

7 Mile Advisors



Sectorwatch: Digital Medicine

Q4 2020



7MA

Digital Medicine

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Overview

7MA provides Investment Banking & Advisory Services to the Business Services and Technology Industries globally.

We advise on M&A and private capital transactions and provide market assessments and benchmarking. As a close-knit team with a long history together and a laser focus on our target markets, we help our clients sell their companies, raise capital, grow through acquisitions, and evaluate new markets.

We publish our sectorwatch, a review of M&A and operational trends in the industries we focus.

DASHBOARD

- Summary metrics on the sector
- Commentary on market momentum by comparing the most recent 12-month performance against the last 3-year averages.

PUBLIC BASKET PERFORMANCE

- Summary valuation and operating metrics for a basket of comparable public companies.

VALUATION COMPARISON

- Graphical, detailed comparison of valuation multiples for the public basket.

RECENT DEALS

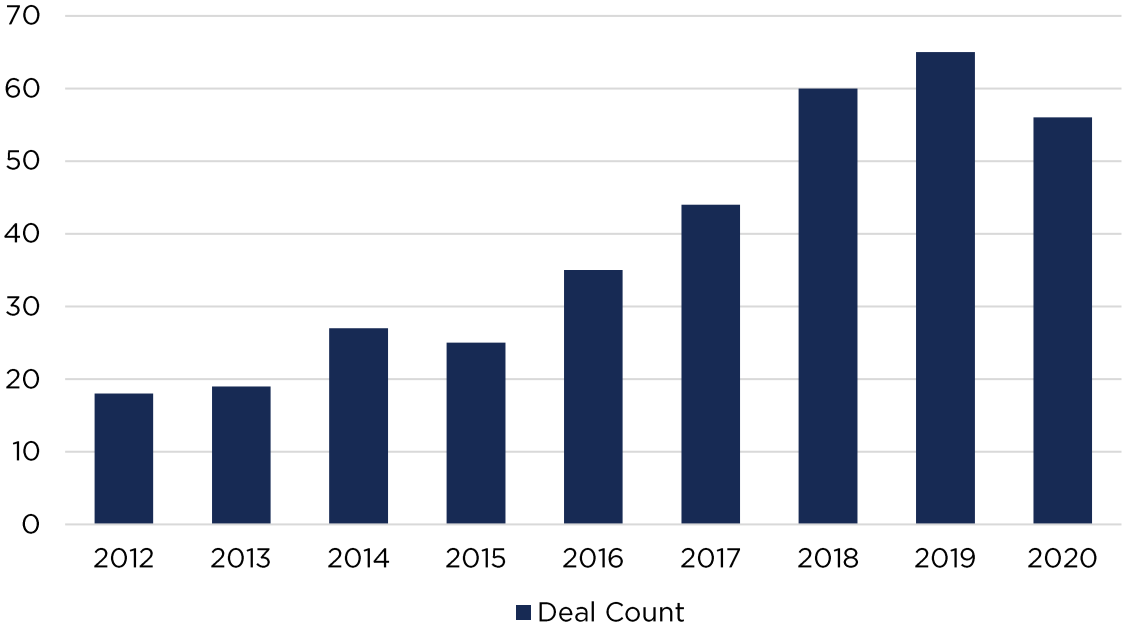
- The most recently announced deals in the sector

Dashboard

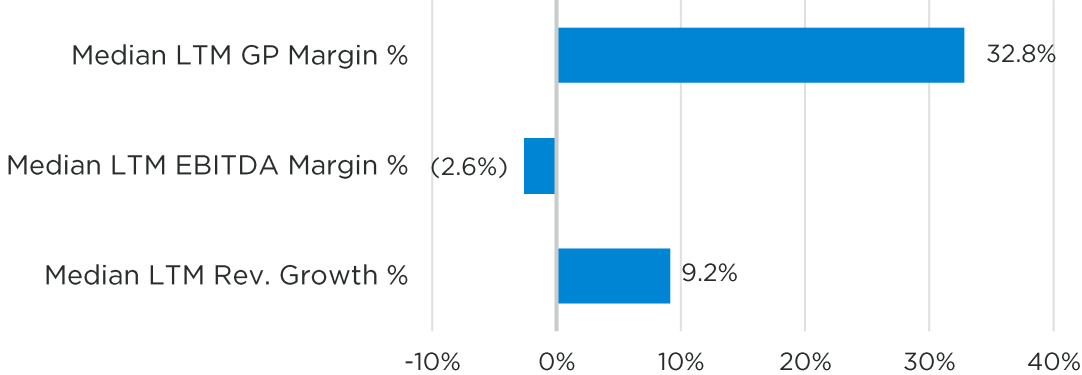
REVENUE GROWTH MOMENTUM ↓ -15.3%

1 - year revenue growth compared to revenue growth average for last 3 years - Current revenue growth rate is less than the average of the last 3 years, indicating that the market may be flattening or declining

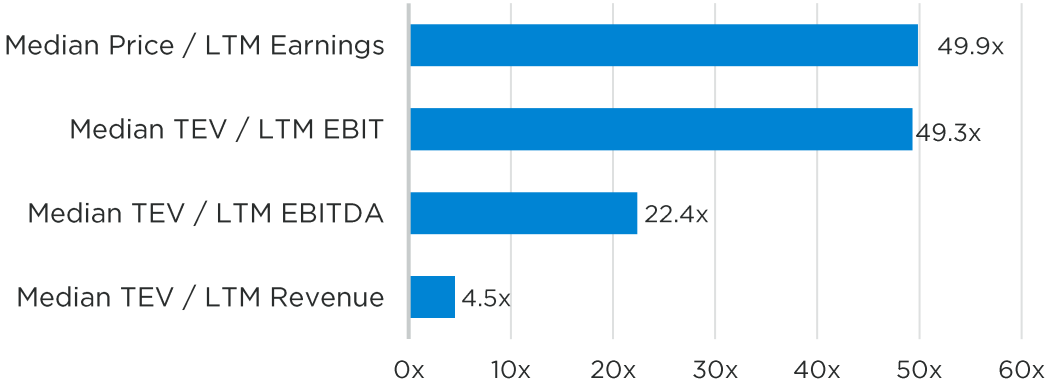
M&A Activity



Operating Metrics



Valuation

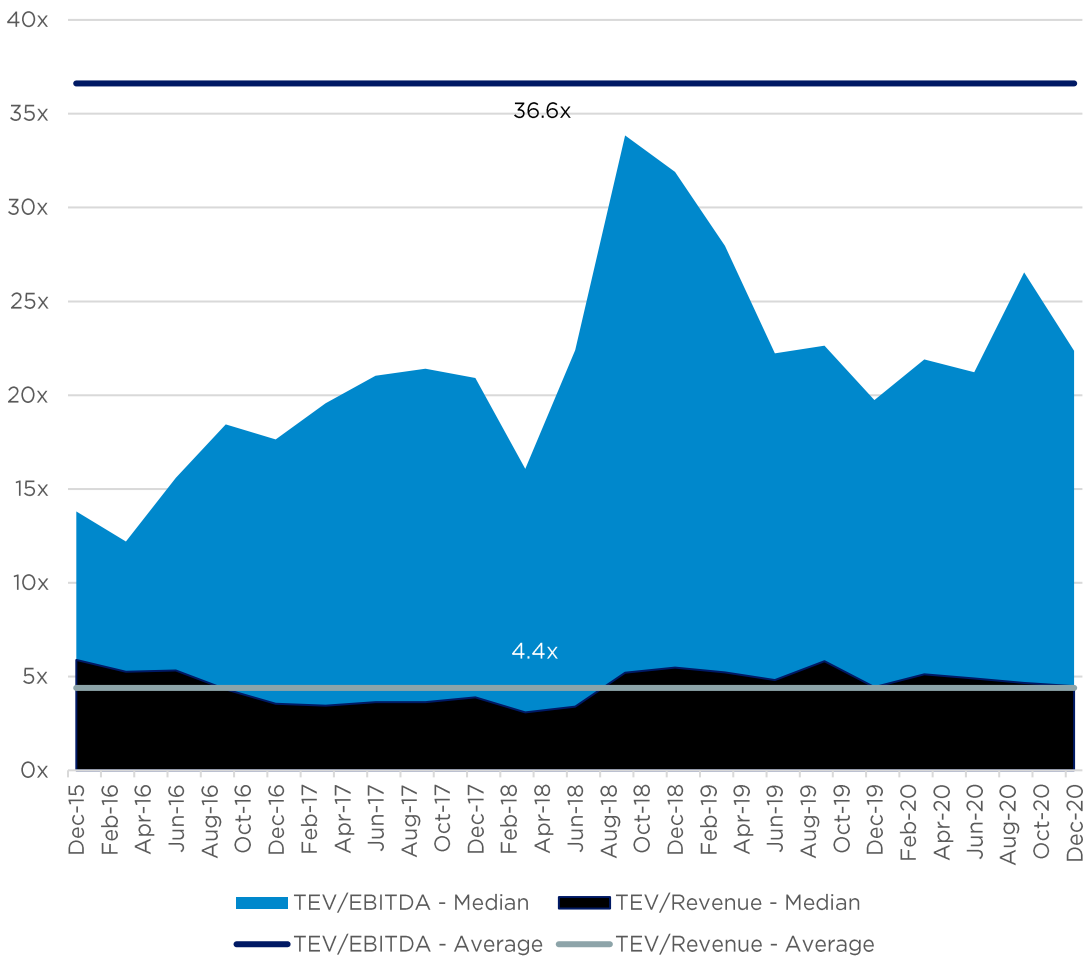


Public Basket

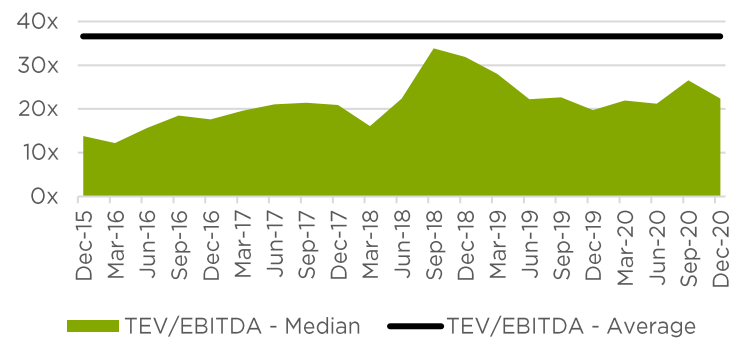
| Company | TEV \$m | LTM EBITDA \$m | LTM Rev \$m | Rev Growth YoY | GP % | EBITDA % | TEV / Rev X | TEV / EBITDA X | # FTEs | Rev / FTE \$k |
|------------------------|---------|----------------|-------------|----------------|-------|----------|-------------|----------------|--------|---------------|
| Tabula Rasa Healthcare | 1,079 | -8 | 293 | 9.2% | 32.8% | -2.6% | 3.7x | N/A | 1,286 | 228 |
| Evolut Health | 1,310 | -462 | 987 | 22.9% | 31.1% | -46.8% | 1.3x | N/A | 3,400 | 290 |
| Phreesia | 1,842 | -4 | 134 | 21.5% | 65.6% | -2.9% | 13.7x | N/A | 532 | 252 |
| Hms Holdings | 2,891 | 126 | 643 | 3.9% | 30.3% | 19.6% | 4.5x | 23.0x | 3,100 | 207 |
| Inovalon Holdings | 3,801 | 175 | 651 | 7.6% | 74.8% | 26.8% | 5.8x | 21.7x | 2,662 | 245 |
| Average | 2,185 | -35 | 542 | 13.0% | 46.9% | -1.2% | 5.8x | 22.4x | 2,196 | 244 |
| Median | 1,842 | -4 | 643 | 9.2% | 32.8% | -2.6% | 4.5x | 22.4x | 2,662 | 245 |

share price as of 01Dec20

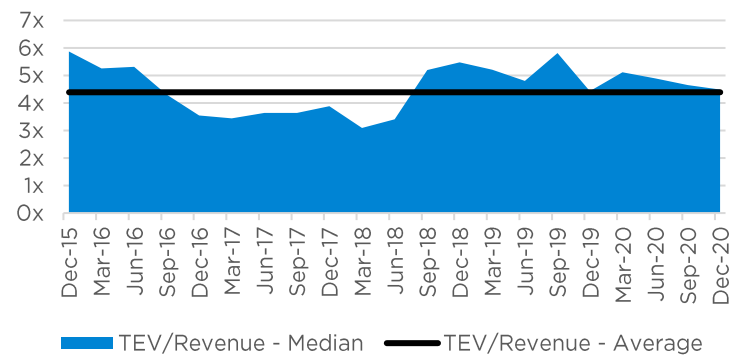
Public Basket



Public EBITDA Multiples over Time

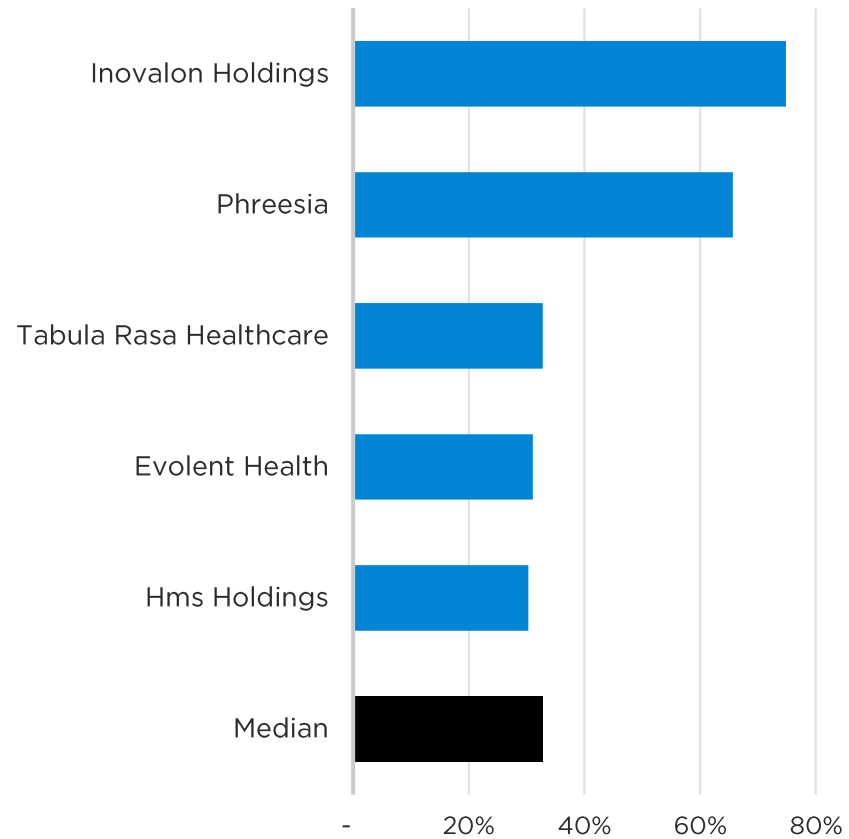


Public Revenue Multiples over Time

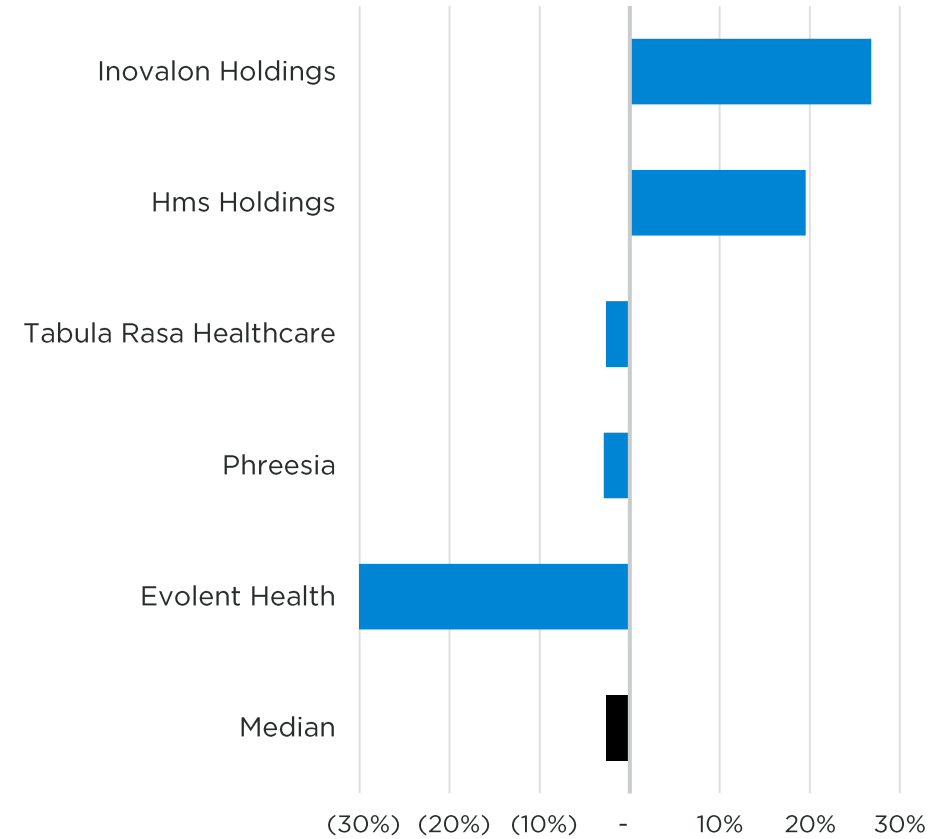


Operational Metrics

LTM Gross Profit Margin %

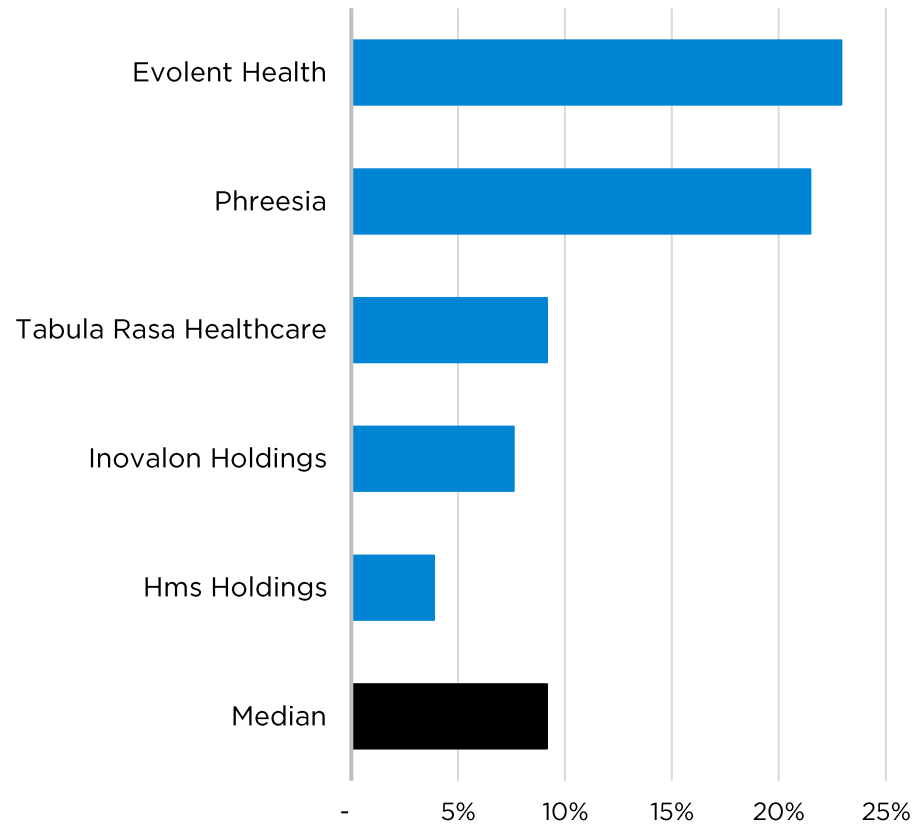


LTM EBITDA %

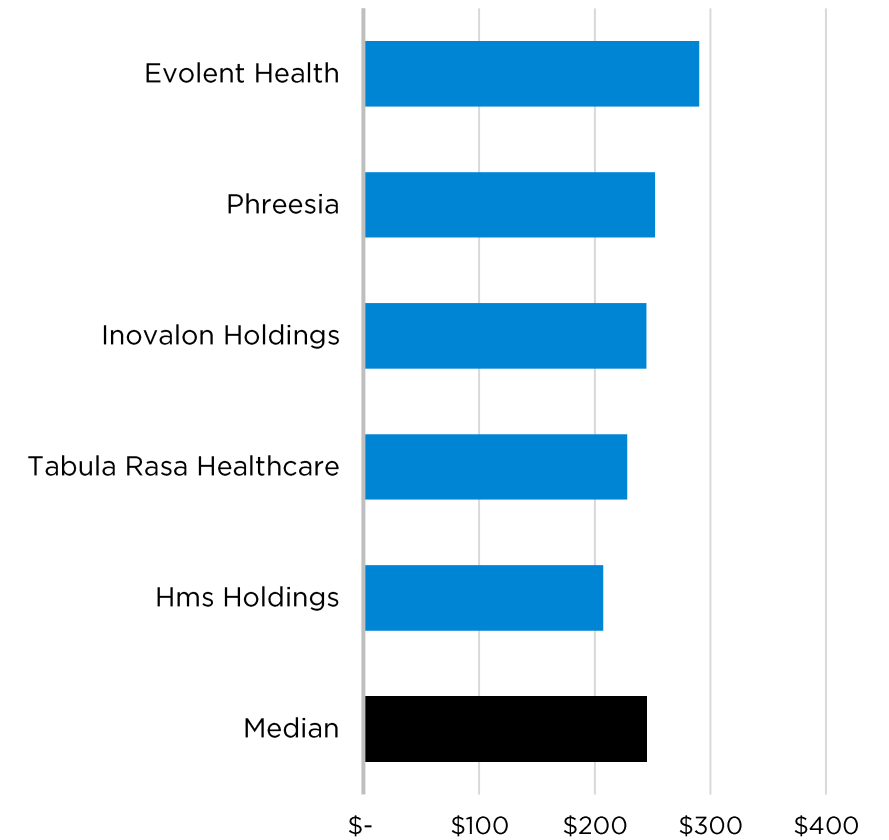


Operational Metrics

LTM Revenue Growth %

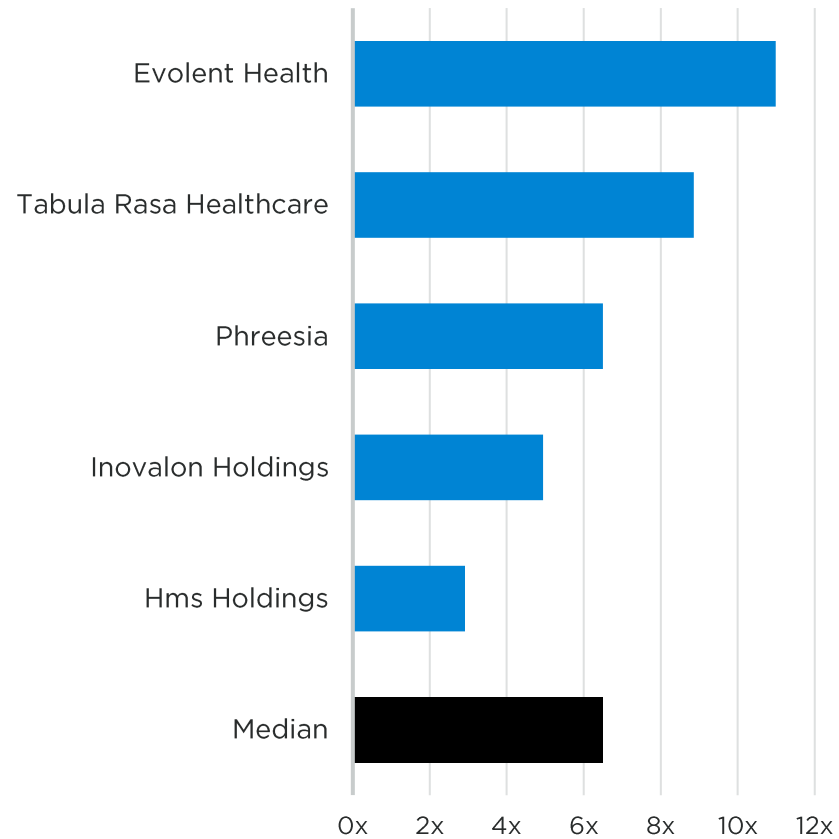


LTM Revenue per Full Time Employee x 000's

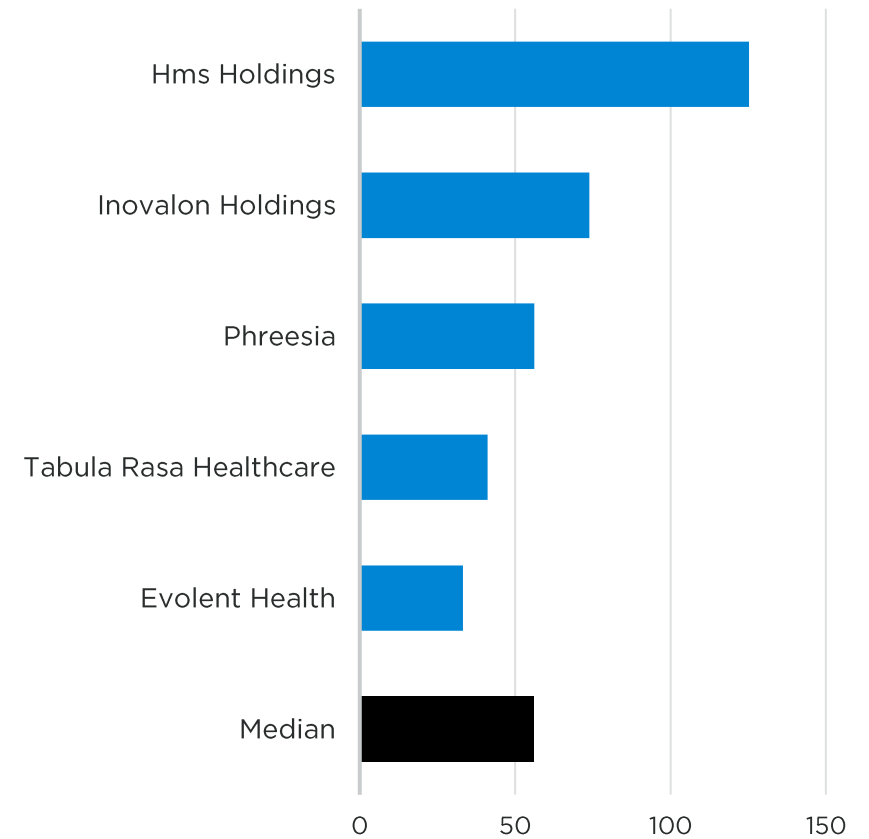


Operational Metrics

Accounts Receivable Turnover

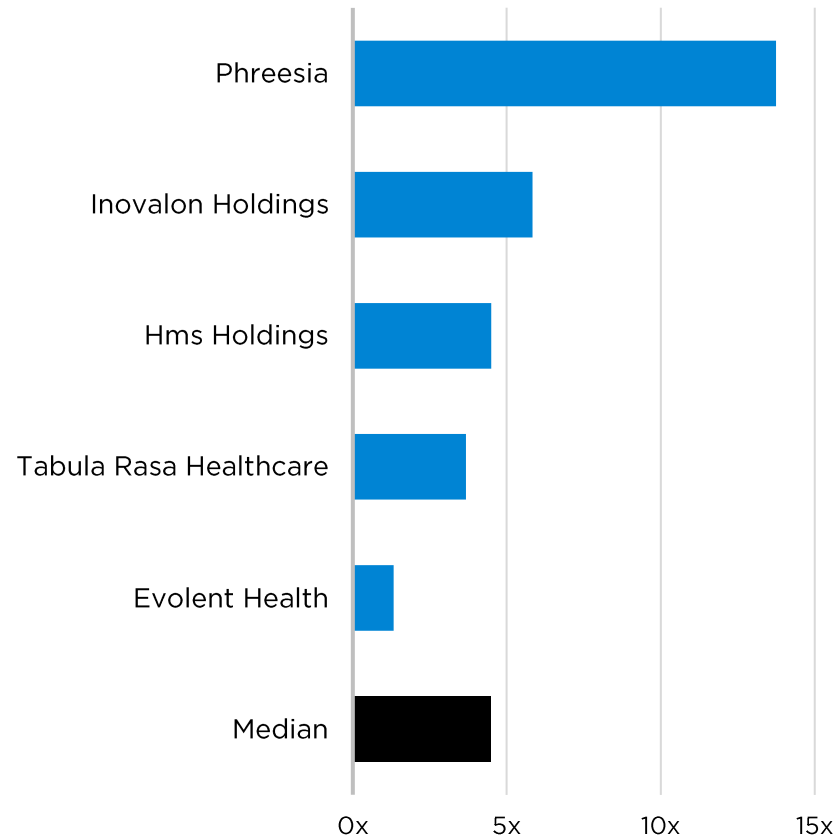


Average Days Sales Outstanding

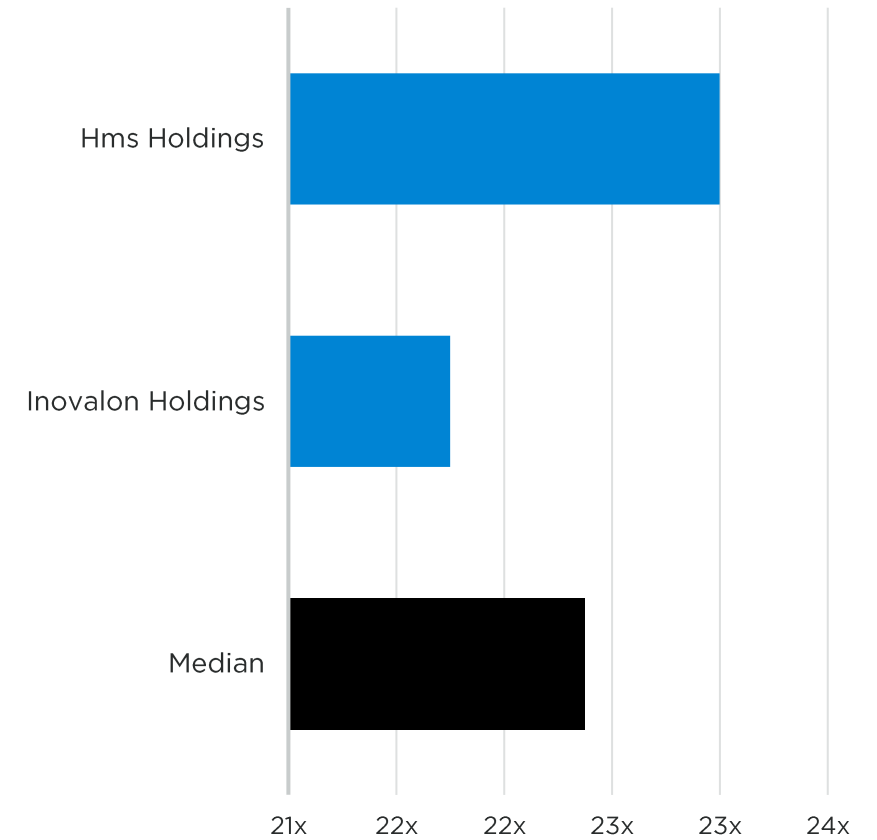


Valuation

TEV / LTM Revenue

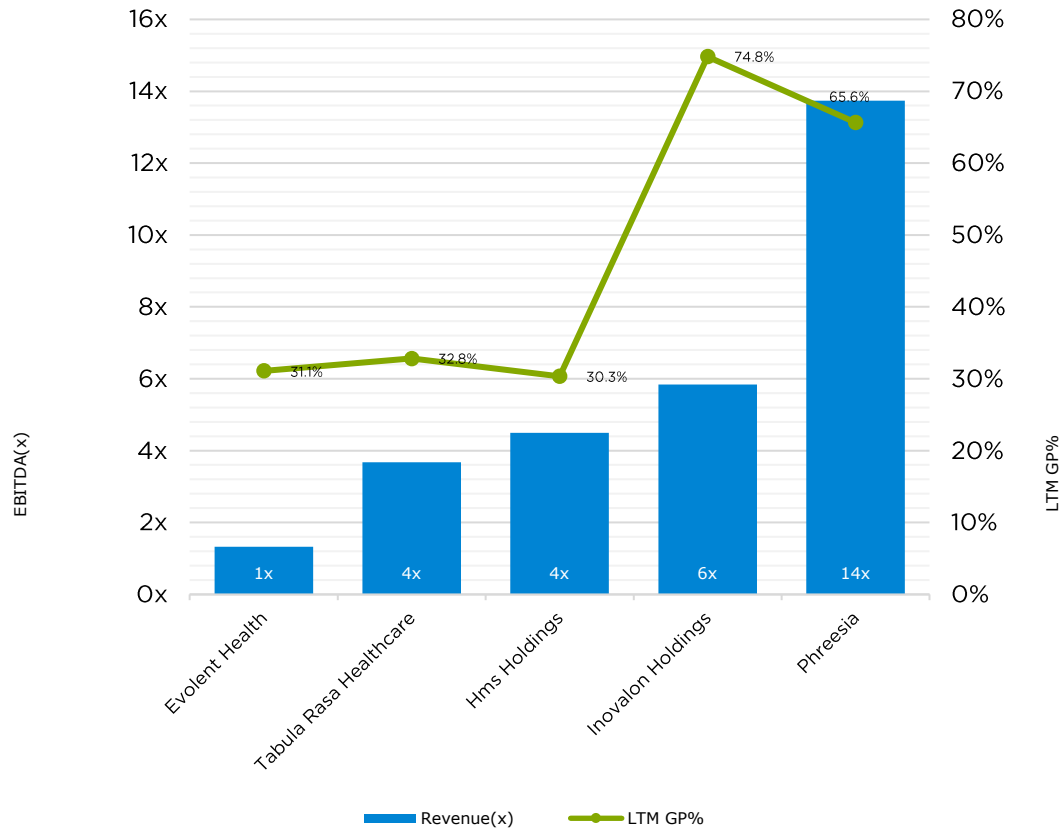


TEV / LTM EBITDA

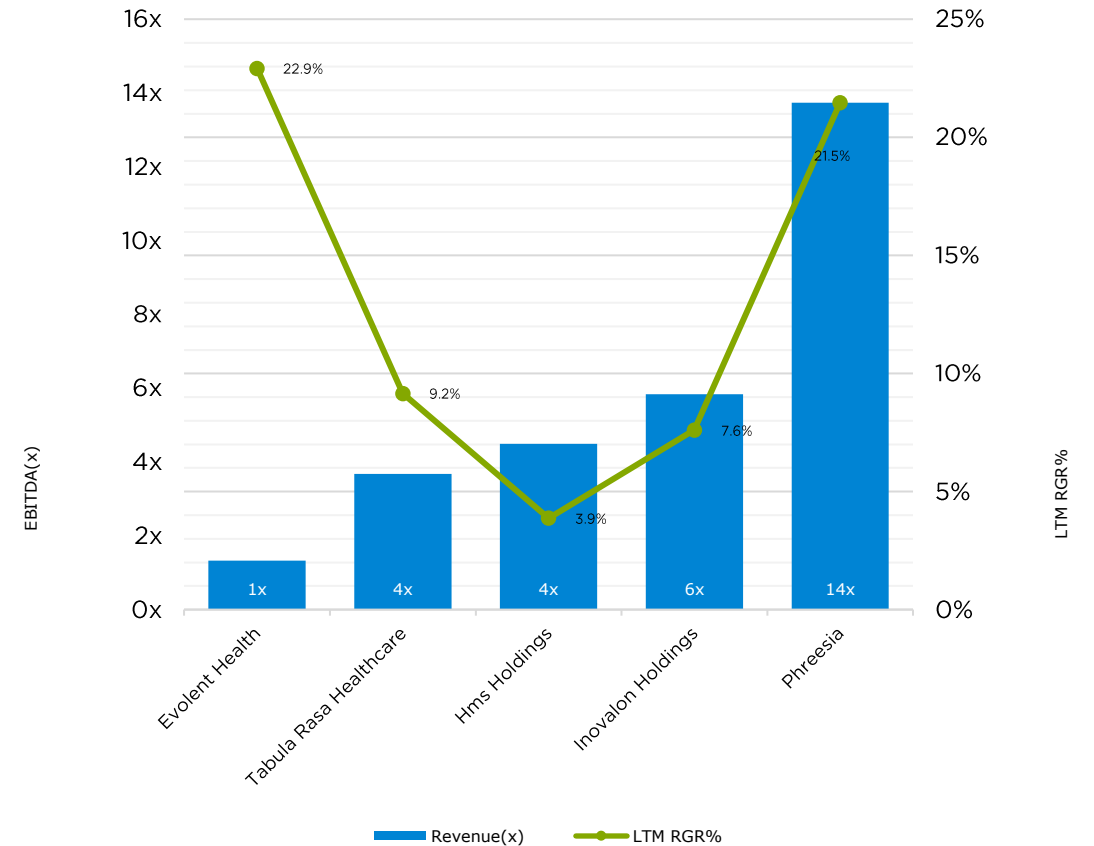


Valuation

Historical Valuation Multiples versus Gross Profit



Historical Valuation Multiples versus Revenue Growth Rate



Recent Transactions

| <u>Date</u> | <u>Target</u> | <u>Buyer</u> | <u>Total Transaction Amount</u> | <u>Target Revenue (TTM at time of deal)</u> | <u>TEV / Revenue</u> | <u>TEV / EBITDA</u> |
|-------------|--------------------------|------------------------------|---------------------------------|---|----------------------|---------------------|
| 10-Nov-20 | COTA | Baptist Health South Florida | 44.00 | - | - | - |
| 10-Nov-20 | Healthstat | Alta Partners | - | - | - | - |
| 04-Nov-20 | Cohero Health | AptarGroup | - | - | - | - |
| 04-Nov-20 | Livongo | Teladoc Health | 18500.00 | 258.00 | 55.64 | -573.75 |
| 22-Oct-20 | Transarent | BridgeHealth | - | - | - | - |
| 20-Oct-20 | Tellus (Deerfield Beach) | GI Partners | - | - | - | - |
| 02-Oct-20 | ArcherDX | Invitae | 1400.00 | - | 25.00 | - |
| 09-Sep-20 | Circle Medical | WELL Health Technologies | 14.30 | - | - | - |
| 03-Sep-20 | VirtualCare | MainStreet Family Care | - | - | - | - |
| 25-Aug-20 | NeuroLex | Sonde | - | - | - | - |
| 24-Aug-20 | Mdland International | Kain Capital | - | - | - | - |
| 11-Aug-20 | ReThink Medical | Terumo | - | - | - | - |
| 06-Aug-20 | Mindoula | Equality Asset Management | 27.25 | - | - | - |
| 15-Jul-20 | Curavi Health | Arkos Health | - | - | - | - |
| 01-Jul-20 | InTouch Health | Teladoc Health | 600.00 | - | 7.06 | - |
| 10-Jun-20 | Mobilewellbeing | Predictmedix | 3.20 | - | - | - |

Appendix

*Public Basket
Contact Information*



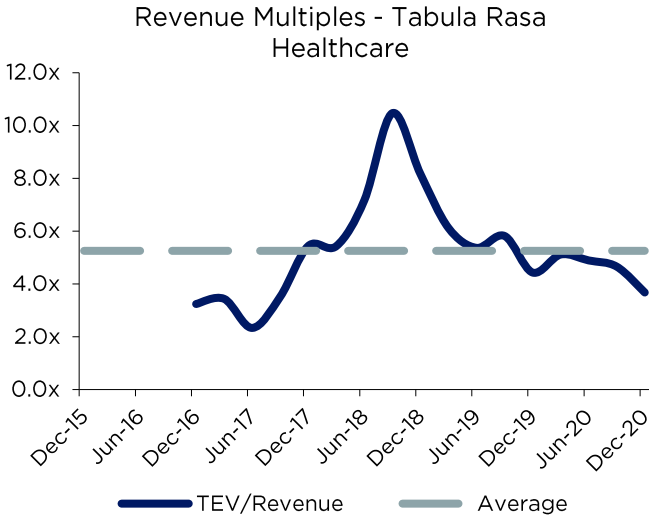
Tabula Rasa Healthcare

Tabula Rasa HealthCare Inc is engaged in providing patient-specific, data-driven technology and solutions that enable healthcare organizations to optimize medication regimens to improve patient outcomes, reduce hospitalizations, lower healthcare costs and manage risk.

The cloud-based software solutions of the company help the prescribers, pharmacists, and healthcare organizations in managing the medication-related needs of patients.

Public Basket

Tabula Rasa Healthcare



| <i>Company Name</i> | <i>Date</i> | <i>Deal Synopsis</i> |
|---------------------|-------------|--|
| PrescribeWellness | 05-Mar-19 | The company reached a definitive agreement to be acquired by Tabula Rasa Healthcare (NAS: TRHC) for \$150 million on March 5, 2019. This acquisition supports TRHC's goals of expanding medication risk mitigation programs in community pharmacies and providing community pharmacists with clinical revenue opportunities beyond dispensing. |

Evolut Health

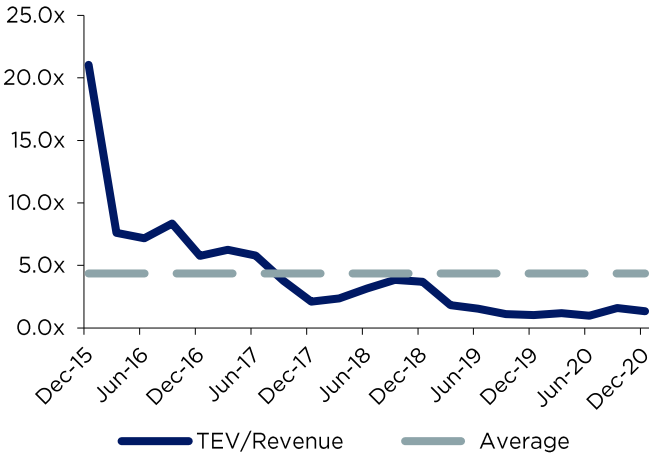
Evolut Health Inc is engaged in healthcare delivery and payment.

The company supports health systems and physician organizations in their migration toward value-based care and population health management. The company's reportable segments are Service segment which includes value-based care services, specialty care management services and comprehensive health plan administration services, and True Health segment consists of a commercial health plan it operates in New Mexico that focuses on small and large businesses. It generates a majority of its revenue from the Service segment.

Public Basket

Evolut Health

Revenue Multiples - Evolut Health



| <i>Company Name</i> | <i>Date</i> | <i>Deal Synopsis</i> |
|----------------------|-------------|---|
| Integrated ACO | 06-Aug-19 | The company was acquired by Evolut Health (NYS: EVH) for an undisclosed amount on August 6, 2019. |
| Passport Health Plan | 29-May-19 | The company was acquired by Evolut Health (NYS: EVH) for \$70 million on May 29, 2019. |

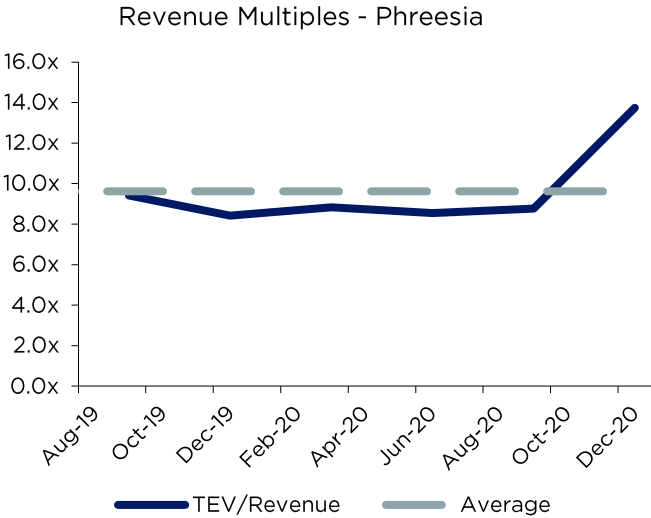
Phreesia

Phreesia Inc offers healthcare provider organizations a suite of solutions to manage the patient intake process and an integrated payments solution for processing of patient payments.

Its solutions cover several areas including Allergy, Cardiology, Dermatology, Family Medicine, Neurology and Oncology among others. The Phreesia Platform offers the following solutions to its clients: registration solutions, patient activation solutions, revenue cycle solutions, clinical support solutions, appointment solutions, and life sciences solutions.

Public Basket

Phreesia



| <i>Company Name</i> | <i>Date</i> | <i>Deal Synopsis</i> |
|---------------------|------------------|---|
| Vital Score | 01-Jan-18 | The company was acquired by Phreesia (NYS: PHR) for an undisclosed amount on January 1, 2018. |
| #ENTITYNOTFOUND | #SPECIFYREQUIRED | #SPECIFYREQUIRED |

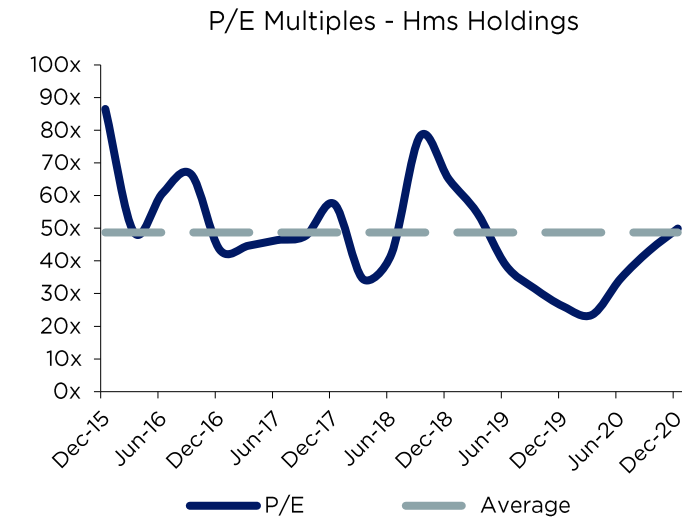
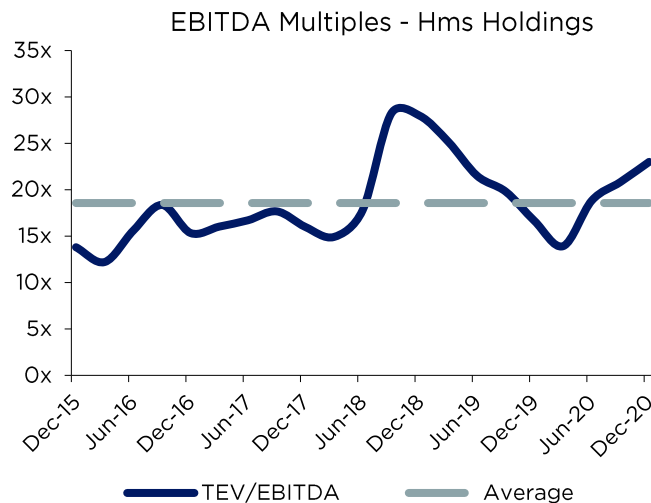
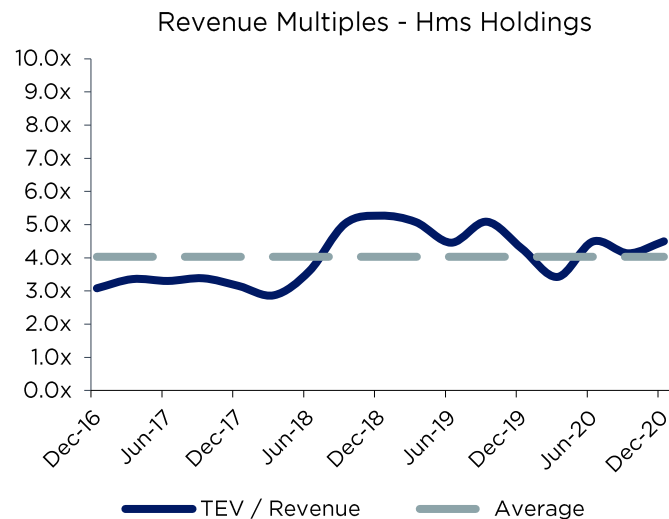
Hms Holdings

HMS Holdings Corp is a United States-based holding company that conducts businesses

The company offers services that help customers contain healthcare insurance benefit costs. Its primary offerings comprise coordination of benefits, payment integrity, and eligibility verification. The coordination of benefits service ensures the right party pays a health claim. The payment integrity service ensures the billing and/or payment is accurate and appropriate. The eligibility verification service ensures individuals meet qualifying criteria for healthcare programs. The company's customers include Medicaid agencies, government health agencies, health plans, government and private employers, and others. The

Public Basket

Hms Holdings



| Company Name | Date | Deal Synopsis |
|-------------------------------|-----------|---|
| West Claims Recovery Services | 23-Dec-19 | The company, a subsidiary of Intrado, was acquired by Hms Holdings (NAS: HMSY) for \$158.6 million on December 23, 2019. The acquisition will open up a new coordination of benefits market for HMS Holdings with commercial payers and extend its push into the Medicare COB market. |
| VitreosHealth | 16-Sep-19 | The company was acquired by Hms Holdings (NAS: HMSY) for \$36.6 million on September 16, 2019. |

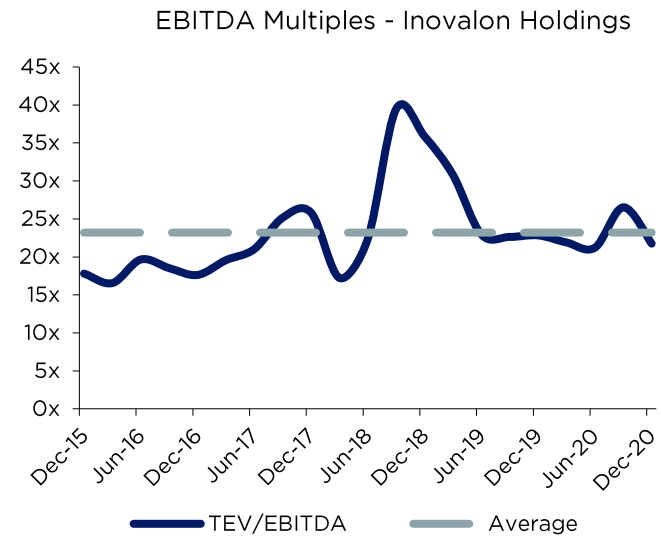
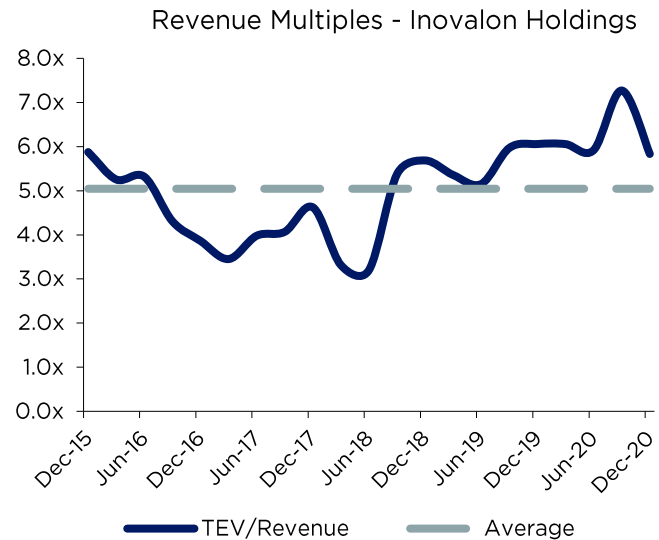
Inovalon Holdings

Inovalon Holdings Inc provides cloud-based analytics and platforms for healthcare providers and pharmaceutical firms.

Its platform can be used to identify gaps in care, quality, data integrity, and financial performance. The primary capabilities of Inovalon's big data platform are data integration, advanced analytics, intervention platforms, and business processing. It maintains a registry of data compiled from several sources, including electronic health records, claims, and pharmacies. Analytics run on this data can determine the presence of a disease, gaps in clinical outcomes, or medical compliance.

Public Basket

Inovalon Holdings



| <i>Company Name</i> | <i>Date</i> | <i>Deal Synopsis</i> |
|------------------------|-------------|---|
| ABILITY Network | 02-Apr-18 | The company was acquired by Inovalon Holdings (NAS: INOV) for \$1.19 billion on April 2, 2018. The combination of the companies creates a vertically integrated cloud-based platform empowering the achievement of real-time, value-based care from payers, manufacturers and diagnostics all the way to the patient's point of care. The transaction is comprised of \$1.1 billion cash and \$100 million by the issuance of 7.6 million restricted common shares of Inovalon stock. |
| Complex Care Solutions | 06-Jul-17 | The company was acquired by Inovalon Holdings (NAS: INOV) for approximately \$4.5 million on July 6, 2017. The deal included approximately \$3 million in cash and the assumption of a similar amount of debt. |

Contact Info

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