TabulaRasa HealthCare®

First Quarter 2020 Earnings Call

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Forward-looking Statements & Non-GAAP Information

- In addition to reporting all financial information required in accordance with GAAP, TRHC is also reporting gross margin excluding depreciation and amortization expense, Adjusted EBITDA and Adjusted Diluted EPS, each of which is considered a non-GAAP financial measure. Generally, a non-GAAP financial measure is a numerical measure of a company's performance or financial position that either excludes or includes amounts that are not normally excluded or included in the most directly comparable measure calculated and presented in accordance with GAAP. Adjusted EBITDA consists of net income or loss excluding certain other expenses, which includes interest expense, provision (benefit) for income tax, depreciation and amortization, change in fair value of acquisition-related contingent consideration expense, acquisition-related expense and stock-based compensation expense. TRHC defines Adjusted Diluted EPS as net income or loss before fair value adjustments for acquisition-related contingent consideration, amortization of acquired intangibles, amortization of debt discount and issuance costs, acquisition-related expense, stock-based compensation expense and the tax impact of using a normalized tax rate on pre-tax income adjusted for those items expressed on a per share basis using weighted average diluted shares outstanding. TRHC considers acquisition-related expense to include non-recurring direct transaction and integration costs, severance, and the impact of purchase accounting adjustments related to the fair value of acquired deferred revenue. TRHC believes the exclusion of these items assists in providing a more complete understanding of the company's underlying operations results and trends and allows for comparability with TRHC's peer company index and industry and to be more consistent with TRHC's expected capital structure on a going forward basis. Please note that other companies might define their non-GAAP financial measures differently than TRHC does. TRHC presents non-GAAP financial measures in this document because it considers them to be important supplemental measures of performance. TRHC uses these non-GAAP financial measures for planning purposes, including analysis of the company's performance against prior periods, the preparation of operating budgets and determination of appropriate levels of operating and capital investments. TRHC believes that these non-GAAP financial measures provide additional insight for analysts and investors in evaluating the company's financial and operational performance. TRHC also intends to provide these non-GAAP financial measures as part of the company's future earnings discussions and, therefore, their inclusion should provide consistency in the company's financial reporting.

  This press release includes forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, that we believe to be reasonable as of today's date. Forward-looking statements give current expectation or forecasts of future events or our future financial or operating performance, and include TRHC's expectations regarding healthcare regulations, industry trends, available opportunities to TRHC and the financial and operating performance of TRHC, including with respect to international expansion and integration of recent acquisitions, and the impacts of the COVID-19 pandemic. Such statements are identified by use of the words "anticipates," "believes," "estimates," "expects," "intends," "plans," "predicts," "projects," "should," and similar expressions. These forward-looking statements are based on management's good-faith expectations, judgements and assumptions as of the date of this press release. Actual results might differ materially from those explicit or implicit in the forward-looking statements. Important factors that could cause actual results to differ materially include: the impacts of the current COVID-19 pandemic and other health epidemics; our continuing losses and need to achieve profitability; fluctuations in our financial results; the acceptance and use of our products and services by PACE organizations; the need to innovate and provide useful products and services; risks related to changing healthcare and other applicable regulations; our ability to maintain relationships with a specified drug wholesaler; increasing consolidation in the healthcare industry; managing our growth effectively; our ability to adequately protect our intellectual property; the requirements of being a public company; our ability to recognize the expected benefits from acquisitions on a timely basis or at all; and the other risk factors set forth from time to time in our filings with the Securities and Exchange Commission ("SEC"), including those factors discussed under the caption "Risk Factors" in our most recent annual report on Form 10-K, filed with the SEC on March 2, 2020, and in subsequent reports filed with or furnished to the SEC, copies of which are available free of charge within the Investor Relations section of the Tabula Rasa HealthCare website http://ir.trhc.com or upon request from our Investor Relations Department. Tabula Rasa HealthCare assumes no obligation and does not intend to update these forward-looking statements, except as required by law, to reflect events or circumstances occurring after today's date.

Forward-looking Statements & Non-GAAP Information

- **S&M Investments:** Strong start to the year with 49% growth in our sales pipeline YTD (as of May 1, 2020) & record bookings (based on ARR) quarter, more than 2x higher than any quarter during 2019. Bookings driven by both payor and pharmacy units under our MedWise HealthCare segment. Important wins at Health Mart, a large retail pharmacy, MODA Health Plan, WellCare, and two of the top 10 plans based on membership.
- **M&A Synergy:** PrescribeWellness365 (PW365), f/k/a VRxAssist, is a virtual staffing model for retail pharmacists leveraging SinfoniaRx MTM call centers to support program such as MedSync. PW365 posted a nearly 3x increase in revenue during Q1 vs. a year ago, important upsell solution in growing our recurring monthly fees.
- **COVID-19:** Delivered revenue and non-GAAP adjusted EBITDA near high end of guidance ranges despite disruptions. In addition: April 16th agreement to expand existing relationship with CQuentia to deliver testing for PACE members; April 13th agreement to deliver testing across nationwide network of PrescribeWellness community pharmacies; March 17th agreement to distribute BioSticker (FDA-approved, single-use device enabling 30-day vital sign monitoring) for PACE members; and our Precision Pharmacotherapy R&D Institute filed three clinical studies with NIH.
- **Elevated/Expanded Role of Pharmacists:** March 20th Florida HB 389 expands role of pharmacist to test and treat a wide range of chronic conditions; April 8th HHS authorizes pharmacists to order and administer COVID-19 testing; and April 13th following 2019 legislation (SB 265) formally recognizing pharmacists as providers, Ohio Pharmacist Association announces new program with UnitedHealthcare to pay community pharmacists to work with Medicaid patients to better manage chronic conditions.

Segment Results – First Quarter 2020

	Q1 FY20	Q1 FY19	% Change	Commentary
Revenue				
CareVention HealthCare				
PACE product revenue	$ 37,087	$ 30,982	20%	New clients added $2.3 million plus $3.8 million from higher Rx volumes due to growth in patients served at existing clients.
PACE solutions	$ 11,571	$ 11,174	4%	Excluding impact of reduced data analytics fees from new contract beginning in Q1 2020, revenue is up 18%.
Total CareVention	**$ 48,658**	**$ 42,156**	**15%**	
MedWise HealthCare				
Medication safety services	$ 14,320	$ 15,351	-7%	Interventions down due to: 1) CMS Star Rating boost in 2019 & 2) pull forward of work into 1H19 for ramp of CVS in 2H19.
Software subscriptions	$ 9,849	$ 3,452	185%	Adjusting for a full quarter of PrescribeWellness in 2019, organic growth of 7%.
Total MedWise	**$ 24,169**	**$ 18,803**	**29%**	Organic growth of -4%.
Total Revenue	**$ 72,827**	**$ 60,959**	**19%**	Organic growth of 9%.
Gross Margin (1)				(1) Excludes depreciation and amortization
Product	$ 9,888	$ 7,507	32%	
Margin %	*26.7%*	*24.2%*	*243 bps*	Higher Rx volume from growth in the number of patients served & reduced Rx costs from new prime vendor in Q2 2019.
Services/software subscriptions	$ 14,866	$ 11,784	26%	
Margin %	*41.6%*	*39.3%*	*229 bps*	Higher mix of software-related revenue (19% of total vs. 12% a year ago) from PrescribeWellness acquisition.
Total Gross Margin	**$ 24,754**	**$ 19,291**	**28%**	
Margin %	*34.0%*	*31.6%*	*234 bps*	
Operating Expense (2)				(2) Excludes change in fair value of acquisition-related contingent consideration expense
Sales & Marketing	$ 5,540	$ 4,850	14%	
R&D	$ 4,828	$ 5,550	-13%	Adjusted for capitalized software of $4.2 million vs. $2.6 million a year ago, R&D up 11% to $9,063 vs. $8,180 a year ago.
G&A	$ 16,967	$ 13,743	23%	Higher headcount and compensation to support growth including IT.
D&A	$ 9,913	$ 6,299	57%	Driven by PrescribeWellness acquisition and capitalized software amortization.
Total Operating Expense	**$ 37,248**	**$ 30,442**	**22%**	
Adjusted EBITDA (3)				(3) Adjusted EBITDA calculated by adding back stock compensation and acquisition-related costs to EBITDA.
CareVention HealthCare	$ 11,748	$ 10,620	11%	
Margin %	24.1%	25.2%	-105 bps	
MedWise HealthCare	$ 2,831	$ 1,648	72%	Staffing efficiencies and higher member engagement.
Margin %	11.7%	8.8%	295 bps	
Corporate shared services	$ (9,772)	$ (6,577)	49%	
Adjusted EBITDA	**$ 4,807**	**$ 5,691**	**-16%**	
Margin %	6.6%	9.3%		

Second Quarter 2020 Outlook

$ in thousands	Q2-2019A	Q2-2020 Low	Q2-2020 High	Q2-2020 Low	Q2-2020 High
Total Revenue	$ 76,255	$ 76,000	$ 81,000	0%	6%
Adjusted EBITDA	$ 13,652	$ 7,000	$ 9,000	-49%	-34%

Key factors/assumptions:

- Our Q2 guidance is consistent with our budget entering 2020.
- Within CareVention HealthCare, we expect sequential growth vs. Q1, driven by incremental medication fulfillment with PACE census trends creating headwind.
- Within MedWise HealthCare, we expect the total number of clinical interventions (i.e. Comprehensive Medication Reviews or CMRs and Medication Safety Reviews or MSRs) to increase materially from Q1, yet remain down vs. a year ago for same reasons as Q1 medication safety services declined – 1) CMS Star Rating changes to CMR thresholds for 2019 plan year and 2) the pull forward of work in the 1H of 2019 in anticipation of CVS Health contract in 2H of 2019. For example, for a MA-PD plan to reach or maintain a 5-Star Rating, the MTM program completion rate for CMR increased to 85% in 2019 vs. 75% in 2018.
- Q1 wins coming on-line late in Q2, minor impact to Q2 but full contribution will hit in second half.

Full Year 2020 Outlook

$ in thousands	2019A	2020 Low	2020 High	2020 Low	2020 High
Total Revenue	$ 284,707	$ 332,000	$ 352,000	17%	24%
Adjusted EBITDA	$ 37,921	$ 46,000	$ 52,000	21%	37%

Key factors/assumptions:

- Consistent with commentary after 2019, 2020 will be 2H-weighted for revenue & EBITDA. For example, using the mid-point for Q2 and our full year 2020 guidance, 1H revenue up 10% vs. a year ago while 2H revenue up 29% vs. a year ago.
- Within MedWise HealthCare, we expect the total number of clinical interventions to increase meaningfully vs. 2019.
- $15 million to $20 million of free cash flow (defined as CFO less capital expenditures and capitalized software) estimate unchanged.
- Too early to forecast duration & magnitude of COVID-19 impact but challenges include 1) PACE census headwinds and 2) new sales and business development activities in our pharmacy segment with all three major tradeshows scheduled for July 2020 canceled.