TripleTree Healthcare Merchant Banking

Market Insights | Q2'20

Market Insights is a quarterly perspective on mergers and acquisitions, private placement activity, and public market performance in the healthcare industry.

TripleTree is a healthcare merchant bank focused on mergers and acquisitions, growth capital, strategic advisory and principal investing services. Since 1997, the firm has advised and invested in some of the most innovative, high-growth businesses in healthcare.

We are continuously engaged with decision makers including best-in-class companies balancing competitive realities with shareholder objectives, global companies seeking growth platforms, and financial sponsors assessing innovative investments and first-mover opportunities.

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QUARTER IN REVIEW

KEY TRENDS DRIVING MARKET ACTIVITY

M&A activity in the United States has been drastically affected by the COVID-19 pandemic, and while the Healthcare industry saw steady investing activity early in the year, the second quarter had a contrasting outcome. Healthcare M&A activity fell 19% compared to the first quarter and was 33% lower than the same quarter in 2019. However, even with the uncertainty stemming from COVID-19, there are several key trends forming within the industry that have created a bright outlook on the future. In this installment of Market Insights, we will discuss these developments and review related transactions from the second quarter.

Strong Financing Environment Led by the Digital Health Sector

In the early days of the pandemic, telemedicine trends began to emerge and have now accelerated into a rapid funding spike for digital health technologies and products during the first half of the year. In fact, if this rate of funding continues in the digital health space, 2020 is poised to be a record-breaking year with $5.4 billion raised through the first six months. It was not just the digital health space that garnered significant funding during the first half of the year as other verticals such as healthcare analytics, artificial intelligence, drug discovery, and tech-enabled home care all accumulated nine-figure funding results.

There is no denying COVID-19 had an impact on healthcare financing in the second quarter, however. In April, the United States saw a dip in investing when the nationwide lockdown was in full motion. We have seen many financial sponsors hit pause on their live deals in order to shift more focus on their current portfolio. Nevertheless, in May and June we have seen a strong rebound driven by stronger than expected economic indicators including better than expected unemployment rate and consumer sentiment.

Along with the current pandemic heavily impacting the funding surge for digital health companies, lightened government regulations have led to increased activity in the financing of telehealth and behavioral health companies. For instance, Medicare has implemented changes that allow providers to be reimbursed for in-home telehealth visits, and the Food and Drug Administration temporarily loosened restrictions around the use of software tools in mental health services. These changes make it easier for digital and behavioral health companies to scale and meet the surging demand for their solutions, and in turn, make their businesses an attractive investment for financial sponsors.

We believe this level of capital raise activity will continue as the evolution of how care is delivered and sought after during, and ultimately coming out of, the pandemic drives demand for solutions across the above-referenced sectors.

Home Health and Hospice Show Resiliency

Despite short-term disruptions, the COVID-19 pandemic has emphasized the value of the home as a clinical setting. On top of the long-term tailwinds associated with an aging population, we expect the pandemic will further increase demand for post-acute care as seniors more seriously consider the risks associated with the various settings in which they could receive care.

In addition to disruption associated with the COVID-19 pandemic, home health providers have been wrestling with the implementation of Patient Driven Groupings Model (PDGM). PDGM is perhaps the most significant change in home health reimbursement since the implementation of the Home Health Prospective Payment System in 2000. This one-two punch of the pandemic and reimbursement changes created tremendous headwinds for home health, making April and May especially rough months for organic admissions, with declines of 14% and 7% in those months respectively. Fortunately for home health providers, admissions have turned the corner as elective surgeries returned to more normal levels. June saw a positive admission trend with growth of 7% which has continued beyond the end of the second quarter. Along with this, missed visits in the home health space due to COVID-19 have drastically decreased from record highs that occurred at the end of the first quarter and into early April.

Hospice has been among the most stable sub-segments within post-acute, with many providers seeing relatively consistent census and admission trends throughout the pandemic. The demographic tailwinds from the aging population continue to facilitate an increasing demand for hospice care which have led some to call hospice a “recession-proof industry.”

As home health continues to show promising recovery trends and hospice continues to showcase tremendous stability, there is a significant opportunity for continued market activity and growth within the post-acute industry.

Continuous Expansion in Patient-Focused Digital Health

Several factors are contributing to the rapid rise of patient-focused digital health companies as the industry looks to new features like AI, predictive analysis, and automatic data collection to lower the cost of care and further engage the patients in their own health.

A critical step to lowering the cost of healthcare is to put an emphasis on prevention and detection of illnesses, which starts with engaging patients to take an active role in their own health. Illness prevention accounts for 3% of total US healthcare expenditures and less than 20% of National Institutes of Health funding. We are seeing large investments being made in healthcare technology companies that focus on improving the patient experience and allowing for patients to more conveniently be involved in managing their health. Providers' current engagement solution deficiencies around scheduling, appointment wait times, and billing are impacting patient engagement. The superior customer service expectations of millennials, declines in hospital profitability, and threats from startup providers and retail pharmacies intensify the need for providers to revamp the patient experience.

There is likely to be a new normal in the way care delivery is provided to patients resulting in a significant amount of M&A activity to consolidate an rapidly growing, but fragmented market.

NOTABLE M&A ACTIVITY IN Q2'20

NaviHealth, a Brentwood-based post-acute care management company, has been sold to **UnitedHealth Group** subsidiary **OptumHealth**. Optum has indicated that NaviHealth will continue to work with its clients and members as a stand-alone entity that is aligned with OptumHealth. The deal will allow NaviHealth to innovate and grow its programs faster in order to improve the lives of members.

NaviHealth leverages a combination of analytics, clinical decision-support tools and clinical staff to monitor and guide recovery among post-acute patients. Currently, it is managing these services for 4.5 million Medicare Advantage members, and Optum will be providing resources to help expand the platform to more patients. Terms of the transaction were not disclosed.

Amwell, a Boston-based telehealth platform, announced that it has raised $194M in Series C financing from early investors including **Allianz X** and **Takeda**. Since the COVID-19 breakout, Amwell has facilitated as many as 45,000 telehealth visits per day and has partnered with more than 240 health systems. The company plans to use the proceeds to invest in technology and operations to support continued growth.

Amwell is a telehealth platform in the United States and globally, connecting and enabling providers, insurers, patients and innovators to deliver greater access to more affordable, higher quality care.

NOTABLE M&A ACTIVITY IN Q2'20 CONTINUED

Amedisys acquired **AseraCare Hospice**, a provider of hospice services in over 40 locations in 14 states, for **$235 million**, inclusive of a $32 million tax asset. AseraCare Hospice provides hospice care for more than 2,100 patients daily and generates approximately **$117 million** in annual revenues. The two companies' combined hospice operations represent nearly 200 locations in 35 states and an average daily census of approximately 14,000.

This acquisition is the fourth hospice acquisition for Amedisys since 2019. Strategically, landing AseraCare advances Amedisys' goal of becoming an aging-in-place powerhouse that's able to adapt to the health and wellness of its patients, shifting individuals from one in-house setting to the next over time.

AdaptHealth (NASDAQ: AHCO), a full-service distributor of home healthcare equipment and medical supplies, acquired **Solara Medical Supplies**, a distributor of continuous glucose monitors, for $425M. In addition, AdaptHealth acquired **ActivStyle**, a direct-to-consumer supplier of incontinence and urology products, for $62M. Solara and ActivStyle will further AdaptHealth's vision of becoming a leading provider of connected health solutions and care in the home. ActivStyle's sale represents an exit for **The Riverside Company**.

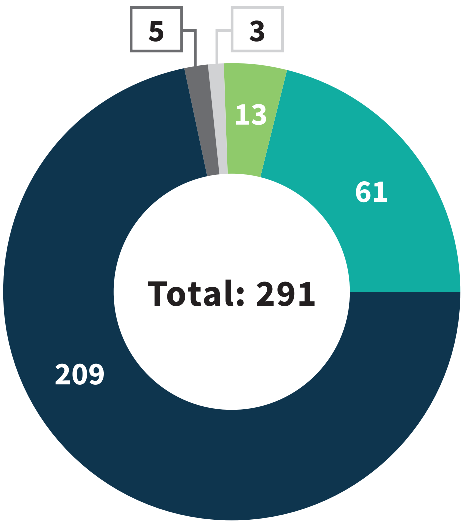
The company believes Solara will immediately establish AdaptHealth as a leader in the high-growth diabetes market and advance their goal of offering high-value services to people with chronic conditions in their homes. Additionally, ActivStyle will add critical mass to important supply product categories as well as a talented group of industry professionals.

Q2'20

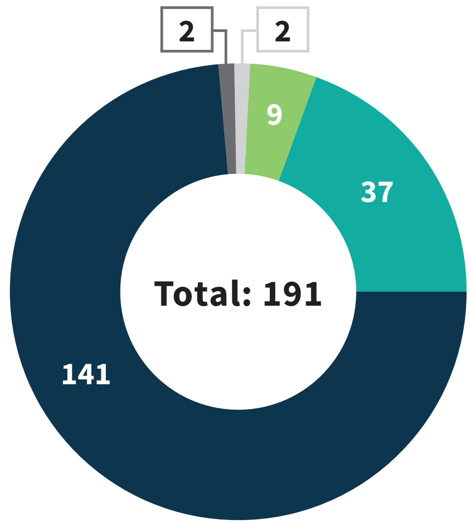
M&A Deal Stratification

Q2’20 HEALTHCARE M&A DEAL STRATIFICATION

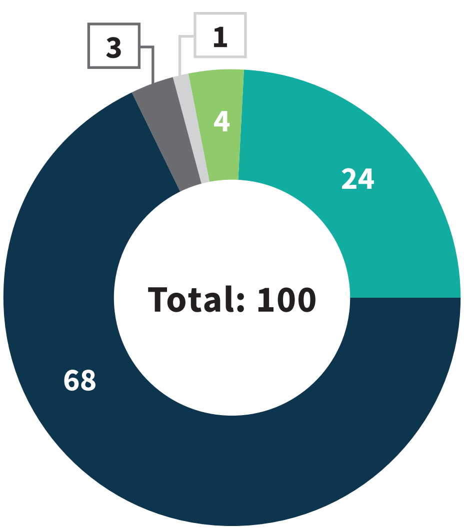
Total Deals by Transaction Ranges

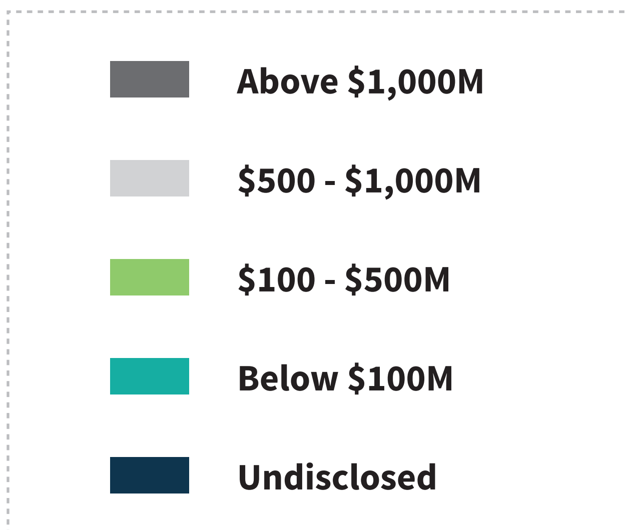


Closed Deals by Transaction Ranges



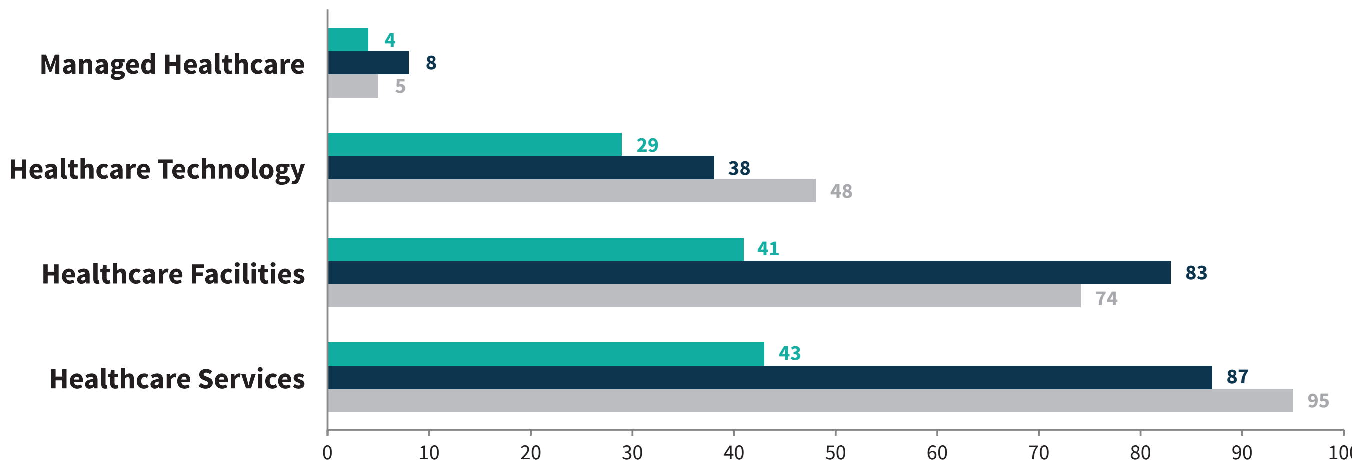
Announced & Pending Deals by Transaction Ranges



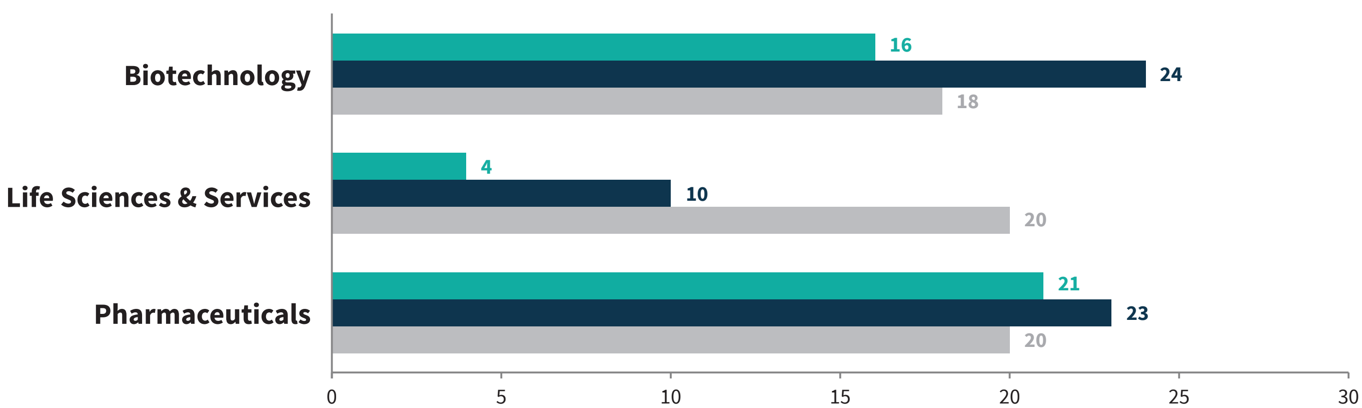


Source: S&P Capital IQ

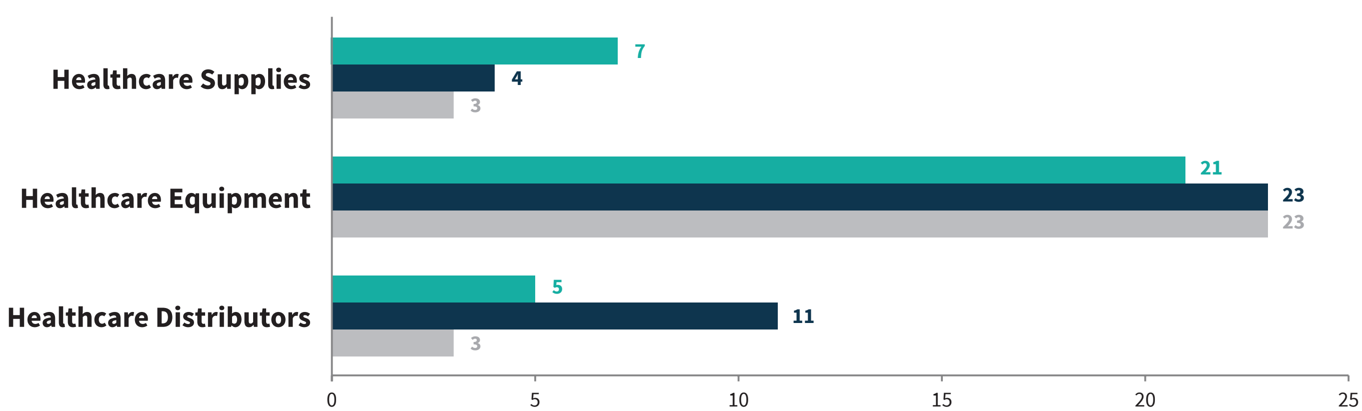
Healthcare Services, Facilities & Technology – 117 Closed Transactions



Life Sciences Technology & Services – 41 Closed Transactions



Healthcare Equipment and Distribution – 33 Closed Transactions



Source: S&P Capital IQ

Q2'20 M&A DEAL STRATIFICATION CONTINUED

($ in Millions)

Total Q2 Deal Activity

Total Deals Reported in Q2	291
# of Deals Disclosing Metrics	79
# Reported TEV	59
# Reported TEV & Rev	16
# Reported TEV, Rev & EBITDA	4
Average TEV	$963
Average TEV/Rev	4.7x
Average TEV/EBITDA	15.8x
Median TEV	$28
Median TEV/Rev	2.1x
Median TEV/EBITDA	12.0x
Total Deal Value	**$97,471**
Prior Quarter Total Deal Value	**$65,195**
% Change	***49.5%***

Q2 Deal Activity — Closed[1]

Total Deals Reported in Q2	191
# of Deals Disclosing Metrics	49
# Reported TEV	41
# Reported TEV & Rev	7
# Reported TEV, Rev & EBITDA	1
Average TEV	$1,903
Average TEV/Rev	3.2x
Average TEV/EBITDA	11.3x
Median TEV	$25
Median TEV/Rev	1.7x
Median TEV/EBITDA	11.3x
Total Deal Value	**$89,705**
Prior Quarter Total Deal Value	**$51,503**
% Change	***74.2%***

Q2 Deal Activity — Announced & Pending[2]

Total Deals Reported in Q2	100
# of Deals Disclosing Metrics	30
# Reported TEV	18
# Reported TEV & Rev	9
# Reported TEV, Rev & EBITDA	3
Average TEV	$166
Average TEV/Rev	5.7x
Average TEV/EBITDA	17.3x
Median TEV	$30
Median TEV/Rev	2.3x
Median TEV/EBITDA	12.6x
Total Deal Value	**$7,766**
Prior Quarter Total Deal Value	**$13,693**
% Change	***(43.3%)***

(1) Transactions that closed during the quarter, regardless of when the transaction was announced

(2) Deal was announced during the quarter but did not close during the quarter

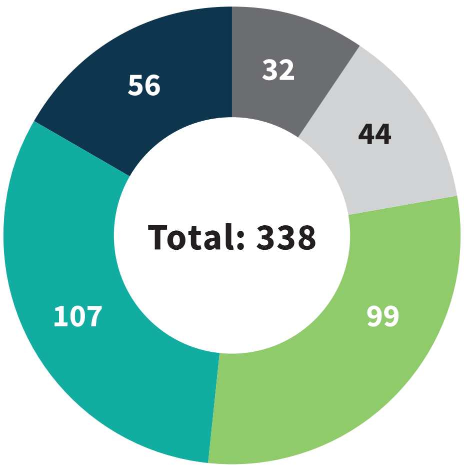
Source: S&P Capital IQ

Q2’20

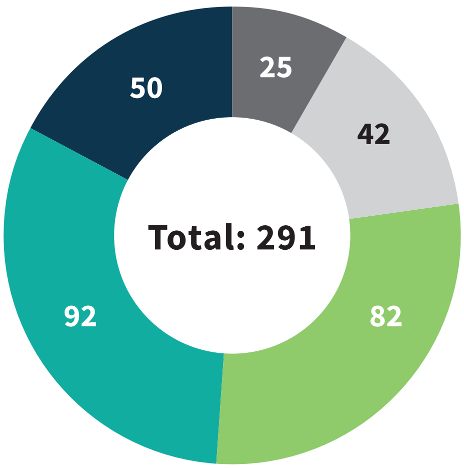
Private Placement Stratification

Q2'20 HEALTHCARE PRIVATE PLACEMENT STRATIFICATION

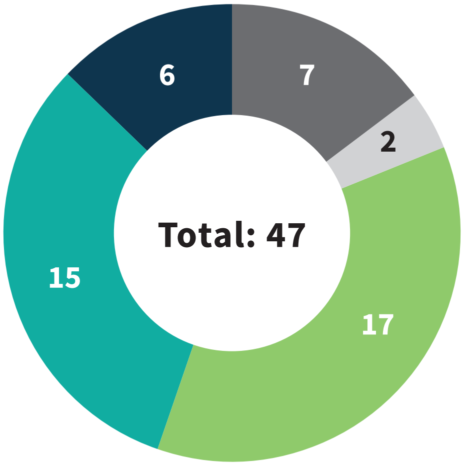
Total Private Placements by Investment Value

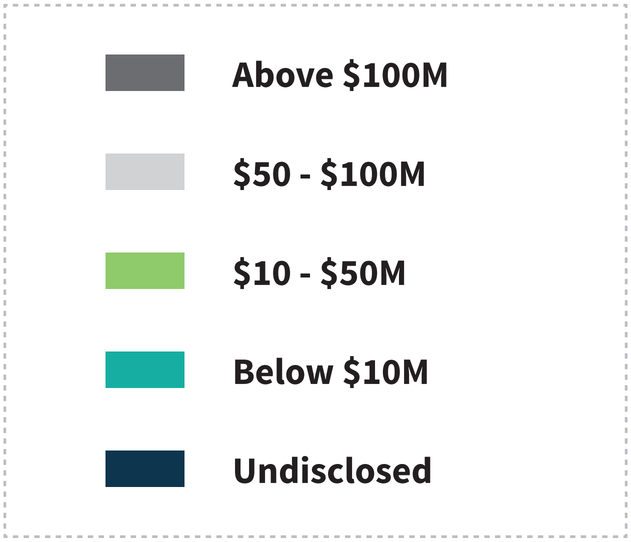


Closed Private Placements by Investment Value



Announced & Pending Private Placements by Investment Value

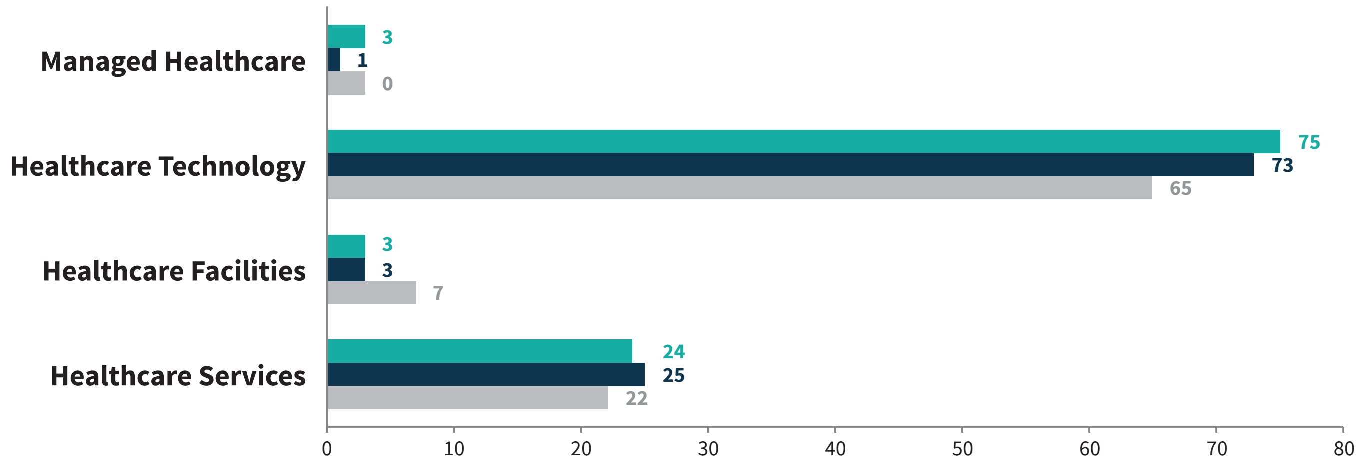




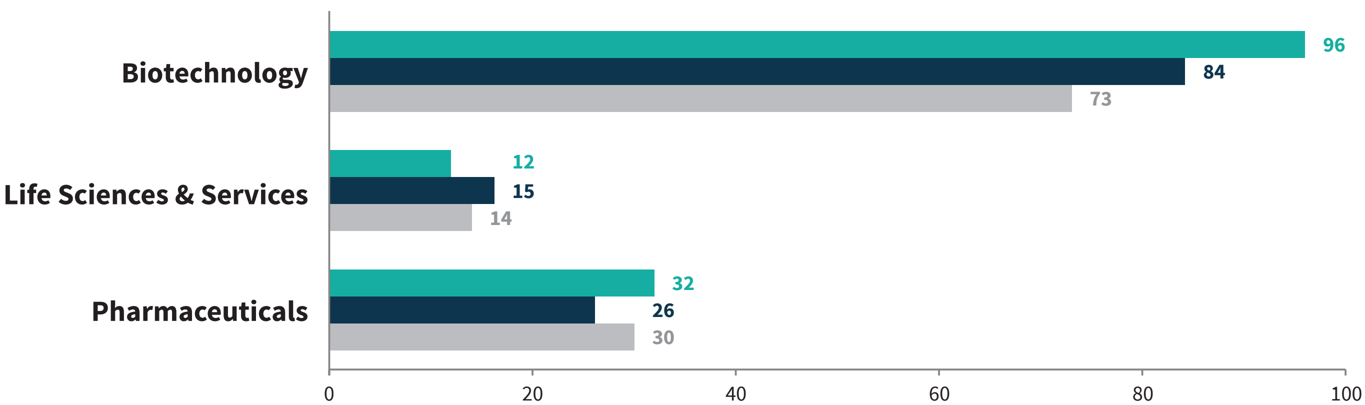
Source: S&P Capital IQ

Q2'20 PRIVATE PLACEMENT STRATIFICATION CONTINUED

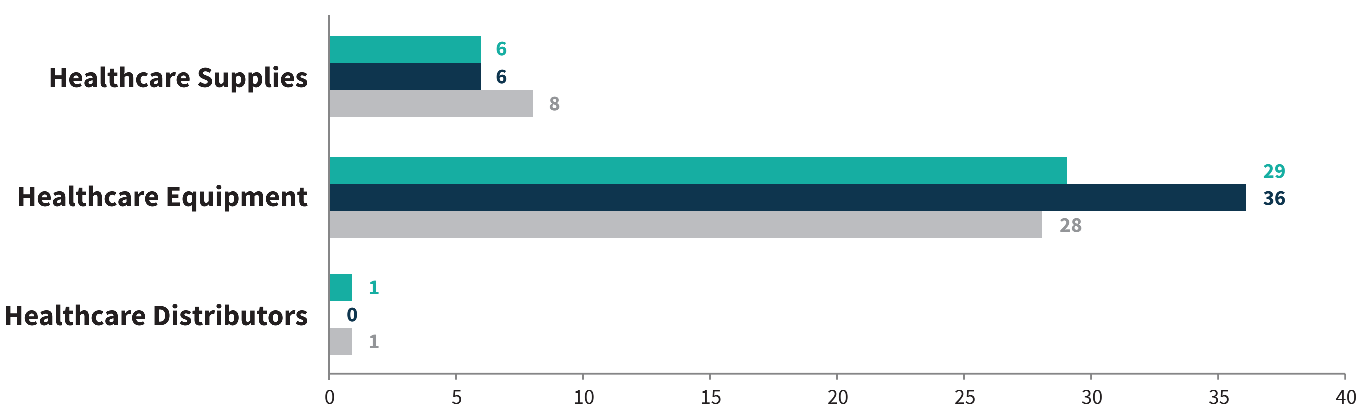
Healthcare Services, Facilities & Technology – 105 Closed Transactions



Life Sciences Technology & Services – 140 Closed Transactions



Healthcare Equipment and Distribution – 42 Closed Transactions



Source: S&P Capital IQ

Q2'20 PRIVATE PLACEMENT STRATIFICATION CONTINUED

($ in Millions)

Total Q2 Private Placement Activity

Total Private Placements Reported in Q2	338
# of Private Placements Disclosing Investment Value	282
Average Value	$42
Median Value	$19
Total Value	**$12,356**
Prior Quarter Total Private Placement Investment Value	**$8,569**
% Change	***44.2%***

Q2 Private Placement Activity — Closed[1]

Total Private Placements Reported in Q2	291
# of Private Placements Disclosing Investment Value	241
Average Value	$41
Median Value	$20
Total Value	**$9,802**
Prior Quarter Total Private Placement Investment Value	**$7,612**
% Change	***28.8%***

Q2 Private Placement Activity — Announced & Pending[2]

Total Private Placements Reported in Q2	47
# of Private Placements Disclosing Investment Value	41
Average Value	$44
Median Value	$17
Total Value	**$2,554**
Prior Quarter Total Private Placement Investment Value	**$957**
% Change	***167.0%***

(1) Transactions that closed during the quarter, regardless of when the transaction was announced

(2) Deal was announced during the quarter but did not close during the quarter

Source: S&P Capital IQ

Q2’20

Noteworthy M&A Transactions

APRIL 2020

Key Themes

Telehealth and Virtual Health Services. COVID-19 has served as a significant catalyst for healthcare organizations to initiate or expand existing telehealth offerings. Across the continuum of care, healthcare providers have rapidly deployed these solutions and modified their delivery models in an effort to continue to provide quality patient care in a virtual setting. The Centers for Medicare & Medicaid Services (CMS) has supported this shift in care delivery by waiving certain reimbursement and regulatory requirements in order to give providers greater flexibility in utilizing telehealth and virtual health services and has also expanded reimbursement for such services. The increasing demand and support for telehealth and virtual health services is driving investor demand for companies providing these services, and we expect to see continued capital raising and M&A activity in this space in the near-term.

Data, Analytics, and Interoperability Solutions. As utilization of telehealth and remote care solutions increases in the wake of COVID-19, providers and provider organizations are seeing a greater need for an omnichannel approach to real-time data and analytics. The spread of COVID-19 has also driven an increased focus on the ways in which data can be shared across healthcare organizations to drive efficiencies and improve outcomes. Optimizing patient outcomes across care settings continues to be a significant area of focus, and this requires providers to maintain a comprehensive view of the patient across all environments. Additionally, CMS recently announced the Interoperability and Patient Access Final Regulation, which drives the need for next generation interoperability solutions to support required claims data transparency for patients. We expect continued investment and M&A activity for solutions that drive more efficient interoperability and access to data.

Hospice. Hospice continues to benefit from broad acceptance as a cost-effective end of life treatment option and remains an active space for M&A. Several post-acute acquirers have, in the near-term, prioritized hospice M&A over other services across the post-acute care continuum given strong demand and a stable reimbursement environment. At the end of March, in response to the COVID-19 public health emergency, CMS issued guidelines that made it easier for hospice agencies to both provide care and receive reimbursement for that care through telehealth services. Anecdotally, many hospice providers have seen a minimal impact to their census during the pandemic and in some cases have continued to grow.

APRIL 2020 CONTINUED

Noteworthy M&A and Private Placement Transactions

- **Tyto Care**, a mobile health device and telehealth platform aimed at transforming primary care, has raised $50 million co-led by **Insight Partners**, **Olive Tree Ventures**, and **Qualcomm Ventures**. To date, the company has raised more than $100M. In response to the COVID-19 pandemic, Tyto has seen a significant increase in sales and demand, driven by its ability to serve as a telehealth diagnostic solution. Tyto works with the major telemedicine providers, including **American Well** and **Teladoc**, and last year, signed a deal with **Best Buy**, following its acquisition of **Critical Signal Technologies (CST)**.

- **98point6**, a telemedicine platform that offers personalized, text-based care from physicians, has raised $40 million, led by **Goldman Sachs**, with additional participation from other high net worth individuals. To date, the company has raised $129 million, following its $50 million Series C round in October 2018. The funds will be used to hire more physicians, helping handle the more than 3 million patients that the company serves. The company uses AI in conjunction with physicians, and with the influx of demand associated with the COVID-pandemic, is aiming to stand-out in a crowded landscape.

- **LifeStance Health**, a provider of behavioral health services for children, adolescents, and adults suffering from a variety of mental health issues across a range of care settings, was recapitalized by **TPG Capital** in a deal valued at $1.2 billion. TPG Capital is joining existing investors **Summit Partners** and **Silversmith Capital Partners**. LifeStance saw increased investor interest for its outpatient behavioral health services business, which also featured a prominent telehealth offering. Isolation, caused by social distancing measures introduced as a result of COVID-19's ongoing impact, and general societal stigma barriers have the behavioral health market ripe for virtual disruption. TPG's growth capital will be used to further expand LifeStance's geographic and online footprint.

- **SilverCloud Health**, the Boston-based digital mental health platform for healthcare systems and providers, health plans, and employers, announced a $16 million Series B funding round led by **MemorialCare Innovation Fund**. SilverCloud will look to capitalize on a market void for accessible behavioral health treatments, driving further engagement across 350,000+ users while looking to bend the mental health cost curve. Originally a Trinity College Dublin research project, SilverCloud's expansion sights are set on further penetration in the United States market.

- **Kaufman Hall**, a **Madison Dearborn Partners**-backed healthcare consulting and enterprise software management company acquired **Change Healthcare's Connected Analytics** for $55 million. Connected Analytics was comprised of several of Change's data and analytics platforms / solutions, including Analytics Explorer, Performance Manager, and other data solutions. The combined platform creates the leading platform providing data, analytics, and enterprise performance management software to hospitals and health systems.

- **Particle Health**, a New York-based healthcare data sharing startup, has closed a $12 million Series A funding round led by **Menlo Ventures**. Particle is attempting to make healthcare data easier to access, connecting those across the healthcare continuum. This funding will be used to continue development on the product, ultimately working to connect digital healthcare solutions to patient health data. Currently, the company has access to data for nearly 300 million people, and the platform has an 85% success rate in finding an individual's medical history.
- **HealthChampion**, a digital health analytics company, has acquired **alligatortek**, a provider of custom software solutions to help businesses maximize growth. The acquisition will help HealthChampion deploy expanded remote care and data analytics, as the demand for remote monitoring and virtual care continues to increase.
- **W2O**, a **New Mountain Capital**-backed provider of analytics-driven, digital-first marketing communications to the healthcare sector, has acquired **Symplur**, a healthcare social media analytics platform. Given the global pandemic, healthcare companies are seeking rapid measurement and tracking of essential information in order to shape decision making. The W2O and Symplur combined-platform is already being relied upon for COVID-19 tracking. The combined solution uses Symplur's analytics platform and W2O's proprietary data and technology to track conversations and trends across the healthcare ecosystem.
- **Amedisys** acquired **AseraCare Hospice**, a provider of hospice services in over 40 locations in 14 states, for $235 million, inclusive of a $32 million tax asset. AseraCare Hospice provides hospice care for more than 2,100 patients daily and generates approximately $117 million in annual revenues. The two companies' combined hospice operations represent nearly 200 locations in 35 states and an average daily census of approximately 14,000.
- **Missouri Home Hospice**, a provider of home health, hospice, palliative care, and personal care services throughout Missouri, acquired HomeCare of Mid-Missouri, a provider of hospice and home health services. This acquisition is the Company's fourth in the last nine months as it continues to expand its post-acute presences throughout the state.
- **Choice Homecare of Texas** acquired **Nextgen Hospice**, a provider of hospice, rehab, and home health services in over 100 counties throughout Texas. This acquisition represents Choice's entry into the Houston hospice market, where it currently operates both home health and rehab services. The Company expects to make additional post-acute acquisitions over the next several quarters to expand its overall footprint.

MAY 2020

Key Themes

Significant Activity within the Durable Medical Equipment (DME) Space. As private equity firms look to find successful investing strategies across lower cost of care settings, DME has become a hot target. Private equity firms are looking at ways to consolidate DME specialties and build around related comorbidities. One company that has received a lot of recent attention is AdaptHealth. The company, which received a $190M investment from One Equity Partners, has closed over 60 acquisitions since 2012 across diabetes, sleep, and respiratory conditions, including the May acquisitions of Solara and ActivStyle. AdaptHealth and a number of other DME providers have also benefited from the recent COVID-19 developments, as patients require in-home equipment to support their high-cost chronic diseases. Additionally, there are new entrants within DME that offer tech-enabled solutions to enhance cost savings and the overall patient experience. Tomorrow Health, which recently raised a $7.5M Series A round, is one such company. Tomorrow Health's platform has integrated cost savings tools, care coordination, and an online retail website into one platform that can lower costs, increase efficiency, and create better patient outcomes. TripleTree expects to see continued interest in DME providers as investors continue to search for attractive opportunities. We'll be publishing a comprehensive DME market update in the coming weeks.

Continued Acceleration and Demand for Innovative Virtual & Remote Health Assets. As the current crisis continues to push care into a home or virtual-based setting, a number of fast-growing companies have capitalized on recent momentum. Investors are hoping that COVID-19 can accelerate the adoption curve of virtual health assets, resulting in a permanent shift in care settings. This has been seen through another month of continued growth investments in telehealth, digital therapeutics, and home-based testing platforms. TripleTree has published a series of recent virtual health insights highlighting these trends, including COVID-19's impact on behavioral health and virtual health's impact on care delivery. Going forward, TripleTree expects to see continued demand in telehealth and virtual care as policies and patient preferences shift demand for behavioral health services.

Care Coordination Continues into the Post-Acute Setting. The post-acute care setting continues to be one of the most variable when it comes to costs and patient outcomes. With the continued move towards value-based care systems and an aging population, healthcare companies are looking to expand care coordination to the post-acute setting in an effort to further improve the number of high-quality outcomes while containing costs. Over the last month we saw this take shape through acquisitions that bolster data and digital capabilities as well as expand the capabilities of service providers into the post-acute setting. Optum's acquisition of NaviHealth highlights both of these trends. NaviHealth utilizes data, analytics, and expert clinical staff to guide patients to the proper post-acute care setting and recovery plan. Combining this with Optum's community-based delivery systems allows Optum to use data and analytics at every stage of the care continuum and effectively coordinate care of its population from first-visit through the post-acute setting, reducing costs and producing better outcomes. Opportunities to create these innovative combinations will continue to expand as companies pursue the next phase of care delivery.

MAY 2020 CONTINUED

Noteworthy M&A and Private Placement Transactions

- **AdaptHealth (NASDAQ: AHCO)**, a full-service distributor of home healthcare equipment and medical supplies, acquired **Solara Medical Supplies**, a distributor of continuous glucose monitors, for $425mm. In addition, AdaptHealth acquired **ActivStyle**, a direct-to-consumer supplier of incontinence and urology products, for $62mm. Solara and ActivStyle will further AdaptHealth's vision of becoming a leading provider of connected health solutions and care in the home. ActivStyle's sale represents an exit for **The Riverside Company**.

- **Tomorrow Health**, a startup that helps patients navigate in-home healthcare resources including equipment and supplies, raised $7.5M of seed funding from **Andreessen Horowitz**. The company, which is led by former Oscar Health executive Vijay Kedar and Casper co-founder Gabriel Flateman, aims to simplify the process of securing products instrumental to caring for patients at the home.

- **Amwell**, a Boston-based telehealth platform, announced that it has raised $194M in Series C financing from early investors including **Allianz X and Takeda**. Since the COVID-19 breakout, Amwell has facilitated as many as 45,000 telehealth visits per day and has partnered with more than 240 health systems. The company plans to use the proceeds to invest in technology and operations to support continued growth.

- **Mindstrong**, a digital therapeutic platform for serious mental health conditions that uses a multimodal approach to treat mental health, raised $100M in Series C funding backed by **Optum Ventures**, **Foresite Capital Management**, **Arch Venture Partners**, **General Catalyst**, **What If Ventures**, **8VC**, and **Bezos Expedition**. This round of funding will more than double Mindstrong's previous funding total, having raised $60M historically. The company plans to use the latest funds to further scale its business as it capitalizes on recent market momentum.

- **LetsGetChecked**, a provider of at-home testing kits, including antibody and PCR tests for COVID-19, has raised $71M in new funding co-led by **Illumina Ventures** and **HLM Venture Partners**. The company has managed to avoid the supply chain issues that have plagued other at-home testing companies.

- **Carbon Health**, a San Francisco-based mobile connected healthcare network, raised $26M in new Series B funding from insider **DCVC**. Carbon raised $30M in a Series B round led by **Brookfield Asset Management** in June 2019, but extended the round, helping the business triple its headcount to 300+ employees as the company focuses on testing and care during the COVID pandemic.

- **Vida Health**, a San Francisco-based provider of virtual care software for physical and behavioral health, raised $25M. **Ally Bridge Group** led the round, and was joined by return backers AME Cloud Ventures, Aspect Ventures, Canvas Ventures, NGP Capital, Webb Investment Network, and Workday Ventures. The new financing will be used to scale the company's sale and marketing teams, as well expand its nationwide network of health providers.
- **NaviHealth**, a Brentwood-based post-acute care management company, has been sold to **UnitedHealth Group** subsidiary **OptumHealth Inc.** While Optum did not disclose terms of the deal, sources expect it to be more than $1 billion. The deal will allow NaviHealth to innovate and grow its programs faster in order to improve the lives of members.

JUNE 2020

Key Themes

Business Performance Optimization Solutions. Primary care providers and health systems continue to face a tremendous amount of stress as the pandemic has driven down patient volumes over the past few months. A survey released in April by the Medical Group Management Association found that on average, practices reported a 55-60% decrease in patient volume since the start of the pandemic. While recovery from those lows has already begun to take place, and 80% of non-frontline treating specialist physicians have started performing elective procedures as of mid-June, the pandemic will likely continue to usher in an era of transformation in the areas of provider administration and operations, focused on reducing margin pressures. We expect to see healthcare IT, especially digital and SaaS-based businesses, lead the way, as providers of all sizes seek to optimize in multiple areas, including workforce, patient and revenue cycle management as well as governance, risk, and compliance.

Pharmacy Technology Solutions.
Today's patients expect their pharmacists to provide the same consumer conveniences they receive from their favorite retailers, eCommerce providers, credit card companies, and other everyday services. This expectation comes at a time when, according to a recent study by Prophet and GE Healthcare Camden Group, 81% of consumers indicate they are unsatisfied with their healthcare experience. To provide those conveniences, pharmacy operators have been investing in technology solution businesses that promise to deliver increased customer satisfaction and improved operational performance. We expect to see businesses providing pharmacy technology solutions to attract a lot of attention as companies try to create a patient-first culture that results in greater loyalty, more revenue and improved health outcomes.

Virtual-based Patient Engagement & Population Health Management.
Patients are rapidly transforming from passive recipients of healthcare services to active participants in their own health. Providers' current engagement solution deficiencies around scheduling, appointment wait times, and billing are impacting patient satisfaction. The superior customer service expectations of millennials, declines in hospital profitability, and threats from startup providers and retail pharmacies intensify the need for providers to revamp the patient experience. We expect to see virtual-based patient engagement and population health management businesses thrive as providers and health systems try to catch up to increasing expectations from their customer base.

Noteworthy M&A and Private Placement Transactions

- **Kyruus**, the leader in provider search and scheduling solutions for health systems, announced that it has obtained $30 million in new funding from **Francisco Partners**, a leading global technology-focused private equity firm with extensive experience in healthcare IT. At a time when the Kyruus platform has been critical to the ability for healthcare organizations to facilitate patient access during the COVID-19 pandemic, the additional funding will propel the company's plans to expand its platform, broaden its footprint with health systems, and expand to new market segments. TripleTree served as the Company's growth capital and strategic advisory firm during its recent investment activities.

- **NewSpring Healthcare** has invested in **MacroHealth Solutions** in partnership with **TT Capital Partners**. MacroHealth is a health information technology company that provides healthcare network optimization and claims settlement services to insurers, third-party administrators (TPAs), provider-sponsored health plans, and other payers.

- **QGenda**, the leading provider of SaaS-based workforce management software to the healthcare industry, announced a significant new equity investment from **ICONIQ Capital**, a privately-held investment firm. QGenda is a leading innovator of provider scheduling, clinical capacity management, and labor analytics.

- **Walmart** acquired **CareZone's** medication management technology and IP. CareZone developed an app that lets users create medication lists, provides refill reminders and helps facilitate medication delivery. Users can also scan their health insurance card or prescriptions labels to make the process easier.

- **Change Healthcare** (Nasdaq: CHNG) acquired **PDX**, a leader in providing patient centric and innovative technologies for pharmacies and health systems. PDX's fully integrated retail, specialty, and outpatient pharmacy solutions aim to drive superior operational results for pharmacies while improving outcomes for patients.

- **Cedar**, a patient engagement and financial technology leader, announced it has closed more than $102M in Series C funding, led by venture capital firm **Andreessen Horowitz**. The deal includes $77M in venture capital and $25M from **JP Morgan** in venture debt. The company also announced it has partnered with **Novant Health**, a leading North Carolina-based healthcare system, to deliver an innovative, personalized financial experience for Novant Health patients.

- **Bravo Wellness**, one of the nation's top employee wellness solution providers, has bolstered its position as an industry leader with its acquisition of Chicago-based **PUSH Wellness**. PUSH leverages technology and behavioral economics to motivate people to improve their health, producing real benefits for health plans, employers, and their valued members.

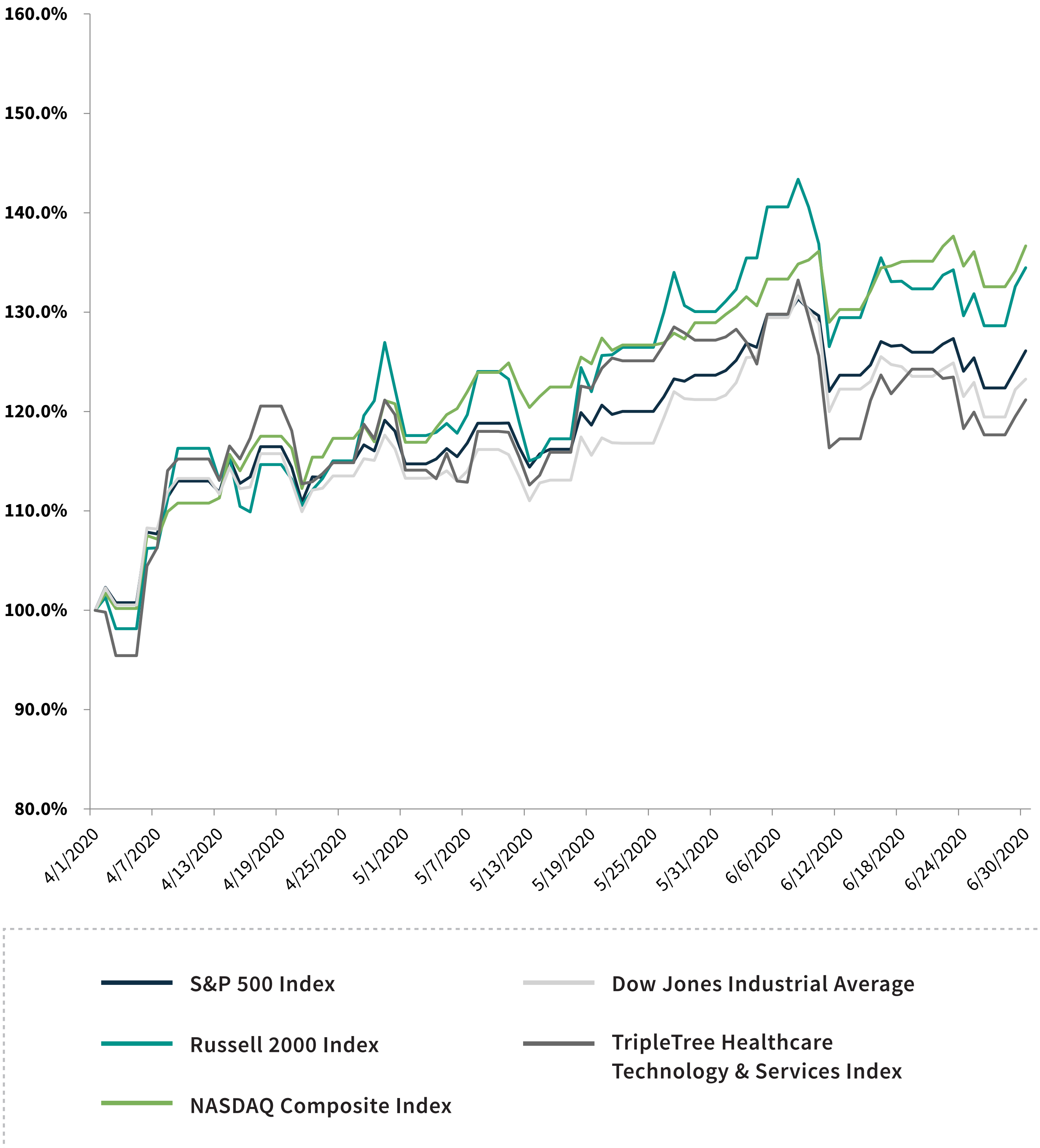
- **Sharecare**, the digital health company that helps people manage all their health in one place, acquired **MindSciences**, the leader in evidence-based behavior change apps. MindSciences provides best-in-class digital therapeutics that help people reverse unhealthy habits involving food, tobacco, stress and anxiety – which contribute to the most costly and widespread health issues in the United States.

Q2'20

Public Market Performance

Q2'20 MARKET INDICES

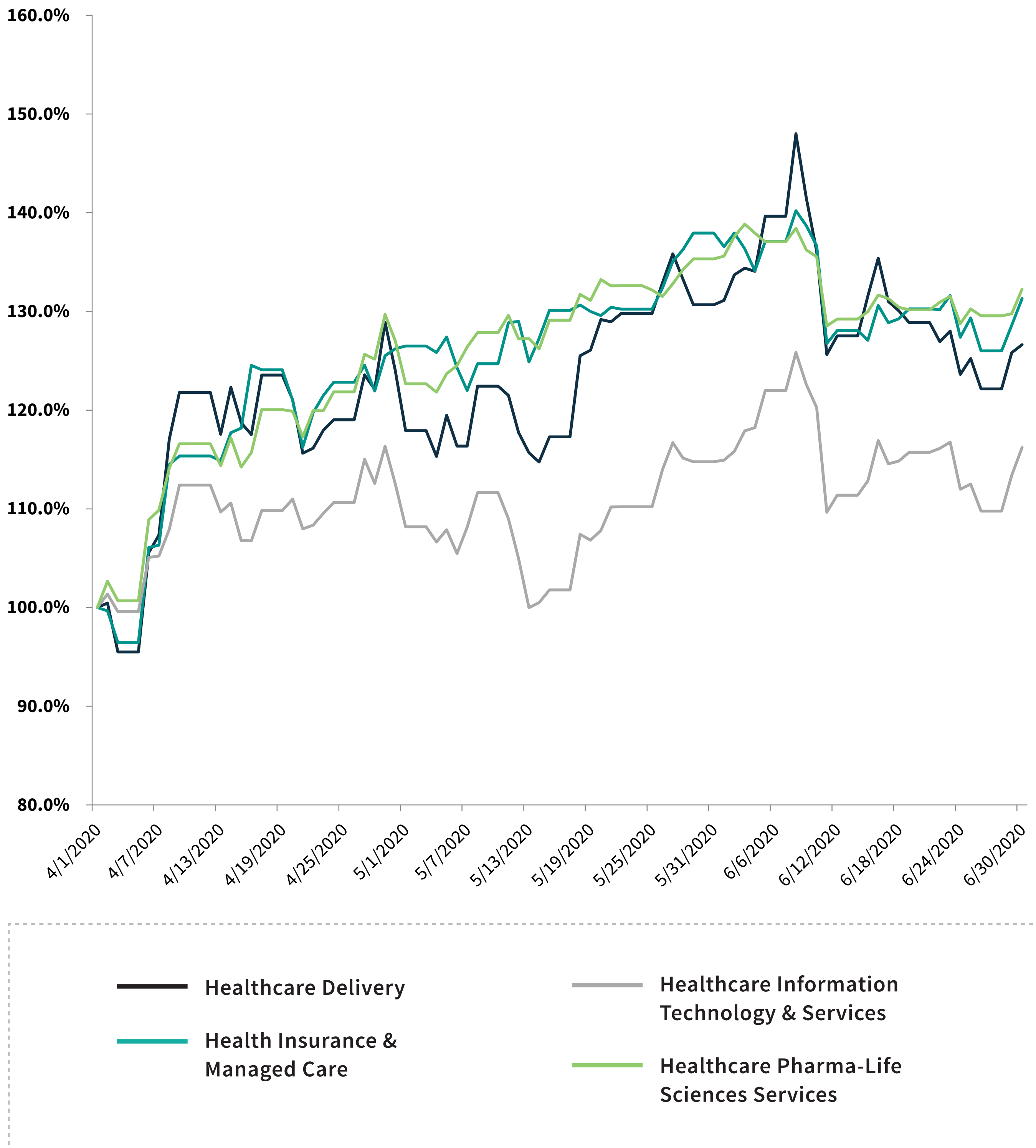
Broader Market and Healthcare Indices | April 2020 – June 2020



Source: S&P Capital IQ

Q2'20 HEALTHCARE INDICES

Healthcare Indices | April 2020 – June 2020



Source: S&P Capital IQ

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