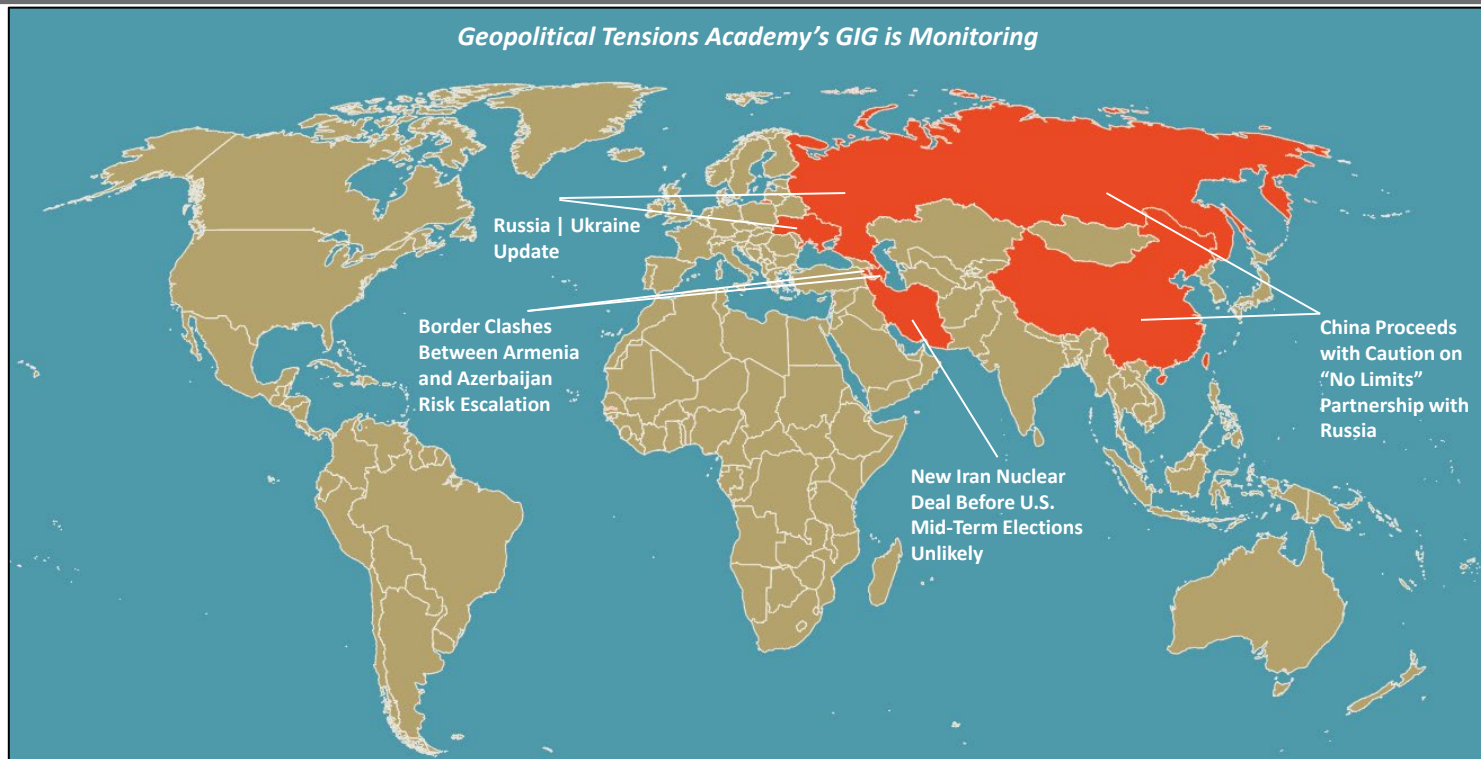


*Around the World with Academy Securities*

In this month's edition of *Around the World with Academy Securities*, our [Geopolitical Intelligence Group](#) (GIG) focuses on the following geopolitical tensions that we are monitoring:

1. Russia | Ukraine Update
2. China Proceeds with Caution on "No Limits" Partnership with Russia
3. Border Clashes Between Armenia and Azerbaijan Risk Escalation
4. New Iran Nuclear Deal Before U.S. Mid-Term Elections Unlikely

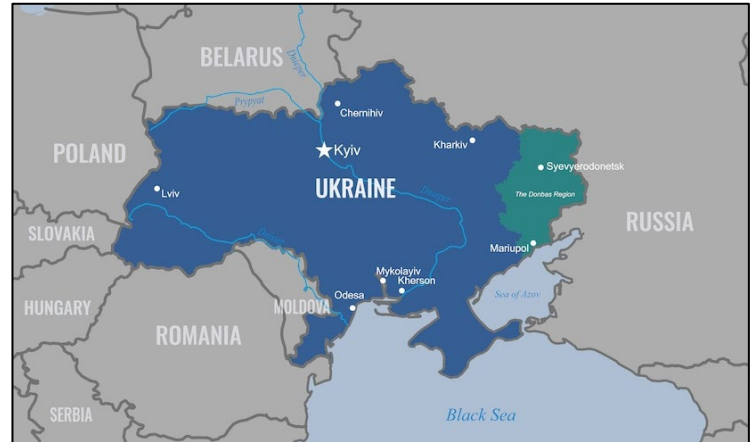
We begin this month's report with an update on the war in Ukraine and the recent partial mobilization announcement by Putin calling up 300,000 troops. Earlier this month, Ukrainian forces reclaimed more land than Russia had conquered in the past five months of the conflict. These victories have clearly threatened Putin and as expected, he has lashed out with a thinly veiled threat about the "right" of Russia to use its nuclear weapons. This week, referendum "votes" took place in two pro-Russian proclaimed "republics" in the eastern portions of Donetsk and Luhansk and in southern occupied regions of Zaporizhzhia and Kherson. The fear is that Putin will now claim that these territories are considered Russian soil and he could threaten the use of nuclear weapons if Ukrainian forces cross these new "red lines." We then address the recent meeting at the Shanghai Cooperation Organization summit between Putin and Xi and review how the "no limits" partnership has evolved since the beginning of the Ukraine conflict. Xi (and even PM Modi in India) would clearly prefer this conflict to come to an end sooner rather than later due to the disruptions it is causing in the global economy. Next, we return to the Nagorno-Karabakh region where fighting earlier this month between Armenia and Azerbaijan has claimed over 200 lives. While a fragile ceasefire continues to hold (despite some minor violations), the countries that support these two nations have overlapping priorities making the situation even more complex. Finally, we revisit Iran and the stalled nuclear discussions that have little chance of resolution prior to the upcoming U.S. mid-term elections.

**Please reach out to your Academy coverage officer with any questions and we would be happy to engage.**

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**Front and Center: Russia | Ukraine Update**

In our previous [SITREP on Ukraine's counter-offensive](#), our [SITREP on Putin's partial mobilization](#), and during our [webinar](#) this week, we provided updates on the latest developments in the conflict in Ukraine. While the influx of over \$14 billion in U.S. support to Ukraine has indeed helped turn the tide of the conflict (longer-range weapons, intelligence, etc.), the will of the Ukrainian people also cannot be discounted. However, with these successes, the war is entering into a new phase with Putin reinforcing his claims that "liberating" Ukraine's eastern Donbas region continues to be his key objective.



In the same speech on September 21<sup>st</sup>, Putin also announced a partial mobilization and called up 300,000 more Russian troops. While he has suffered significant setbacks on the battlefield, Putin blamed the West's infusion of advanced weaponry into Ukraine's military forces and said that this support had "crossed all lines." In conjunction with this announcement, Putin also issued another nuclear threat saying, "To those who allow themselves such statements about Russia, I want to remind you that our country also has various means of destruction, and some components are more modern than those of the NATO countries." While these kinds of nuclear threats have been made before (when Russia had the advantage), it is being taken even more seriously now that Ukraine has the momentum. In addition, several referendums were held this week in the Donbas (and Kherson and Zaporizhzhia in the south) that officially made some portions of Ukraine part of Russia. While these actions effectively amount to illegal annexations of parts of Ukraine (and will not be recognized by the U.S.), the risk is that Putin will now view this as Russian territory and any incursion into these lands could trigger the responses to which Putin was alluding. Again, while we still believe that a nuclear option is unlikely, the fact that Putin is being backed into a corner could make the situation extremely volatile in the coming weeks.

Russia's poor performance on the battlefield has also been noted by China as we will discuss in the next section. Putin likely came away from his recent meeting with Xi somewhat disappointed by the fact that he does not have anywhere near China's full support for his war in Ukraine. Yes, Russia has developed an economic partnership with Xi that has resulted in \$150 billion in trade (growing to \$200 billion in the next few years), significant sales of discounted oil, and a pipeline in Siberia that will supply natural gas to China (in an effort to replace the volume lost as a result of the Nord Stream shutdown). However, while Xi appreciated Putin's support for "One China," he will likely not be sending Putin any military support to aid in the war effort in Ukraine any time soon. While Iran is supplying combat drones to Russia and North Korea is reportedly sending artillery shells as well, Putin is feeling even more isolated and clearly needs a few victories of his own to keep up support for the war at home. Winter is coming to Europe (note the likely sabotage of the Nord Stream gas pipeline by Russia under the Baltic sea this week) and the energy crisis could encourage the EU to push for an end to this war. However, Putin has not yet achieved his objective and Zelensky is currently "not losing" the war, so unfortunately there is no near-term end in sight.

## *Around the World with Academy Securities*

*"Assuming Putin does indeed annex sections of Ukraine this week, he will immediately reinforce those areas in an attempt to legitimize his military efforts as defensive. Putin has to be disappointed with Xi's pulling back on what he thought was a unified position. China clearly wants to distance itself in the immediate future (which could include demonstrating a lack of solidarity over Ukraine and hesitating on the idea of providing weapons and munitions for Russia). Putin is no doubt trying to dance as close to his nuclear threats as possible without tripping a response while also trying to best position himself as a strong man with his own population. I do not think that Putin wants to get into a nuclear exchange with the U.S. or NATO, but he may well believe that he can use the nuclear threat (following the North Korean example) just to try and create panic in NATO/the EU." –*

### ***General Mastin Robeson***

*"President Putin is being humiliated and that is not good for anyone. Not only is he losing the war from every perspective, but now the U.S. is discussing sending even more advanced weapons such as F-16s, tanks, and infantry fighting vehicles to prepare the Ukrainian military for a spring offensive. He is threatening to use nuclear weapons to stop the U.S. from sending these advanced weapons. The threat worked in the run-up to his invasion with the Biden administration. President Biden's position prior to the invasion was to not supply advanced weapons to Ukraine because it would provoke Putin. The tide has changed and now both National Security Advisor Jake Sullivan and Secretary of State Antony Blinken have messaged that Putin would suffer "catastrophic consequences" if Russia used nuclear weapons. Putin is bluffing because he knows that their use would likely expand the war and bring U.S. and NATO air and missile forces into Ukraine to destroy Putin's military. He wants to win the war and knows that using nuclear weapons will guarantee he loses it. Thus, the threat of their actual use is low, but must be taken seriously.*

*Putin's referendums (and announced annexations) in the eastern region are not surprising given his military's recent significant defeats. He knows that he is losing the war and is using the referendums/annexations to demonstrate a political victory to his domestic audience. The referendums/annexations are being used as an attempt to show the world that he has gained huge swaths of territory inside Ukraine. He hopes that this demonstration of strength will influence the Russian public into supporting his newly announced mobilization plan. However, everyone knows that these are fraudulent acts to force Ukrainian citizens to vote under gunpoint and intimidation. The symbolism of these acts will not stop the Ukrainians from conducting military operations inside these regions."*

### ***– General Robert Walsh***

*"The West must continue to support Ukraine by providing technology and equipment and putting sanctions on Russia. It appears that with Germany nationalizing the refineries owned by Rosneft, they are now fully on board. Ukraine has the momentum now with the counterattack and has the will to retake all land seized by Russia. Russia's will to fight is waning since many of the troops are from different ethnic groups and any Russian troops mobilized will not be trained soon enough to affect the current fight this year. Ukraine has the will to win because if they lose, they will not exist. I expect Ukraine to use the Russian equipment captured to continue their offensive for the rest of the year as long as the West continues to provide logistical/military support and remains united against Russia. Any nuclear weapon usage by Russia will lead to world condemnation so it is not to Russia's advantage to use any sort of nuclear weapon. A more likely scenario is an accident at a nuclear power plant with lots of finger pointing to distract everyone from the Ukraine ground fight."*

### ***– General K.K. Chinn***

*"It is difficult to assess how Putin viewed the meeting with Xi. However, the Western view is that the "no limits" partnership theme does not apply to Russia's war in Ukraine. It appears that India's Modi (who was much more direct) also views Russia's actions with concern as the conflict impacts their standing within the international community. China will identify where the relationship serves its national interests, which in this case is cheap energy. Another aspect that China is likely examining is how to bolster their position in the "Stans" which Russia sees as*

### *Around the World with Academy Securities*

*their traditional near-abroad area of influence (much like Eastern Europe). It will be worth watching China's actions across the Stans as Russia's ability to support/influence the Central Asian nations becomes more problematic. This is starting to manifest in Kazakhstan more than any other location.*

*I am not sure of Putin's logic with respect to missile strikes in and around Ukrainian nuclear facilities. It could be that he sees these types of strikes as a means of escalating the risk associated with the West's support of Ukraine. Rather than using nuclear weapons, these close strikes are meant to serve as a means of deterrence. Then he grants access to the IAEA as a means to demonstrate that it was not his intent to deliberately strike, but in the fog of war such accidents may happen, and Putin cannot always prevent them (though he likely directed it)."*

**- General Robert Ashley**

*"The United States and its allies were surprised by the lack of an aggressive response in cyberspace against them resulting from the Ukrainian conflict. While there were attacks conducted between Russia and Ukraine, despite Russian rhetoric, there did not appear to be much bleed over to other nations (with a few minor exceptions). The lack of an aggressive Russian response has drawn many theories, the top of which is that they are avoiding escalating the conflict in cyber to hold capabilities in reserve (similar to the thought regarding the use of tactical nuclear weapons) as the use of cyber would potentially result in a significant response from NATO. Russia is aware of the significant offensive cyber capabilities of the United States and its allies and likely does not want to provoke a full-on crippling response. Also, we have seen spectacular leadership failures from the Russian military in the months since the conflict started and can only assume that those failures extend into the leadership of their cyber forces. Russian cyber forces have been under sustained and significant attacks since the conflict started. Forces from the IT Army of the Ukraine, random hacker groups like Anonymous, and likely nation states (i.e., General Paul Nakasone, head of U.S. Cyber Command stated publicly that U.S. military hackers "conducted offensive operations in support of Ukraine,") have likely caused them to assign an inordinate amount of their forces to cyber defensive operations to keep their critical infrastructure, command and control, and supply lines into Ukraine functioning. Commercial companies should be mindful of the significant Russian cyber capability and their ability to disrupt supply chains and critical infrastructure and should be prepared to continue business operations should attacks extend beyond current targets."*

**- Admiral Danelle Barrett**

### **China Proceeds with Caution on "No Limits" Partnership with Russia**

As we have reported in our previous [ATWs](#), we have provided coverage of China's relationship with Russia and the "no limits" partnership that has evolved since the meeting between Putin and Xi at the start of the Winter Olympics earlier this year. On September 15<sup>th</sup>, Putin and Xi met once again at the summit of the Shanghai Cooperation Organization, which is a regional security-focused group that also includes India, Pakistan, Kazakhstan, Kyrgyzstan, Tajikistan, and Uzbekistan. The key here is the fact that this is the first meeting since the conflict in Ukraine began 7 months ago and all eyes were on how the two authoritarian leaders would



interact considering how poorly Russia's campaign in Ukraine has been going. While both nations see their friendship as a counterweight to the U.S. presence in the Pacific as well as to what they view as an expanding NATO, China has not overtly supported (or condemned) Russia's invasion of Ukraine and even Putin acknowledged that Xi had

*Around the World with Academy Securities*

"questions and concerns." In addition to China, the recent meetings included Prime Minister Modi of India, who has also recently changed his tune with respect to the conflict in Ukraine. Yes, both China and India rely on Russia for energy and defense trade, but both nations see the impact that the war is having on the global economy, especially with respect to food and energy prices.

In addition, while China has significantly expanded the economic relationship with Russia and greatly increased the purchases of oil (and natural gas via the Power of Siberia pipeline), it has stopped short of providing support militarily or in any other way that could provoke a response from the West in the form of sanctions. What also became clear is that China views the war in Ukraine as potentially de-stabilizing for the region and likely would prefer this conflict to end. As Xi prepares for his third term as president, his other priorities include expanding upon the Belt and Road Initiative in places like Kazakhstan (where the program began in 2013) and as he stated during his visit with Kazakh President Tokayev, "China will always support Kazakhstan in maintaining national independence, sovereignty, and territorial integrity." Reading between the lines, Xi was directing this statement toward Russia as a subtle warning not to interfere in Central Asia, where China has strategic interests. Finally, in the comments from our GIG below, we once again address the U.S. policy of "strategic ambiguity" with respect to Taiwan.

*"Putin has fuel and cash, but needs munitions, while China needs fuel and has stockpiles of munitions, so it seems like there are some potential synergies here. However, Xi is walking a fine line with respect to his priorities (Taiwan, the Chinese economy, and world influence). There has been talk of late that Xi is interested in parts of Russian controlled Mongolia, but that sounds more like idle banter by Xi just to keep things interesting.*

*China stopped believing in the U.S. strategic ambiguity policy years ago. The fact that we always led with combat ships passing the Straits has sent a very clear message to China. No doubt Biden's national security team has learned from some of the prior policy mistakes of offering an olive branch instead of leading with strength."*

**- General Mastin Robeson**

*"China views Russia as a junior partner and wants any and all gas/oil it can get from Russia at a discounted price to bolster their economy, but clearly understands that if they provide support to Russia's fight in Ukraine, they will be sanctioned. China understands that the U.S. is linked to them economically so Xi will only provide diplomatic support to Russia. Xi is focused on the upcoming 20th National Congress of the Chinese Communist Party to strengthen/solidify his position and power. We need to listen carefully to his vision for China that he will lay out during the upcoming session regarding the economy, its zero-COVID policy, and China's role in geopolitical tensions."*

**- General K.K. Chinn**

*"Regarding the meeting between Putin and Xi, there are multiple audiences here: the Chinese people, the CCP, and Xi's inner circle. I've not seen much written about the interest of the Chinese people. I would assess that the tone of the meeting demonstrated Xi's caution due to the lack of progress by Russia. China does not want to see Russia/Putin fail, but they are being very measured in their comments. China will always take a measured approach that puts Chinese national interests first as the singular issue vs. any multi-national or bi-lateral relationships. The broader issue for China is the impact that a Russian failure would have with respect to a potential China/Taiwan conflict. I don't see any direct military support to Russia from China even though Russia has been key in supporting some of China's military build-up (especially jet engines which China has been challenged to engineer). China does have interests in the "Stans" as mentioned previously (they share many borders) and China also has great interest in Mongolia. Xi is no doubt watching the sanctions and their impact as they assess their risk in the event of a Taiwan conflict and China is also looking to shore up their regional and global relationships.*

### *Around the World with Academy Securities*

*I am not sure if Xi believes that the U.S. would intervene in Taiwan. He wants a non-kinetic/peaceful assimilation of Taiwan. What Xi has to think about is the speed in which the Chinese military can blockade and eventually seize the island. Russia and Ukraine have given Xi much to think about from sanctions to how well his CCP military would perform. Xi still views the U.S. as a nation in decline and I don't think that has changed. Does he think that NATO unity could manifest itself into military support in the INDOPACOM theater? What remains unknown is Xi's timeline. Will his legacy be achieving the Chinese dream of unifying the country by 2049 or will it happen before he leaves office? What is difficult to assess is how he views risk in this context. Traditionally the Chinese are risk adverse and would only make such an aggressive move with high confidence that they would be successful. Putin's failure to understand the West's and Ukraine's resistance is something Xi has to be examining."*

**- General Robert Ashley**

*"President Biden has repeatedly articulated that the U.S. will use military force to defend Taiwan. This message signals a change to the policy of "strategic ambiguity" and how the U.S. will defend Taiwan. Quickly, and on several occasions, administration staff members have walked back his rhetoric and stated that the U.S. policy has not changed. Since the U.S. passed the Taiwan Relations Act in 1979, the U.S. and China have agreed to a theme of "peace and stability" in the Taiwan Strait. Over the last decade, the Chinese military has continued to threaten and intimidate Taiwan. President Xi has repeatedly stated that if Taiwan does not become part of mainland China, he will use military force to take control. Since he continues to violate the agreement to maintain peace and stability and threatens to use military force to attack Taiwan, it is now appropriate and essential that President Biden make a public declaration that the U.S. will use military force to defend it."*

**- General Robert Walsh**

*"According to the U.S. Office of the Director of National Intelligence 2021 Annual Threat Assessment, "China presents a prolific and effective cyber-espionage threat, possesses substantial cyber-attack capabilities, and presents a growing influence threat." Companies should be planning for disruptions and ensure resiliency in their critical products and services when supply chains are disrupted (which could be for an extended period of time). The Chinese government has long targeted malicious cyber-activity and surveillance against U.S. companies, particularly those that are part of the Defense Industrial Base. They also aggressively target healthcare, financial services, energy, government facilities, chemical, critical manufacturing (including automotive and aerospace), communications, IT (including managed service providers), international trade, education, video gaming, faith-based organizations, and law firms. China is also conducting operations worldwide to steal intellectual property and sensitive data from critical infrastructure organizations. These trends are expected to continue and increase in aggressiveness as tensions over Taiwan continue to escalate."*

**- Admiral Danelle Barrett**

*Around the World with Academy Securities***Border Clashes Between Armenia and Azerbaijan Risk Escalation**

As we reported in our ATW back in [2020](#), there has long been tension between Armenia and Azerbaijan regarding the disputed territory of (Armenian-populated, but Azerbaijan controlled) Nagorno-Karabakh. In 2020, the two nations fought a war that killed thousands while Azerbaijan made significant territorial gains. Earlier in September, fighting once again erupted, killing over 200 people. As the U.S. tries to get involved in the peace discussions, Speaker Pelosi visited Armenia days after a ceasefire was established and put the blame squarely on Azerbaijan for starting the violence. In addition, on September 19<sup>th</sup>, Secretary of State Blinken hosted a meeting with the foreign ministers of Armenia and Azerbaijan to try to ease tensions and maintain the ceasefire.



However, as the ceasefire that was established in mid-September continues to hold, what makes this conflict even more interesting are the alliances and how these partnerships overlap in the current geopolitical environment. Russia (which reportedly brokered the ceasefire) is a long-time ally of Armenia and supports them militarily, while Turkey has been a long-time supporter of Azerbaijan. The fact that Turkey is on the opposite side of Russia here (similar to where they stand in Syria and Libya) makes this situation (and the conflict in Ukraine) even more complicated. Many see Turkey as the entity that could one day broker a broader ceasefire in Ukraine and with high inflation/economic trouble in Turkey, Erdogan could use a "win" prior to the upcoming elections. While Turkey is a key NATO ally, we have seen them play both sides in the Ukraine conflict by supporting Ukraine with drones, but not closing its airspace to Russian flights. The fact that Israel supports Azerbaijan complicates its relationship with Russia as well at a time when Israel still needs to deconflict the airspace in Syria when it targets Iranian backed militants. The fact that the players involved on both sides will continue to posture for more leverage here (and in other parts of the world) makes this situation even more complex. We will continue to monitor the ceasefire in Nagorno-Karabakh, but General Robeson from our GIG believes that, "given the multiple higher priorities for every "external player," this will likely continue to unfold into the same stalemate that we have witnessed during the 30 years of disagreement."

*"Azerbaijan will act in its own national interest and knows that Russia is challenged to support Armenia (which is a win for Western military equipment/technology (Israel/Turkey) versus Russian equipment). The Russian defense industry is in turmoil, and everyone is suspect now of buying Russian equipment. The red line is ensuring that Iran does not enter the fight in support of Armenia. Azerbaijan will work with support from Israel and Turkey to continue to pressure Armenia to accept a treaty on their terms."*

*- General K.K. Chinn*

*"All the parties involved will simply work to keep the peace. The larger problem is addressing the issues related to the Nagorno-Karabakh enclave inside Azerbaijan, which is unlikely to be resolved anytime soon as it is not a vital interest for Turkey/Russia (or the West), so status quo/stability is likely the best outcome in the near-term."*

*- General Robert Ashley*

*Around the World with Academy Securities***New Iran Nuclear Deal Before U.S. Mid-Term Elections Unlikely**

As Iranian President Raisi spoke at the UN General Assembly last week, he reiterated that he was ready for a new nuclear deal with the U.S. and the other parties in the agreement, but continued to assert that Iran needed guarantees that the U.S. would not be able to remove itself from the accord during a subsequent administration. He also claimed that Iran's nuclear program was peaceful and criticized the fact that another country's (Israel's) nuclear program remained a secret. While it is clear that Iran is just continuing to try to gain negotiating leverage, it is also stalling to see how the U.S. mid-term elections play out this fall. As Iran continues to enrich uranium beyond the IAEA limits, develop its ballistic missile program, fund regional proxy forces that have targeted Americans in Syria/Iraq, and support Russia in its war in Ukraine, Raisi is not taking steps to gain any kind of credibility. While U.S. sanctions have impacted the Iranian economy since President Trump pulled out of the deal four years ago, Iran continues to support itself by selling oil to China. As the talks have stalled and the prospect of a new nuclear deal remains slim in the near-term, the question is at what point does the U.S. have to pivot and cease negotiations and start to address Iran's malign behavior more directly?



Iran has also experienced civil unrest due to the poor economy and is currently seeing protests in the streets regarding the death of an Iranian woman who was held in the custody of the "morality police" for violating mandatory dress laws. This social unrest in Iran has claimed over 35 lives to date (in addition to the arrest of over 1,200 people) and while the IRGC has vowed to crackdown on the protestors, the violence is not showing any signs of abating.

*"The Biden administration is taking a tougher approach than the Obama administration did. This could certainly mean that Iran could respond adversely to the U.S. and U.S. interests via continued proxy attacks and by promoting instability within Middle Eastern nations we are friendly with. It also means that Iran is under greater pressure given their current nation-wide protests. It will be interesting to watch who joins the U.S. with a tougher stance."*

**- General Mastin Robeson**

*"The situation in the Middle East is becoming more and more serious over Iran's potential use of nuclear weapons. The Israelis remain convinced that Iran is developing nuclear weapons that will be used to destroy them. The ongoing shadow war between the two is growing as Israel fears that the U.S. will re-sign the JCPOA. Israel is also becoming more certain that Iran believes it can attack Israel with nuclear weapons and then survive reciprocal attacks. One only needs to look at a map and compare the size of the two countries to understand Israel's concern. This is becoming very serious because nuclear weapons have always had an inherently shared deterrent value in possessing them. If this deterrence factor is lost on Iran, then where does this leave Israel in its nuclear weapons strategy and policy? Israel has recently stated that their military is training for a "different type of war" should Iran gain a nuclear weapon."*

**- General Robert Walsh**

*"I don't anticipate any movement before the mid-terms. At this point, I think that the U.S. approach has more to do with the political capital of the current administration as it relates to trying to keep the negotiations going given that they emphasized getting back into some form of the JCPOA with Iran. There are significant issues with the IAEA*



### *Around the World with Academy Securities*

*that need to be resolved before talks can progress. Iran turned off some of the monitoring equipment and now the IAEA has a break in its continuity of oversight of the Iranian nuclear program. However, I anticipate that the administration will continue to press, though progress is unlikely in the near to mid-term."*

*- General Robert Ashley*

*"According to the Cybersecurity and Infrastructure Security Agency, destructive attacks were conducted by Iranian state cyber-actors (a group known as "Homeland Justice") against the Government of Albania (a NATO member). Their actions made websites and services unavailable, specifically taking down their Total Information Management System (TIMS), a system for tracking the data of those entering and leaving Albania. After an FBI investigation, it was determined that the Iranian state cyber actors had been in their system and remained undetected for approximately 14 months before launching their attack which included installing a file encryptor and disk wiping malware. It is suspected that Iran's motives for this attack included Albania's support of the Mujahideen E-Khalq (MEK), an Iranian group that advocates for the overthrow of the Iranian government (which Tehran considers a terrorist organization). Albania severed diplomatic ties between the two nations earlier this month. This situation presents an interesting problem for NATO and the United States. While President Biden vowed to "hold Iran accountable for actions that threaten the security of a U.S. ally" and the Treasury Department sanctioned Iran's spy agency, it is a very grey area when considering whether this attack should invoke a NATO response under Article 5 (which commits each member state to consider an armed attack against one member state, in Europe or North America, to be an armed attack against them all). Since the U.S. and NATO have not established firm "Cyber Red Lines" and legal definitions for what is considered an armed attack or an act of war regarding cyber, this further demonstrates the ambiguity of cyber as an influence and warfare tool."*

*- Admiral Danelle Barrett*

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