business. I'm from South Florida. We decide that we want to take our business model to, I don't know, South Carolina. Just using South Carolina.
Expert: [00:27:12]	It's extremely hard because remember, you need to have relationships with the payers. You need to know the market. You need to know a physician in general, the different group of physicians, and who are the players in that area. You need to know the hospitals, and you need to know the network especially. That's extremely important to have the knowledge. If you want to start that from zero, it's going to take more time and probably more time to develop. It can be done, but it's going to take more time.
Expert: [00:27:48]	Now, if you start with doing a couple of strategic acquisitions, I'm pretty sure that it's going to help to get you a good foot into the market and start developing from that. You have to select a very specific group that's going to allow you to start with the right foot in that market and then develop from there. I will say yes. I will prefer if that conditions are there to select a group and acquire the group in order to start my base in other states.

Source: Stream by Mosaic

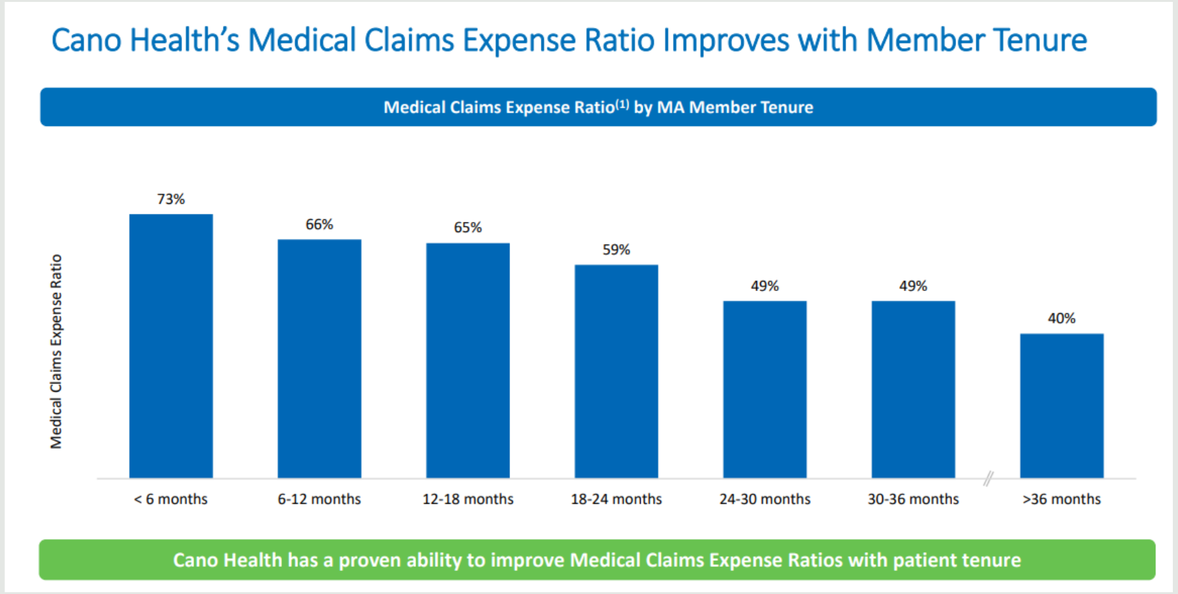
Competitive Threats

- **There is significant interest in the space, with many companies making strategic acquisitions to gain exposure**
  - Competitors like VillageMD (Walgreen) and Iora (One Medical) were acquired for ~12x and ~7x sales by strategic acquirers moving into the space.
  - Payors like United Health, Humana, and CVS/Aetna have made acquisitions, entered partnerships, or are directly hiring primary care providers.
  - Alternative payment models (APMs) are a step in the right direction, but largely lag CANO, CMAX, OSH, et al in driving outcomes and reducing healthcare costs.
- **Even Cano's entrance into Medicaid is viewed negatively by some**
  - Bears ask: if the growth opportunity in Medicare is so vast, why enter the Medicaid space? CMS will push Medicaid into global capitation, which will open a $600B+ opportunity. ~88% of capitated revenue, still comes from Medicare. But long-term, the mix will likely expand. Medicaid beneficiares age 45 and older are particularly well served by Cano's existing model of care. Many have multiple chronic condition. Medicaid spends 71% of its total budget on beneficiaries with multiple conditions.



Reducing Costs Creates a Competitive Advantage

- **Cano Health is the low-cost provider/re-insurer in the space**
  - The best MSOs and ACOs we have found, save ~10% on older cohorts of patients. According to our channel checks, their best physician partners save a few hundred basis points over those average results.
  - Performance by the average MSOs and ACOs has been disappointing, with gross savings in the 1-4% range across entire value-based programs. "Critics of value-based payment argue the movement is largely a disappointment, with only a small number reducing costs for Medicare, and many generating substantial losses." – The Future of Value-Based Payments: A Road Map to 2030
  - The best performing providers are companies like Cano, Oak Street, Chen Med, and Care Max who report savings of 25%+.
- **Traditional providers underperform providers operating under global capitation**
  - Many healthcare organizations face the classic innovator's dilemma. A successful value-based program would greatly hurt profits from high-cost procedures. Only generalists without the conflict of large inpatient revenue, are well positioned for a value-based world.
  - Most refuse to take on downside risk much less full downside risk. They have one foot in the water and one out. Most providers have operated under no-risk volume-based payments for their entire careers and are addicted to this outdated payment system.
  - Physician led organizations like Cano Health or Chen Med are the exception and not the norm.



Regulatory Risks

- **Regulatory risk are three-fold**
  - Medicare for all.
    - The up to $52T price tag on a one payor system is a non-starter, and the bill lacks support from moderate Democrats who care about fiscal sustainability. However, in a remote scenario, some narrower bill could get passed (lowering the age / expanding access). That said, the government would need to work with low-cost providers like Cano to make the bill more financially feasible.
  - Reimbursements may be cuts to manage the federal budget.
    - Straight cuts are officially on the book, but they have been suspended every single year without fail. Cutting Medicare entitlements would enrage seniors, who boost the highest turnout of any demographic. Organizations will organize letter and phone drives to let representatives know their thoughts on this matter.
  - Risk adjustment reform is a positive for the value-based industry. The system is not perfect.
    - Before risk adjustment, payments were not allocated based on health but on age/gender. This system created to prevent gaming behavior. Providers/payors would cherry pick healthy members and leave the sickest patients for the government. The system is not perfect, so reforms will improve its sustainability.

Congress Passes Bill to Mitigate Medicare Payment Cuts

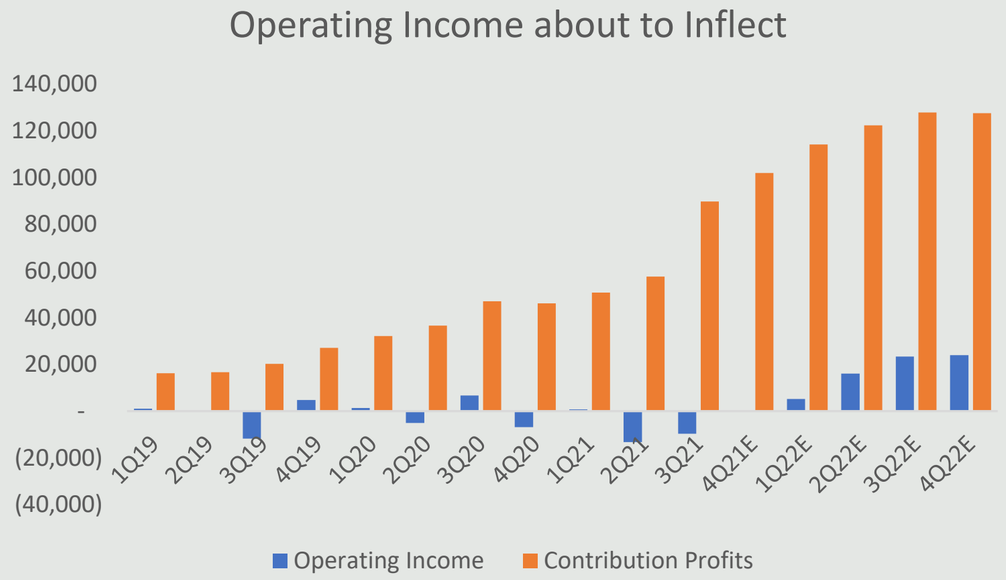
— Measure also delays radiation oncology model for another year

by Joyce Frieden, Washington Editor, MedPage Today December 10, 2021

WASHINGTON -- The Senate passed a bill Thursday night to stave off nearly 10% in anticipated cuts to Medicare physician fees, leaving physician organizations relieved but also annoyed at having to once again wait until the last minute for deliverance.

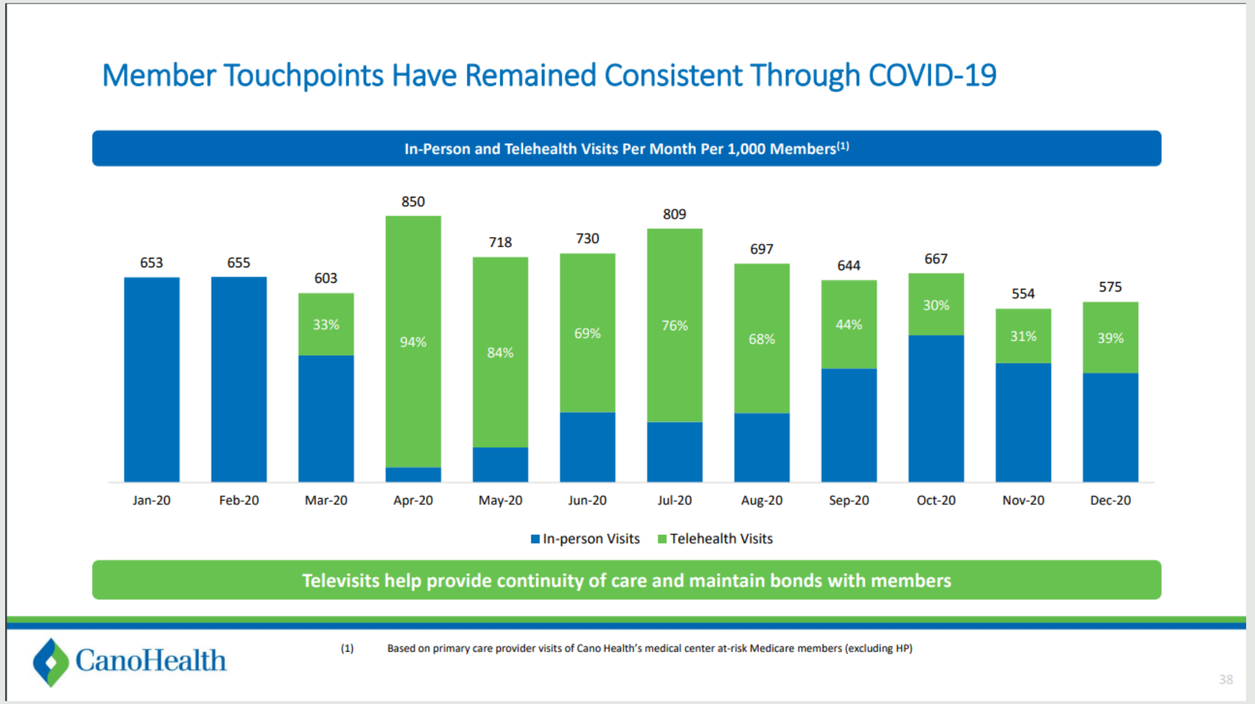
Liquidity Risk

- **This is a private-equity type investment in the public markets**
  - Net Leverage Ratios are currently 4.5-5.0x adj-EBITDA. Ratios should remain under maximum allowed for the foreseeable future, with a buffer of ~3 turns below the max in F2022 and rising to a buffer of ~4 turns in F2023.
  - There are no near-term re-financing needs, with the company's debt due in F2027 and F2028. By F2024, the company may be in the position to paydown and perhaps re-finance its debt.
- **Cano should begin to self fund its growth in F2023.**
  - Cano projects a positive operating cashflow quarter in 4Q'21. We expect significant step up in positive operating cash flows in F2022. They could begin self-funding capex requirements of ~$100M a year in F2023.
  - The company has ~$220M in the bank and ~$100m available credit facilities, so they should have sufficient liquidity to reach the point of self funding.



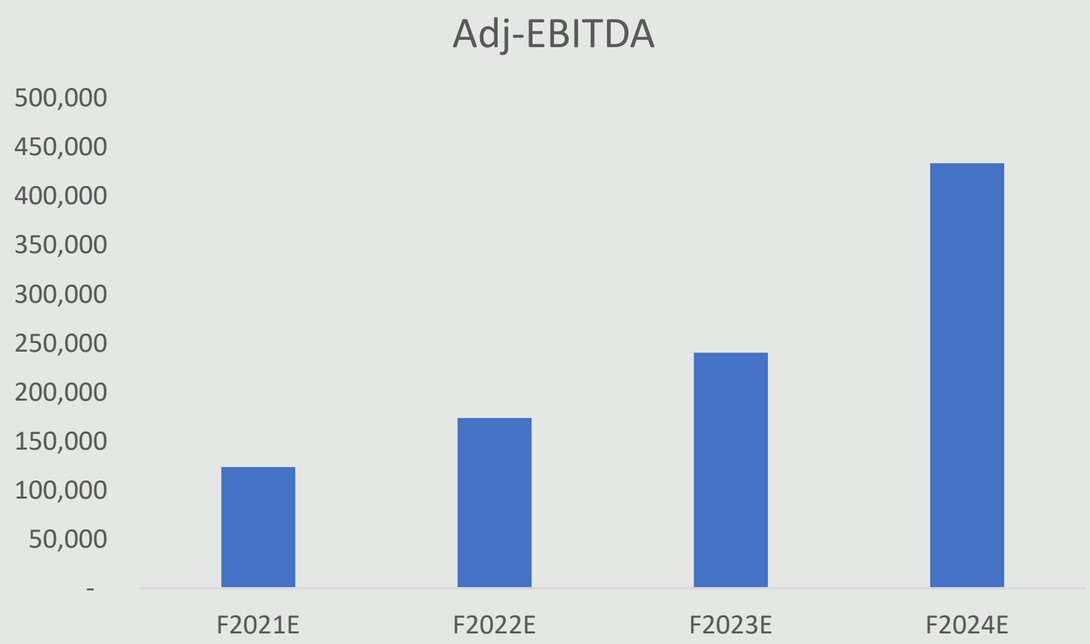
Pandemic Risk

- **The pandemic has pressured contribution margins as third-party medical expenses increased**
  - Many seniors put off preventative care. Cano Health has greatly outperformed its peers in F2021, but they have still experienced elevated health costs. Management expects normalization in F2022, because they are seeing their sickest patients 20x a year.
- **Social distancing practices at clinics has also reduce actual capacity below name-plate levels**
  - This has made it more difficult to recruit new members, as they have fewer members in waiting rooms as everyone is spread out. This is likely to abate in the future.



Valuations Have Been Reset

- **Public comparables have sold off significantly since last summer excitement over the sector**
  - Oak Street (OSH), Cano Health (CANO), and CareMax (CMAX) now trade for 2.3x, 1.5x, and 1.0x EV / NTM Revenue; in comparison, to valuations ~2x+ recent levels six-months ago. During last summer's peak, strategic buyers also acquired stakes private competitors at much higher valuations. VillageMD was acquired by Walgreens for ~12x sales. Iora Health was acquired by One Medical (ONEM) for ~7x sales.
- **Long-term these businesses project 15-20% EBITDA margins**
  - Cano Health trades for less than 25.0x EV / F22 adj-EBITDA, with considerable room for margins to increase long-term from ~6.5%.
  - Cano should generate positive operating cash flow in 4Q'21, with a major step-up in F22.
- **Positioned for strong growth for the foreseeable future**
  - With 130 units today, Cano should add 55-59 units per year. By F2026, they should have over 400 locations. While clinics generate $2.5-3.0M in contribution profits today, the direct contracting program will help clinics generate higher profit levels than they do today.



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