Inovalon

Investor Overview Presentation

May 2020

Cautionary Note Regarding Forward-Looking Statement

Certain statements contained in this presentation constitute forward-looking statements within the meaning of, and are intended to be covered by the safe harbor provisions of, Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. All statements contained in this presentation other than statements of historical fact, including but not limited to statements regarding the roll-out of any product or capability, the timing, performance characteristics and utility of any such product or capability, and the impact of any such product or capability on the healthcare industry, future results of operations and financial position, business strategy and plans, market growth, and objectives for future operations, are forward-looking statements. The words "believe," "may," "see," "will," "estimate," "continue," "anticipate," "assume," "intend," "expect," "project," "look forward," "promise" and similar expressions are intended to identify forward-looking statements. Forward-looking statements in this presentation include, but are not limited to, statements regarding expectations about future business plans, prospective performance and opportunities, strategies and business plans, expectations regarding future results, expectations regarding the size of our datasets, expectations regarding implementation timeframes, our ability to meet financial guidance for the second quarter and full year 2020, our ability to pay down outstanding indebtedness, expectations regarding interest payments and rates, expectations regarding tax rates, and statements with respect to visibility, revenue retention, recurring revenue, including ACV, and the impact of the COVID-19 pandemic on our business and operations. Inovalon has based these forward-looking statements largely on current expectations and projections about future events and trends that may affect financial condition, results of operations, business strategy, short-term and long-term business operations and objectives, and financial needs as of the date of this presentation. These forward-looking statements are subject to a number of risks, uncertainties, and assumptions, which could cause the future events and trends discussed in this presentation not to occur and could cause actual results to differ materially and adversely from those anticipated or implied in the forward-looking statements.

These risks, uncertainties, and assumptions include, among others: the effects and potential effects of the COVID-19 pandemic on our business, cash flow, liquidity and results of operations due to, among other things, effects on the economy generally and on our customers, including the possible effects of significant rising unemployment, the inability of consumers to timely pay our customers and the resulting potential inability of our customers to pay the fees under our contracts on time or in full; the delay in the contracting for services by our customers as a result of the COVID-19 pandemic; potential other delays in the sales cycle for new customers and products; and other unforeseen impacts on our customers and potential customers and on our employees that could have a negative impact on us; the Company's ability to continue and manage growth, including successfully integrating acquisitions; ability to grow the client base, retain and renew the existing client base and maintain or increase the fees and activity with existing clients; the effect of the concentration of revenue among top clients; the ability to innovate new services and adapt platforms and toolsets; the ability to successfully implement growth strategies, including the ability to expand into adjacent verticals, such as direct to consumer, growing channel partnerships, expanding internationally and successfully pursuing acquisitions; the ability to successfully integrate our acquisitions and the ability of the acquired business to perform as expected; the successful implementation and adoption of new platforms and solutions, including the Inovalon ONE® Platform, ScriptMed ® Cloud, Clinical Data Extraction as a Service (CDEaaS®), Natural Language Processing as a Service (NLPaaS®), Elastic Container Technology (ECT™), Healthcare Data Lake, and the Telehealth configuration of the Inovalon ONE® Platform; the possibility of technical, logistical or planning issues in connection with the Company's investment in and successful deployment of the Company's products, services and technological advancements; the ability to enter into new agreements with existing or new platforms, products and solutions in the timeframes expected, or at all; the impact of pending M&A activity in the managed care industry, including potential positive or negative impact on existing contracts or the demand for new contracts; the effects of and costs associated with compliance with regulations applicable to the Company, including regulations relating to data protection and data privacy; the effects of changes in tax laws in the jurisdictions in which we operate; the ability to protect the privacy of clients' data and prevent security breaches; the effect of competition on the business; the timing, size and effect of business realignment and restructuring charges; and the efficacy of the Company's platforms and toolsets. Additional information is also set forth in the Company's Annual Report on Form 10-K for the year ended December 31, 2019, filed with the SEC on February 19, 2020, included under Part I, Item 1A, "Risk Factors," in the Company's Quarterly Report on Form 10-Q for the period ended March 31, 2020, filed with the SEC on April 29, 2020, including under Part II, Item IA, "Risk Factors," and in subsequent filings with the SEC. In addition, graphics, images or illustrations pertaining to or demonstrating our products, data, services and/or technology that may be used herein are intended for illustrative purposes only unless otherwise noted. The Company is under no duty to, and disclaims any obligation to, update any of these forward-looking statements after the date of this presentation or conform these statements to actual results or revised expectations, except as required by law.

Non-GAAP Financial Measures: This presentation contains certain non-GAAP measures. These non-GAAP measures are in addition to, not a substitute for or necessarily superior to, measures of financial performance in accordance with U.S. GAAP. The GAAP measure most closely comparable to each non-GAAP measure used or discussed, and a reconciliation of the differences between each non-GAAP measure and the comparable GAAP measure, is available herein and within our public filings with the SEC. All data provided is as of March 31, 2020 unless stated otherwise.

Contents

1 **Overview of Inovalon**

2 Market Opportunity

3 Financials

4 Conclusion

5 Appendix

FY2019 Takeaways…

Early Innings of a

$161B

Opportunity helping our clients drive measurable **Value** by empowering the industry's transformation to **Data-Driven** healthcare in the **Cloud**

FY 2019 Results:

- Revenue of $642.4 million, up 22% YoY
- Gross margin of 73.9%, up 130bp YoY
- Adj. EBITDA of $210.7M, up 39% YoY
- Adj. EBITDA margin of 33%, up 400bp YoY
- Non-GAAP net income per share of $0.52, up 93% YoY
- Free cash flow of $47.5M, up 87% YoY

Recurring subscription-based platform revenue growth - now

83% **of Revenue**

and growing, with Record Q4 2019 New Sales ACV of

$73.5M

up 60% YoY with

strong new client logo growth

* All numbers refer to 2019 reported results provided by the Company on February 19, 2020. ACV refers to Q4 year-over-year change compared to 2019

Q1 2020 Financial Highlights

During Q1 2020 Inovalon's revenue grew 6% year-over-year to $154.2 million, and subscription-based platform revenue grew 13% year-over-year to $137.1 million, representing 89% of Q1 2020 total revenue. Strong operational leverage resulted in Q1 2020 Adjusted EBITDA of $47.5 million, representing an Adjusted EBITDA margin of 31%. Non-GAAP EPS for the period was $0.11 per share, and cash and cash equivalents at the end of the quarter was $182.9 million.

Subscription-Based Platform Revenue of

$137.1M

Representing **89%** of total revenue

Growing at a rate of

13% YoY

Cash & Cash Equivalents Balance of

$182.9M

Adj EBITDA Growth to

$47.5M

Representing a

31%

Adjusted EBITDA Margin

Non-GAAP EPS Growth of

10% year-over-year to

$0.11

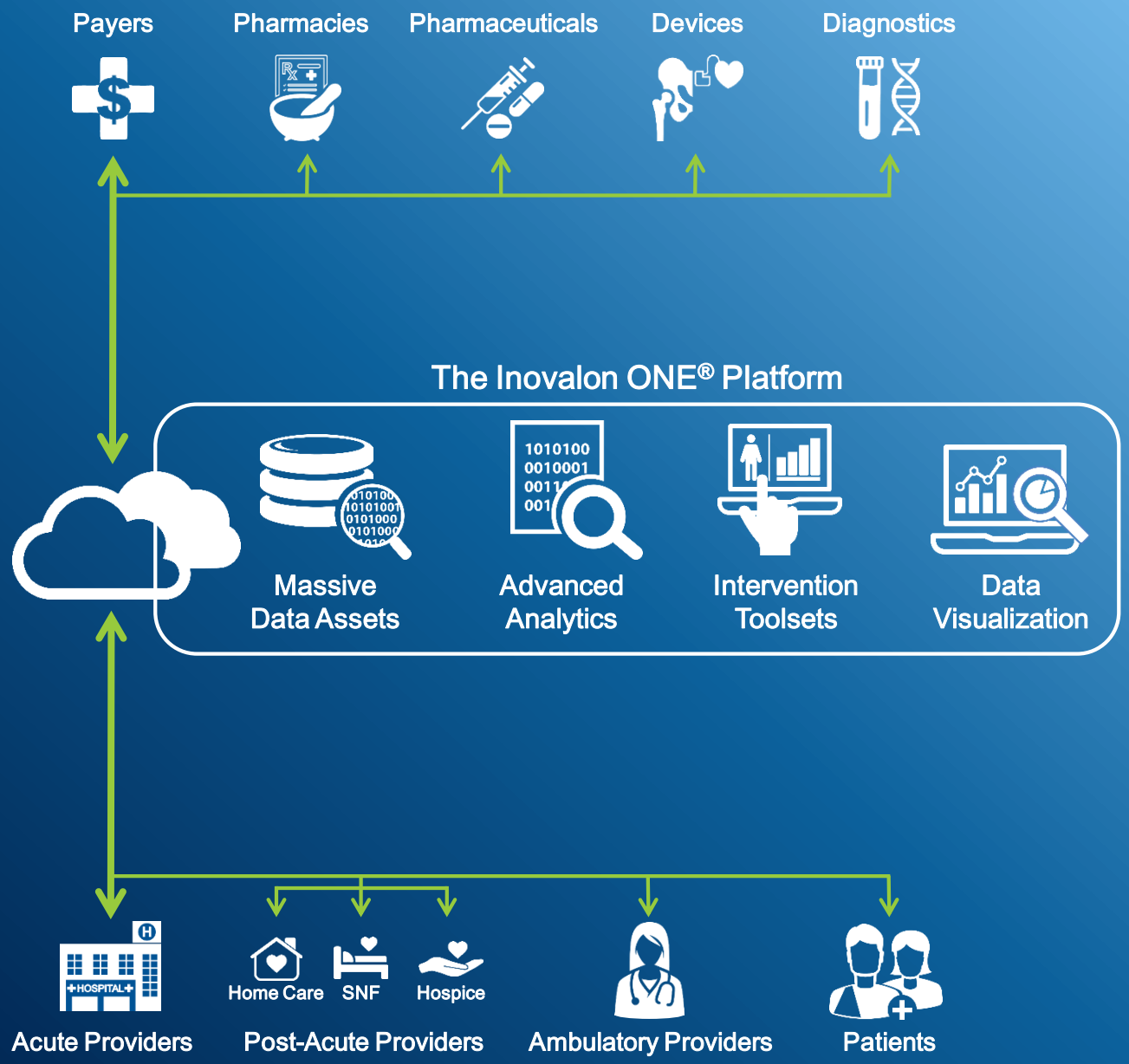
per share

COVID-19 Planning, Response, and Impact

- Transition to Remote Operations: Inovalon leveraged and implemented its pandemic plan in February 2020 and quickly transitioned well to remote operations.
- Launch of Telehealth and Increased Demand for Connectivity: The Company accelerated its existing plans to launch data-driven and analytically-informed telehealth solutions to support clients navigating the pandemic. Demand for the telehealth offering has been strong. Capacity is in the early phases of ramping. Increased demand is also being seen for the Company's connectivity capabilities.
- Demand Delay for Some Services and Legacy Offerings: Revenue softness occurred in Inovalon's legacy and services offerings by approximately $4.5 million and $2.5 million, respectively, during the first quarter. This phenomena is expected to continue through the second quarter of 2020 and begin resolving thereafter. The Company believes that this represents demand delay (and not demand loss), with some portion expected to demonstrate characteristics of "catch-up" following the COVID-19 impact period.
- Sales Characteristics and Pipeline Strength: While a change in some sales characteristic is being seen, demand for Company capabilities has remained strong, with total pipeline at a record high since the launch of the Inovalon ONE® Platform.
- Big Picture and Summary: The Company has a highly favorable business model, with highly relevant offerings. The revenue impact from COVID-19 is believed to be both short-term in nature and have characteristics of being predominantly demand-delay (and not demand loss). Additionally, demand for the Company's capabilities and performance of the sales team continues to be strong - expanding the Company's sales pipeline to record levels. Furthermore, through the broader market's period of challenge, Inovalon is remaining focused on investing in additional platform offerings, maintaining and even accelerating new product development and launch investments, while other organizations within the marketplace may be forced to decrease their investments in innovation and expansion. Altogether, while appreciating the number of variables and risks, the Company is rather optimistic about its ability to navigate the COVID-19 crisis period, and is even more optimistic about the Company's performance and growth prospects following the resolution of the COVID-19 crisis.

Inovalon is a leading provider of cloud-based platforms empowering data-driven healthcare.

Inovalon provides cloud-based, real-time connectivity, analytics, intervention, and data visualization solutions for hundreds of the nation's leading health plans, pharmacy organizations, life sciences companies, and more than 76,000 acute, post-acute, and ambulatory provider sites with capabilities informed by the data of more than 315 million patients and more than 55 billion medical events.



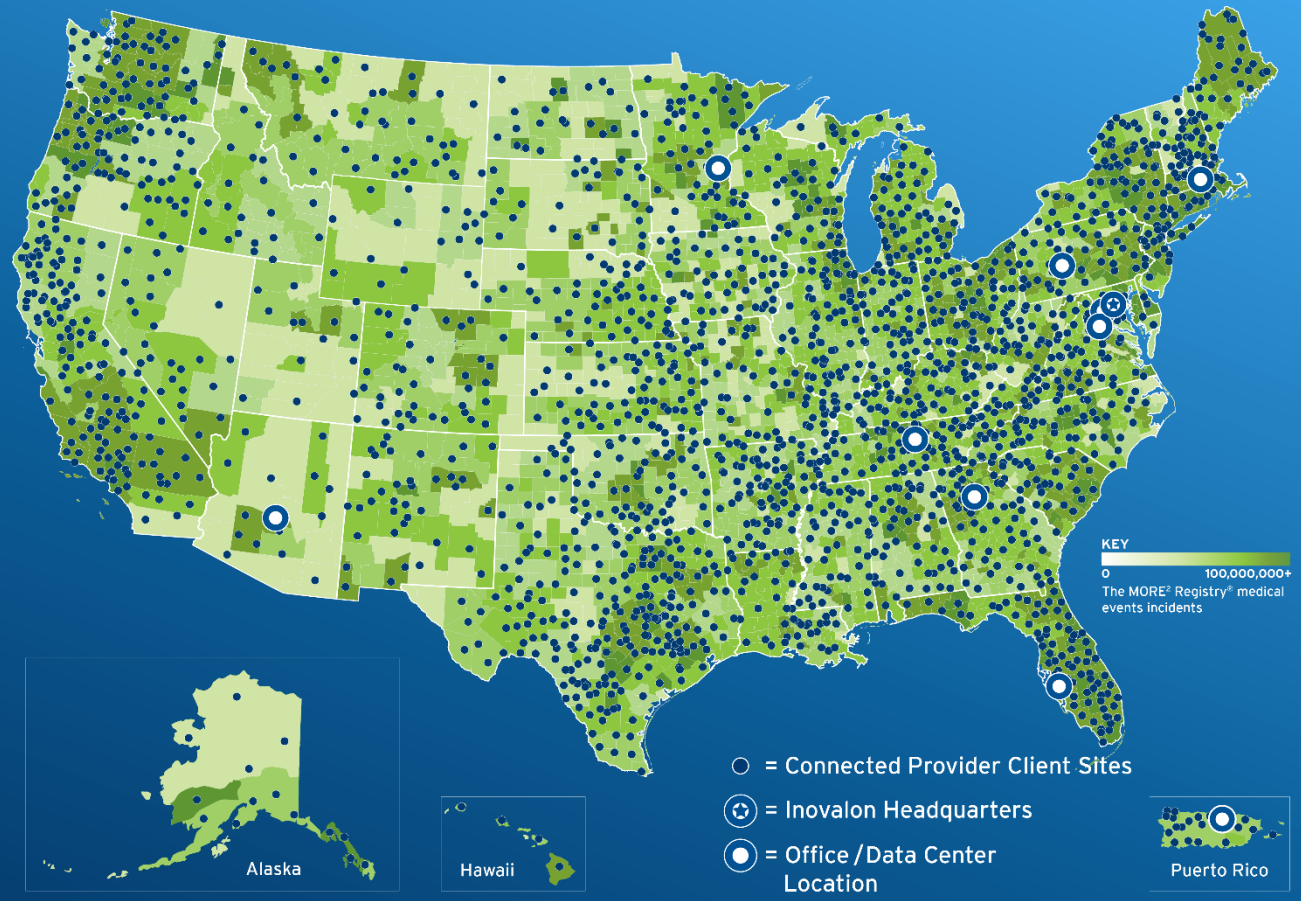
Empowering Data-Driven Healthcare In Scale

The reach of Inovalon's platform has grown to touch the vast majority of the United States, able to empower the market's largest data-driven healthcare initiatives.

100s
Health Plans, Providers, Life Sciences, Pharmacy, and Diagnostics Organizations

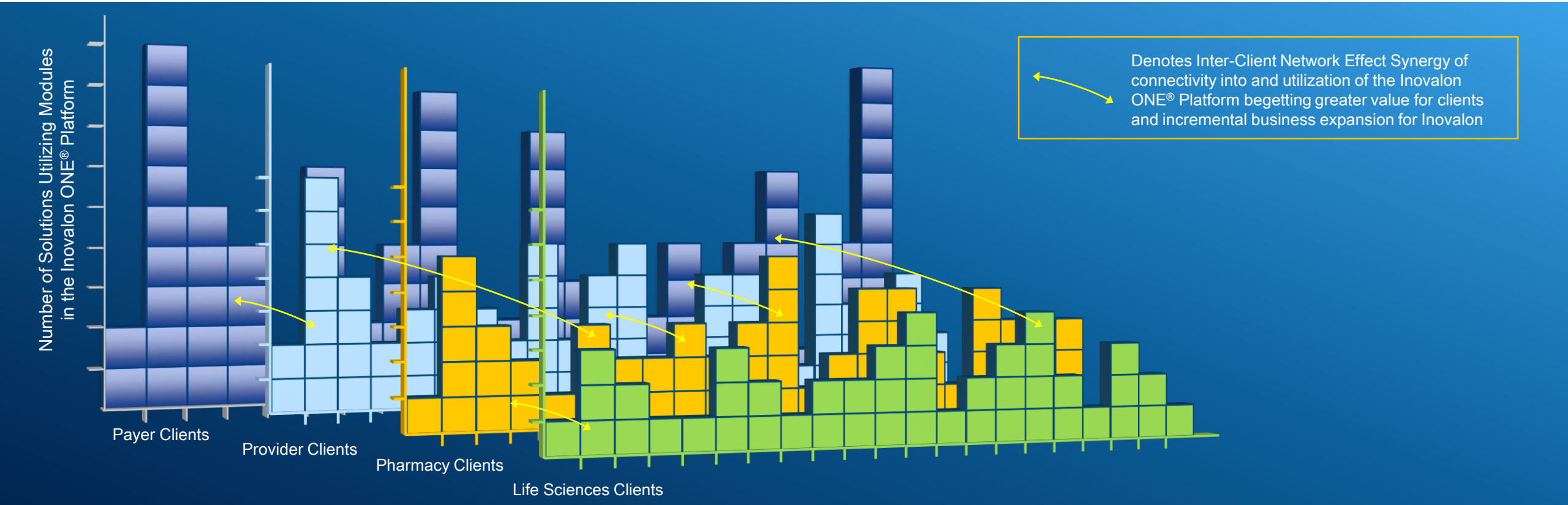
315M+
Patients

76K+
Provider Sites



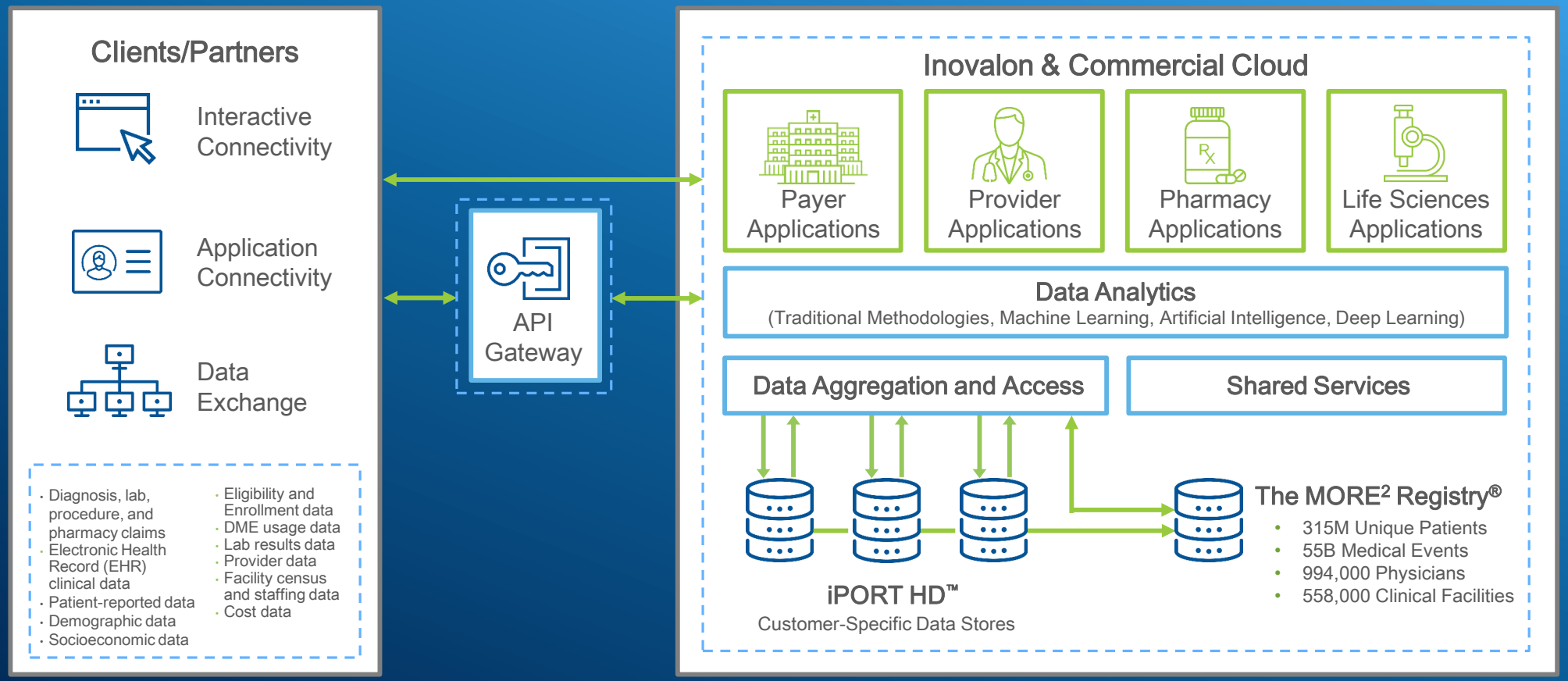
Inovalon's Business Model

Inovalon's business model is comprised predominantly (85% expected in 2020) of cloud-based subscription-based engagements with healthcare enterprises. Fees are charged predominantly in a Per Member Per Month (PMPM) manner or other monthly manner related to patient volume, use, and activity on the Platform. The more Modules of the Inovalon ONE® Platform engaged, generally the higher the fee charged across the relevant patient base. Once an organization starts using the Platform, it is easy to expand to additional capability Modules (raising the "P") or to additional patient memberships (raising the "Q"). Additionally, there is a cross-entity synergy and network effect. The more health plans that are engaged, the more appealing certain Modules are to pharmacy organizations, for example. This virtuous cycle of client value expansion drives a network effect of value to clients and to Inovalon.



Cloud-Based Platform Approach

Inovalon provides its solutions to the marketplace through the Inovalon ONE® Platform: an integrated, real-time cloud native platform which brings together the capabilities of extensive healthcare ecosystem connectivity, massive scale datasets, advanced analytics, and data-driven intervention toolsets. Together, the capabilities of the platform enable both the efficient determination of highly meaningful insights and the reliable achievement of meaningful impact in the quality and economics of healthcare.

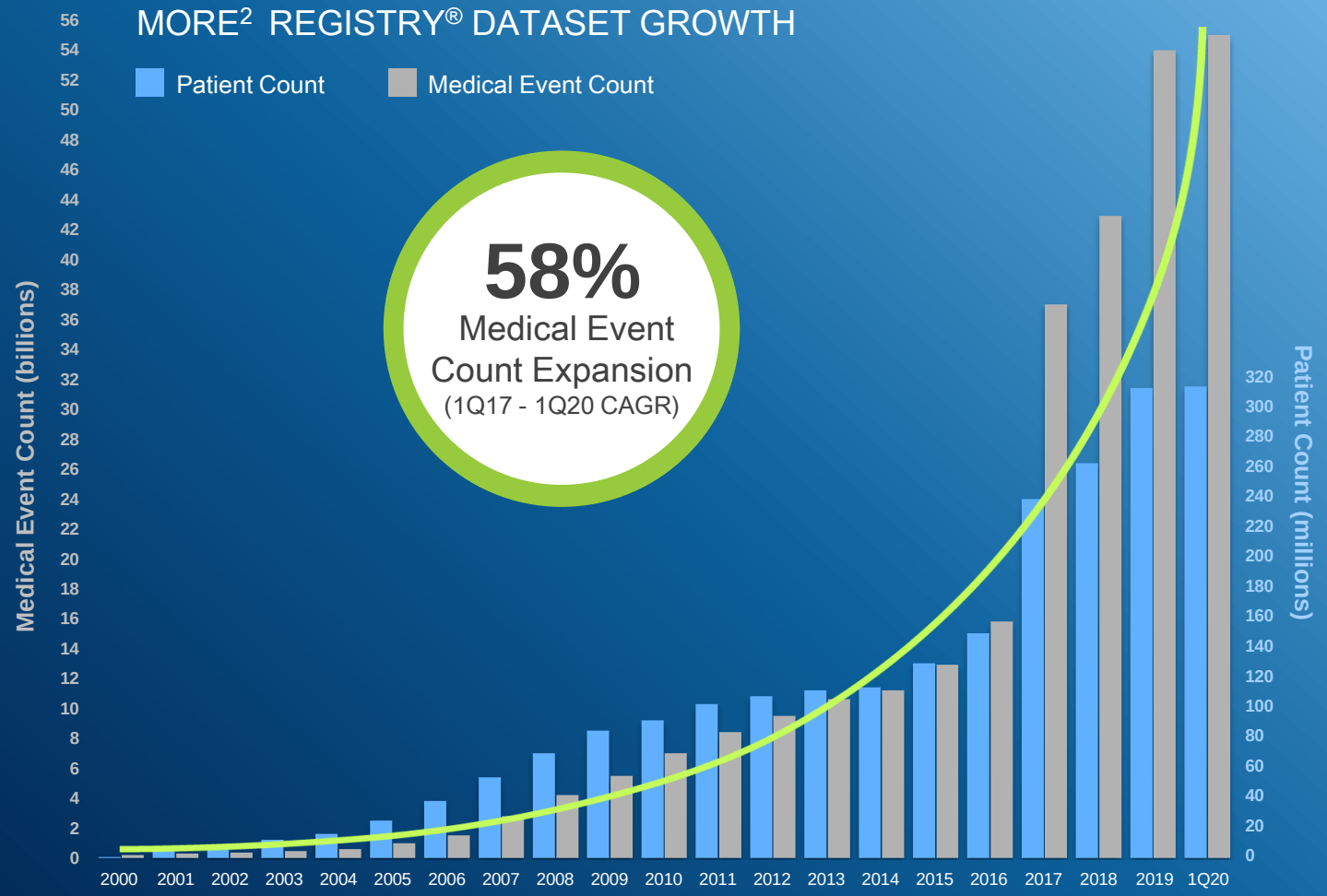


Massive Data Assets

Inovalon leverages massive datasets to deliver differentiated capabilities to its clients.

These datasets are expanding rapidly. As of the end of Q1 2020, the MORE^2 Registry® dataset contained more than 315 million unique patient counts and 55 billion medical event counts, increases of 16% and 23%, respectively, compared with March 31, 2019.

- One of the industry's largest independent healthcare datasets, with more than 315M patients and more than 55B medical events
- Primary-sourced, fully linkable, longitudinally-matched data from all major U.S. healthcare programs
- Contains EHR, claims, scripts, labs, provider, demographic data and more
- Qualified Entity (QE) containing CMS' Fee for Service Medicare Data
- Empowers and informs our industry-leading analytics and artificial intelligence, creating meaningful differentiation and client value



Benefits of Inovalon's Massive Primary-Source Dataset

The significant size, extensive breadth of data types, historical duration, recency timeliness, and fully linkable primary-sourced nature of Inovalon's datasets provides a uniquely rich, longitudinally matched real-world dataset able to empower highly differentiated and highly valued capabilities.

Training Advanced Artificial Intelligence Algorithms

Key to the development, training, and improvement of AI, ML, and DL algorithms is the depth, breadth, timeline duration, and timeliness of training datasets. As a result of Inovalon's unique datasets, the Company is able to apply a wide array of advanced machine learning, artificial intelligence, and deep learning algorithms to achieve highly differentiated, high-value impact within the Company's applications.

Informing Patient-Specific & Consumer Solutions

Healthcare is moving in a direction of increasing patient-specific engagements and consumerism focused offerings. The breadth, depth, and primary source nature of Inovalon's datasets is highly valuable and uniquely able to empower and deliver highly granular patient-specific consumer-focused insights, details, and empowerment, bringing to life what is believed to be the largest transformation segment of healthcare in the years ahead. Further, patient-specific data eliminates time-delays and operational costs otherwise caused today within the market when additional or confirmatory information is needed with respect to a specific patient or case.

Enabling Outcomes-Based and Relative-Performance Analytics

All value-based engagements, outcomes-based contracts, risk-based payment models, and all quality incentive programs are based on relative performance – graded on a dynamic curve. Without knowing how the relevant comparative population is performing today, healthcare organizations are shooting in the dark, potentially wasting critical resources on the wrong issues.

Supporting Large-Scale Real World Evidence (RWE) Research and Insights

Inovalon's very-large scale RWE datasets empowers the Company to deliver solutions of great value to the pharmaceutical, device manufacturer, and research marketplace. RWE enables the healthcare ecosystem to make highly informed models, algorithms and decisions for numerous use cases including diagnosis and treatment protocol determination tools, clinical trial design and execution, medication formulary optimization, outcomes-based contract structuring and honing, payment model design, and many other use cases.

Highly Differentiated Within the Market

A leader in providing cloud-based tools to support data-driven healthcare, Inovalon empowers clients to achieve their clinical quality and financial goals by bringing highly differentiated capabilities to bear – unavailable from any other platform provider.

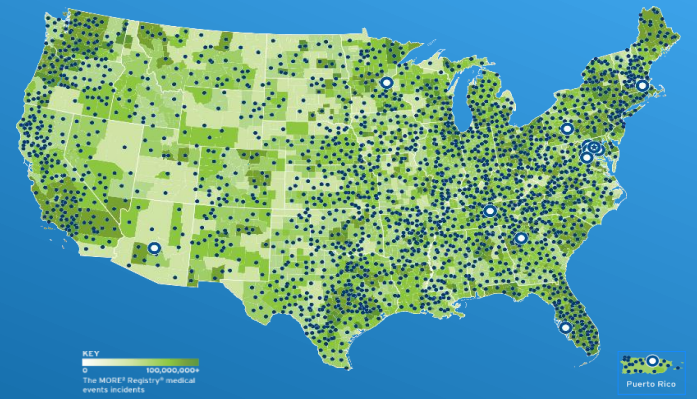
Market's Largest Primary-Source Dataset Enabling Meaningful Insight and Impact:
Deep data informs the most advanced algorithms and translates into highly differentiated insights that help to achieve the most advanced impact. Availability of data further reduces time-to-care, operational costs, and human error rates.

315M+ Patients

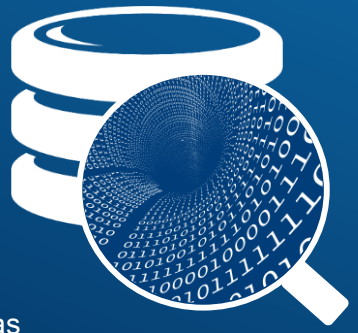
994K+ Providers

55B+ Medical Events

Breadth of Connectivity:
Inovalon has achieved wide connectivity with hundreds of thousands of physicians, payers, EHRs, HIEs and the data pertaining to hundreds of millions of patients. This connectivity allows for real-time data capture, real-time application of resulting insights – driving real-time impact and achievement of value.



Industry-Leading Analytics:
The extensive array of highly data-trained and time-tested algorithms developed and honed by Inovalon provide for many steps within the inherently complex processes of real-world healthcare operations to be improved – thus achieving a superior, multi-faced approach to improve care outcomes and economics. The ongoing flow of data and access to outcomes feedback inherent to Inovalon's platform further translates into a cycle of continuous improvement that has meaningfully demonstrated substantive differentiation of Inovalon's analytics versus alternatives.



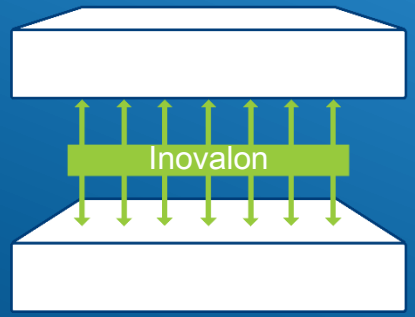
Scale, Speed & The Power of Compute:
Sophisticated proprietary cloud architectures and massive cloud-based compute environments allow for highly advanced analyses of large datasets in real time, allowing clients to garner and apply the most advanced insights quickly - to impact strategy, clinical care, and financial performance – allowing clients to win within their highly competitive environments.

Executing on Strategy

Inovalon's three strategy guideposts are Lead In Innovation, Become the Enablement Layer, and Land and Expand Efficiently.

Lead in Innovation

Bring to market the industry's most advanced, most differentiated, cloud-based software platforms, with the greatest breadth of connectivity, the deepest access to primary source data, and the most advanced analytics to empower the transformation of data-driven healthcare.



Become the Enablement Layer

Leverage the resulting capabilities of the Company's innovation to become the ubiquitous, independent "enablement layer" serving as the "Intel® Inside™" that empowers the healthcare ecosystem's innumerable transformation initiatives driving an increasingly accelerating network effect and virtuous cycle.

Land and Expand Efficiently

Provide capabilities in highly efficient, scalable, client-friendly, flexible ways that aligned with the growth and success of our clients – resulting in strong growth and stickiness with strong operating leverage and resulting financial performance.

Contents

1 Overview of Inovalon

2 **Market Opportunity**

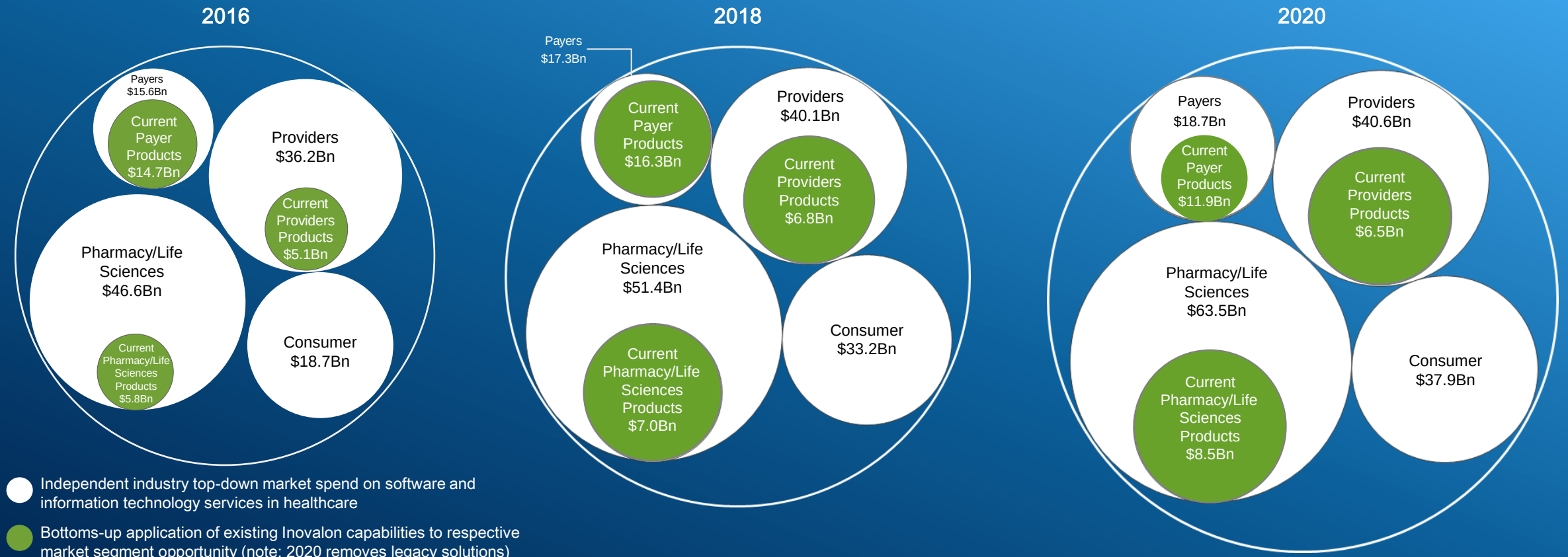
3 Financials

4 Conclusion

5 Appendix

Large Growing Market Opportunity

The market for data-driven healthcare solutions continues to expand, now estimated to be approximately $161Bn in 2020. The expansion of Inovalon's capabilities over the same period has resulted in a near tripling of the portion that the Company's capabilities can serve today from approximately $10.6Bn to $27Bn over these four years.



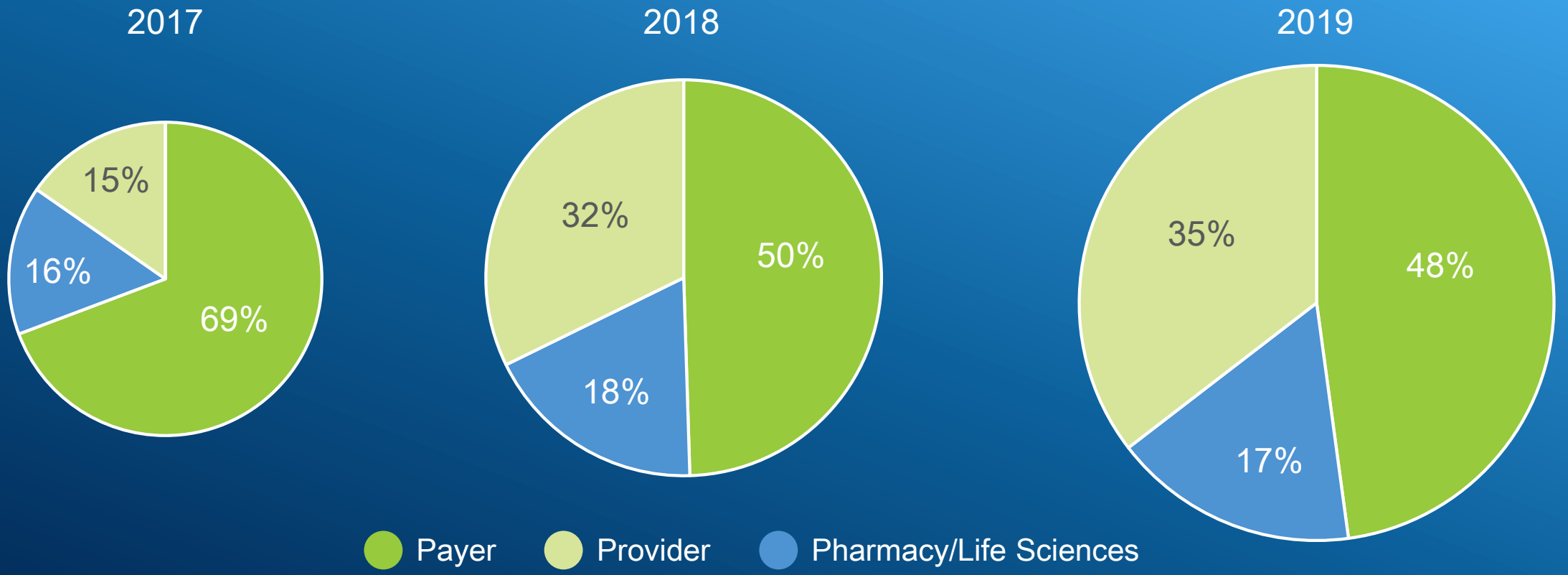
Independent industry top-down market spend on software and information technology services in healthcare

Bottoms-up application of existing Inovalon capabilities to respective market segment opportunity (note: 2020 removes legacy solutions)

Notes: Gartner, IDC, Research and Markets and Inovalon

Adjacent Market Expansion & Diversification

Demand for Inovalon's cloud-based platforms and data-driven capabilities is driving expansion not only in the Company's original area of focus, the payer landscape, but also in the pharmacy/life sciences and provider landscapes, resulting in greater diversification of revenue and an expanding number and scale of cross-adjacency opportunities.

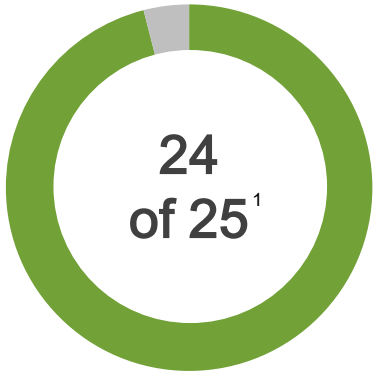


Note: Graphics do not depict category 'other', which is de minimis.

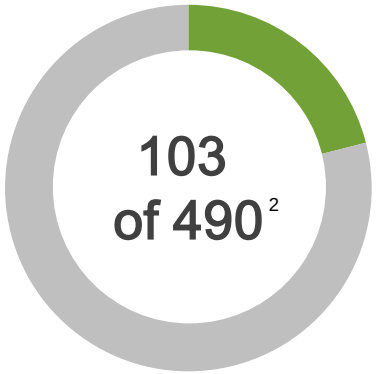
Leading Client Presence Across Verticals

Reflecting Inovalon's differentiated capabilities, the Company's significant client base includes 24 of the Top 25 health plans by size in the nation, 22 of the Top 25 global pharma companies, 19 of the Top 25 healthcare provider systems, and more than 76,000 U.S. provider sites.

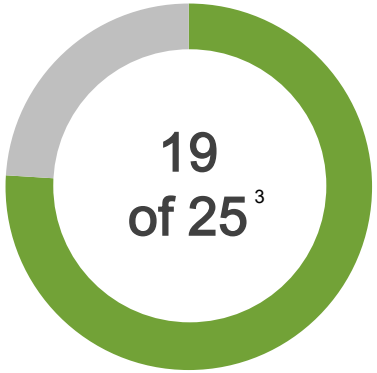
Top 25 U.S. Health Plans



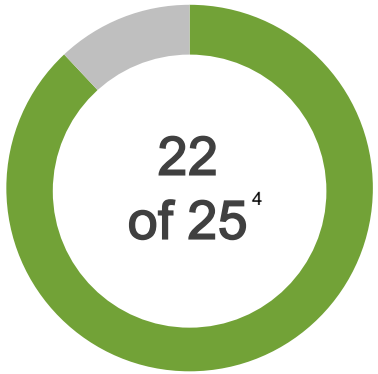
Total U.S. Health Plans



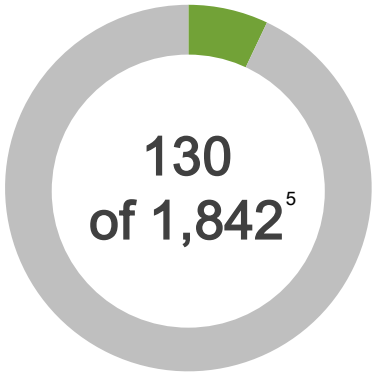
Top 25 U.S. Healthcare Provider Systems



Top-25 Global Pharma Companies



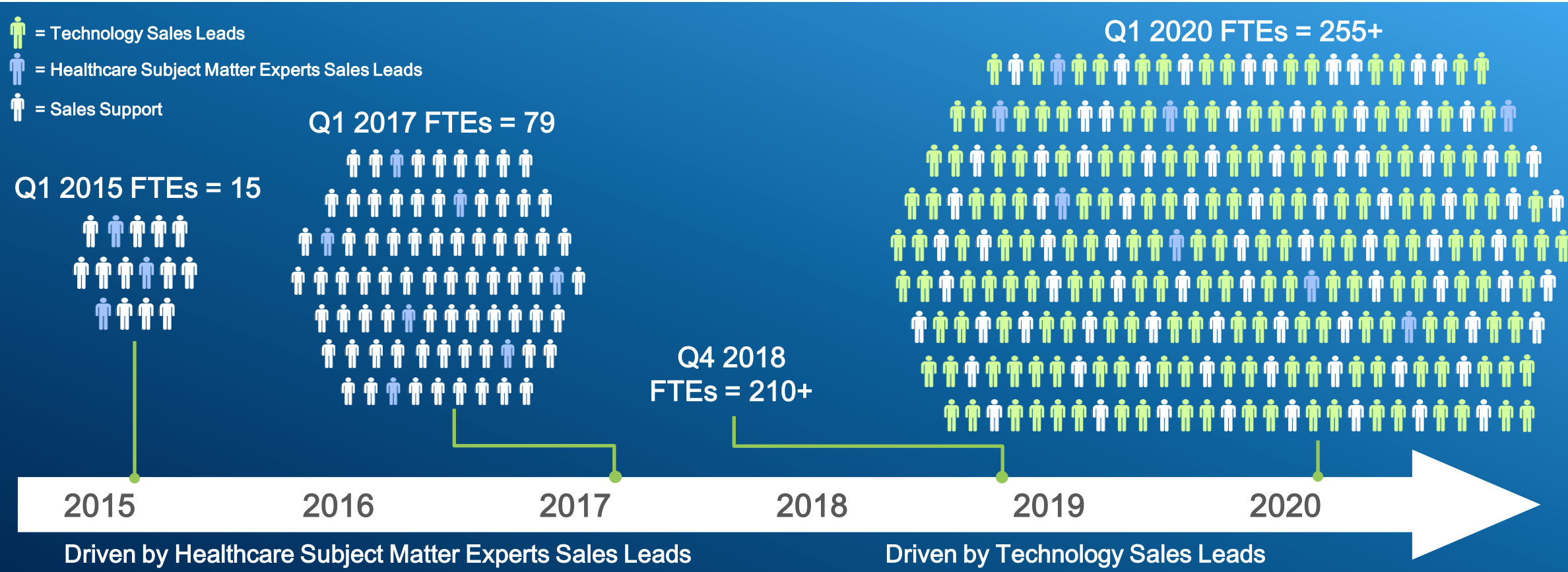
Pharma / Life Sciences Companies



1) Top 25 health plans based on AIS 2018 directory and CMS data; 2) Total U.S. health plans based on AIS 2018 directory; 3) Sites of care as of September 2018 based on CMS data; combined Inovalon and ABILITY site count of >50,000; 4) Top 25 pharma companies based on PharmExec's Top 50 Companies 2018; 5) Avalere client database. ABILITY Network data is not yet fully included in the metrics above.

Continued Salesforce Focus

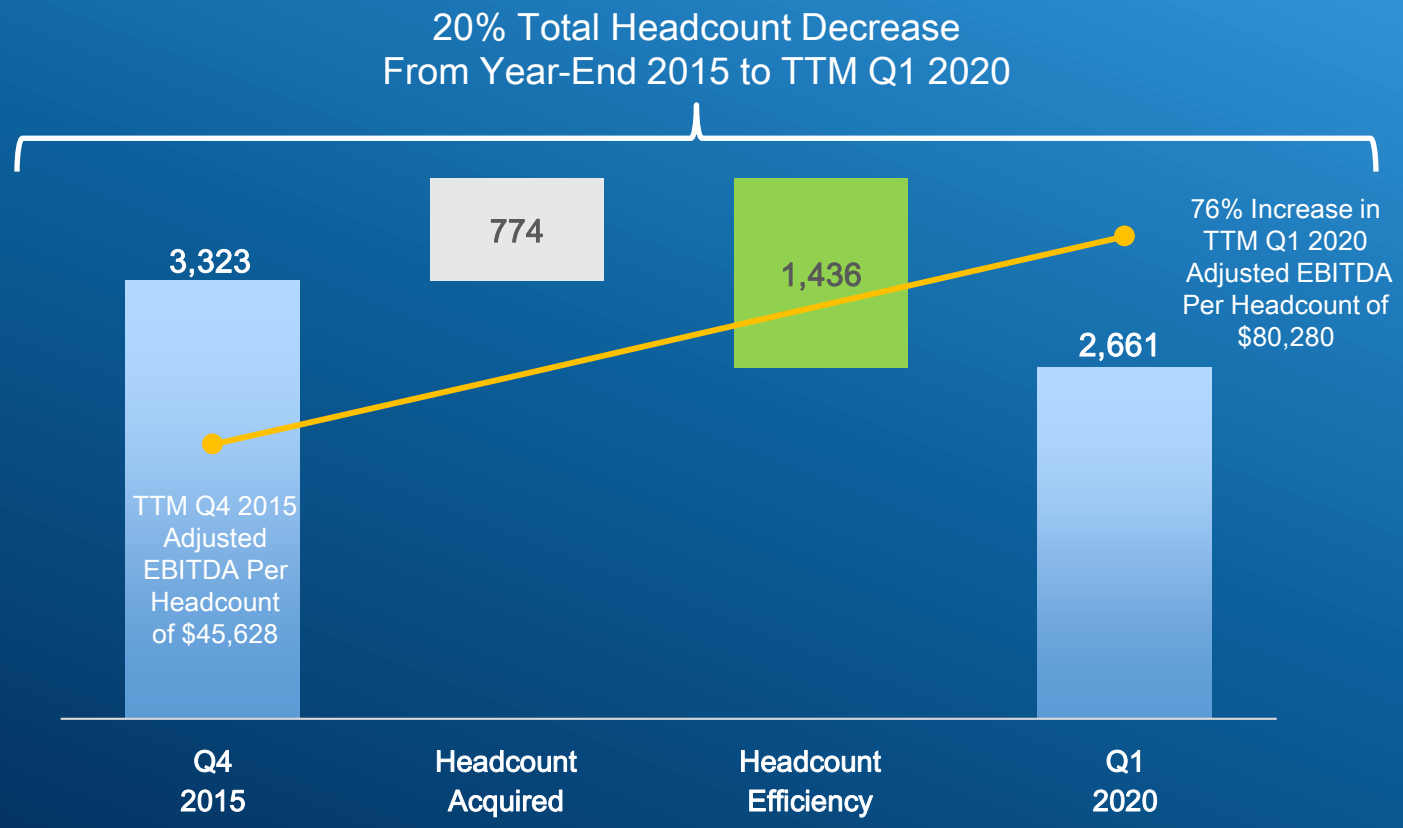
During the first quarter of 2020, Inovalon continued its focus on expanding the number, sophistication, and technology-lead nature of its salesforce and overall go-to-market process. The ongoing investment continues to demonstrate an expansion of sales opportunity count, size, velocity and success rate.



Note: Figure intended to be illustrative

Increasing Headcount Efficiency

The Company's transition to higher-valued cloud-based offerings leveraging increased connectivity, software automation, SaaS-based, and subscription-based offerings has witnessed a substantial corresponding decrease in headcount while concurrently expanding revenue and profitability. Reflecting this, headcount for the period year-end 2015 through Q1 2020 decreased by over 1,400, and TTM Adjusted EBITDA per headcount increased by 76% during the period.



* Total net decrease in headcount includes a gross increase of 774 headcount from acquisitions during the period, and gross headcount efficiency reductions of 1,436.

Note: Acquisition of Avalere Health occurred prior to year-end 2015

Continued Solid Sales Performance

The Company continued to see strong demand during the first quarter. Total sales pipeline grew to a record high since the launch of the Inovalon ONE® Platform. Despite a degree of some demand delay, new sales were solid during the period. Q1 2020 total new sales Annual Contract Value[1] (ACV) was $45.5 million, with platform new sales, excluding Services, ACV totaling $29.0 million, reflecting an increase of 4% year-over-year.

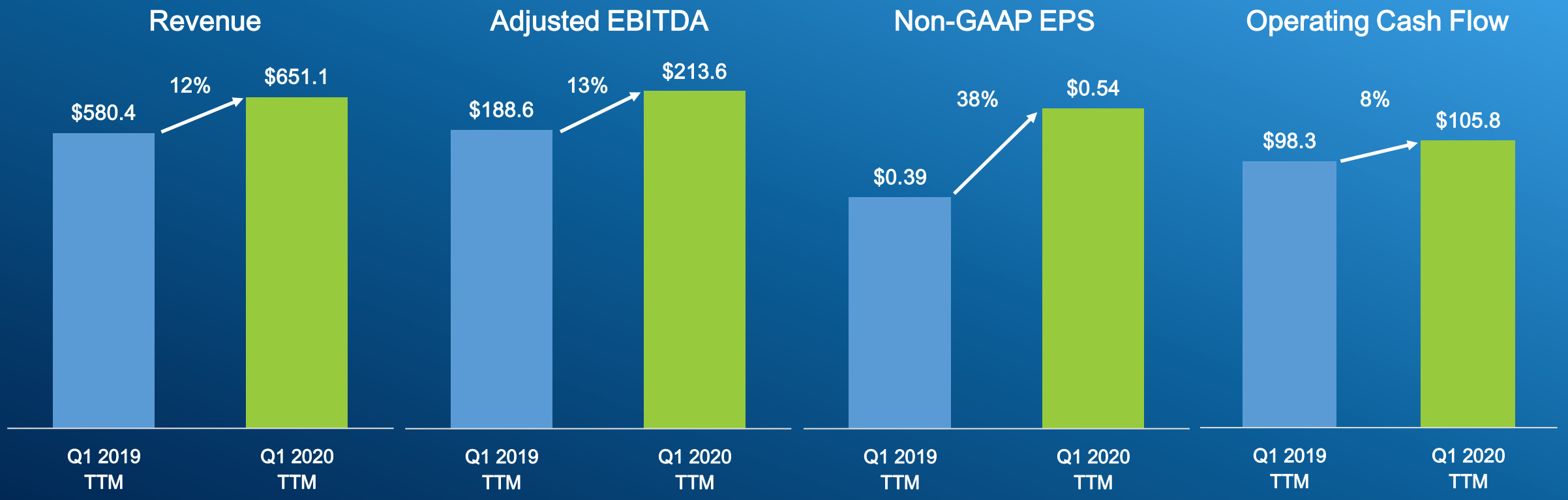
Total Quarterly New Sales ACV

Total Quarterly Platform New Sales ACV
(Excluding Services)

Note: Please see appendix for definitions of the footnoted terms above.

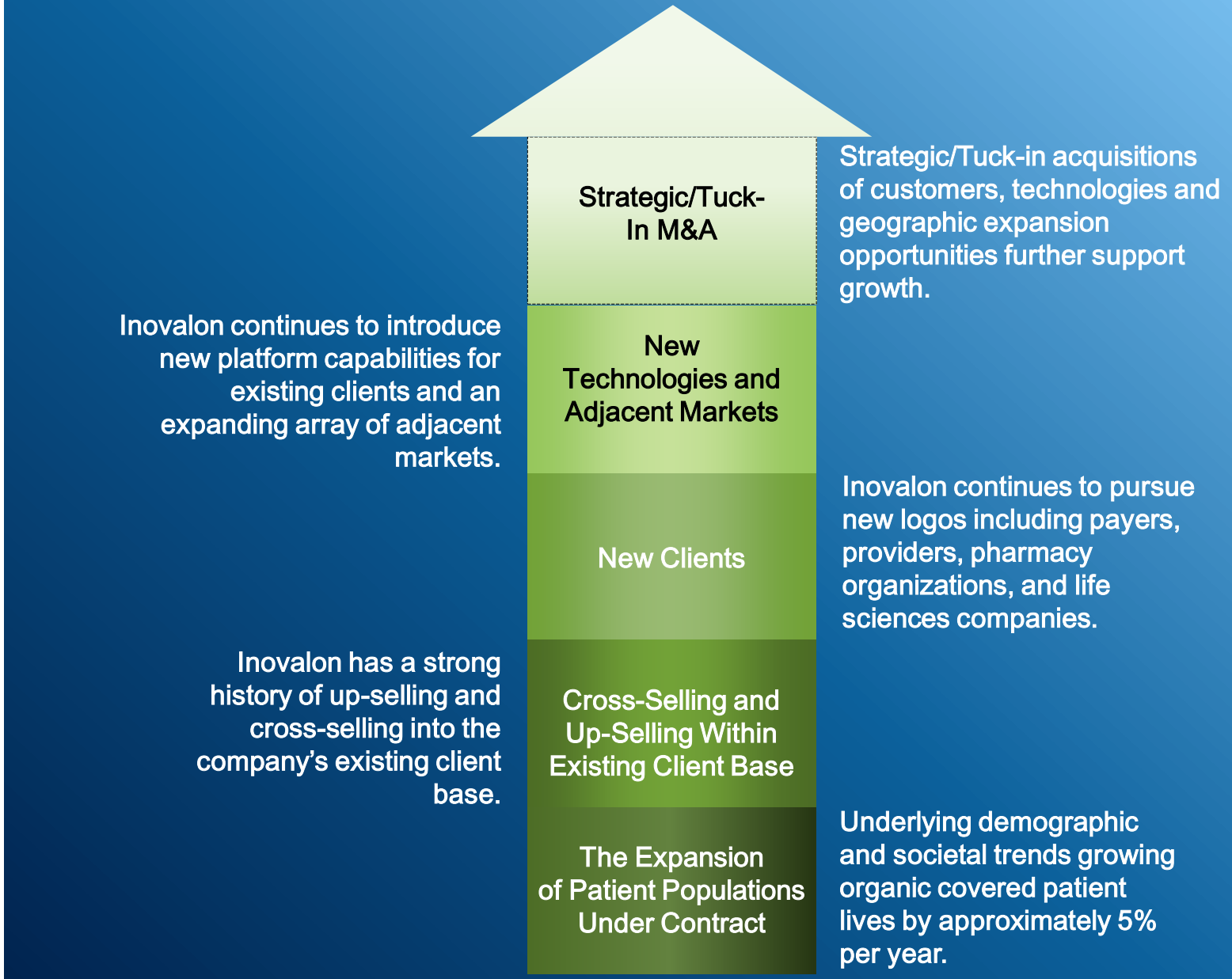
Continued Growth Momentum

The strong market demand for Inovalon's cloud-based platforms and data-empowered capabilities, together with the growing sophistication of sales and the increasing operating leverage of the Company's technologies and business model, is continuing to drive both meaningful momentum and strong financial performance. Demonstrating this, the below graphics compare the resulting Q1 2020 TTM to Q1 2019 TTM for revenue, Adjusted EBITDA, Non-GAAP net income per share (EPS) and Operating Cash Flow generation.



Multifaceted Growth Drivers

Inovalon is in the early innings of a large industry transformation to data-driven healthcare with growth supported by multiple long-term drivers.



Contents

1 Overview of Inovalon

2 Market Opportunity

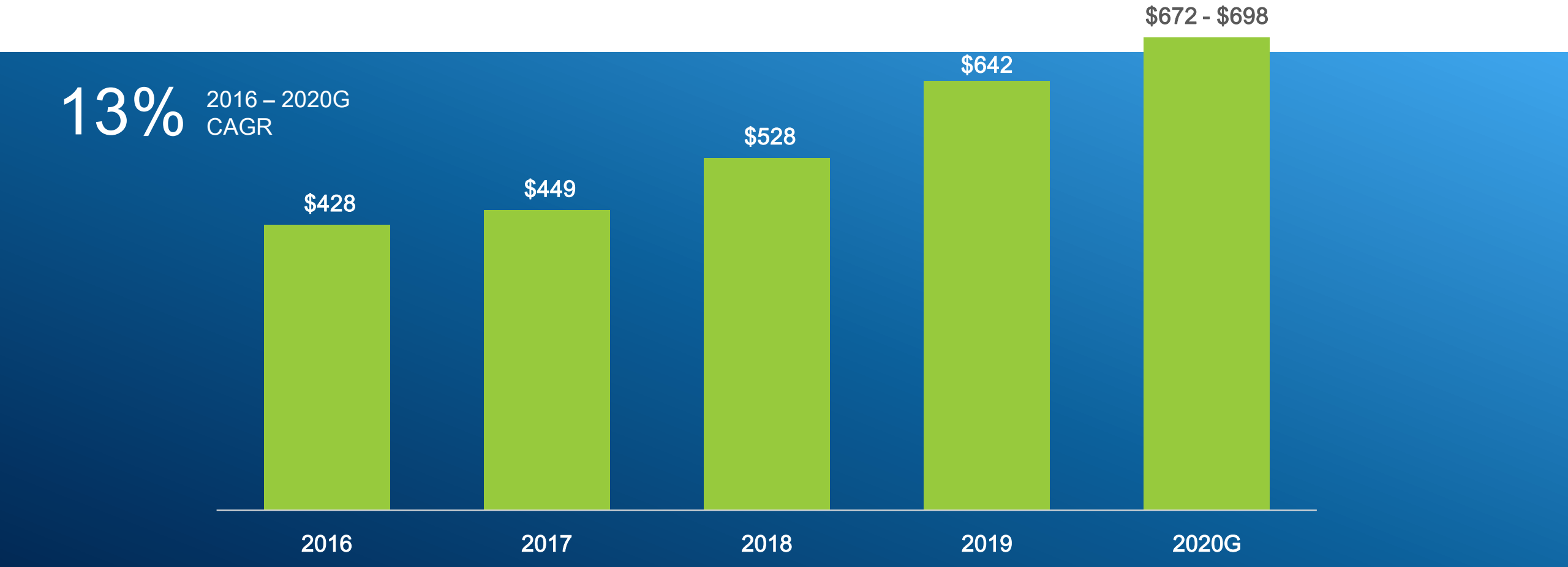
3 **Financials**

4 Conclusion

5 Appendix

Revenue

The graphic below illustrates revenue, which includes the Company's revised 2020 guidance range as updated on April 29, 2020.



Note: CAGR calculations undertaken to the mid-point of 2020 Guidance. All numbers in millions. Graphic drawn at midpoint of guidance range.

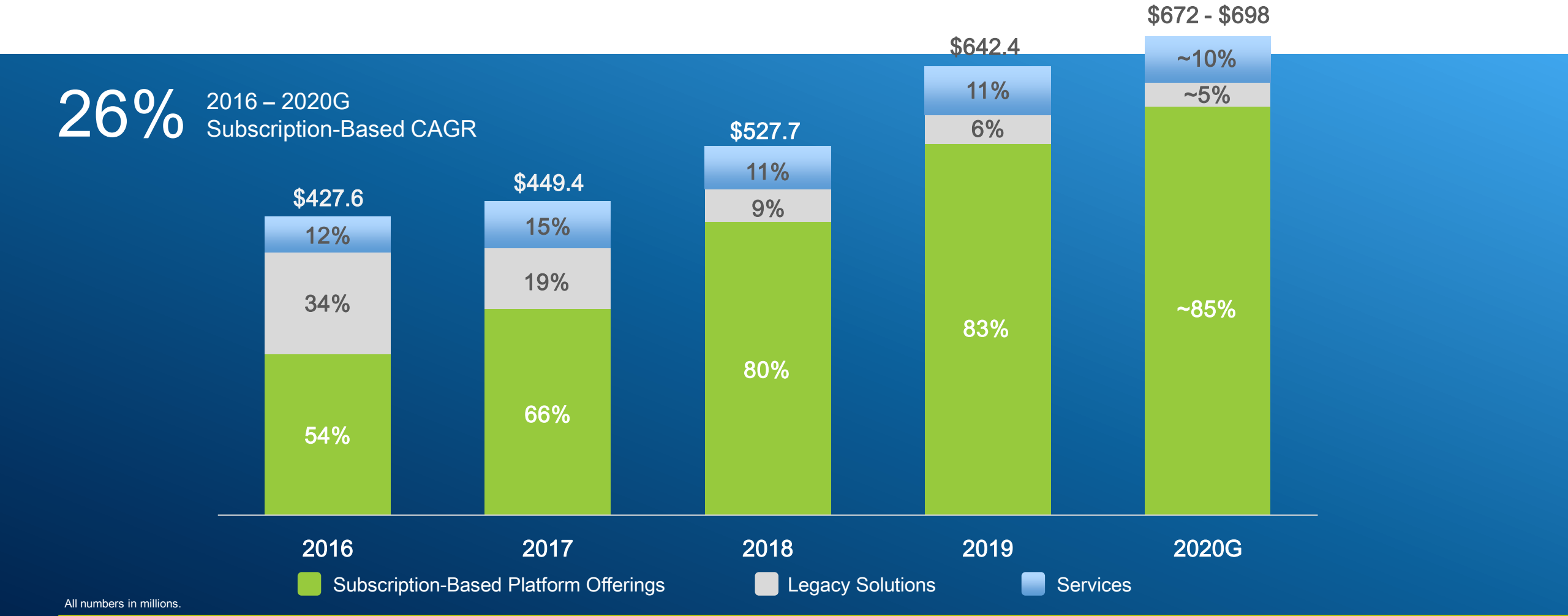
Platform Mix, Pricing and Efficiency Initiatives Driving Operating Leverage

Margin expansion is resulting from increasingly favorable pricing strength and mix of platform offerings, as well as technology initiatives aimed at increasing the efficiency of operations and infrastructure.

Select Example Drivers of Margin Expansion	Examples of Technology Utilized	Impact
Platform Mix Shift	The Inovalon ONE® Platform	Highly extensible platform offerings empower large-scale value-based initiatives for multiple constituencies, driving a higher margin profile
Platform Pricing	The Inovalon ONE® Platform	Strong value-achievement for clients is supporting strong pricing of offerings within the marketplace
Cloud-Based Offerings	The Inovalon ONE® Platform	Cloud-native architecture provides highly dynamic, scalable, and efficient provisioning of compute and storage
Connectivity	EHR Interoperability	Interconnect seamlessly with multiple leading EHR platforms to access clinical data without human intervention
Automation	iPORT™	Integrate systems and data exchanges for rapid, secure, transactional processing with lower human involvement, achieving dramatically greater efficiency
Compute Efficiency	Elastic Container Technology (ECT™)	Multi-tenancy cloud-native compute architecture allowing for high density leveraging of aggregated cloud environment infrastructure

Strong Subscription-Based Platform Adoption

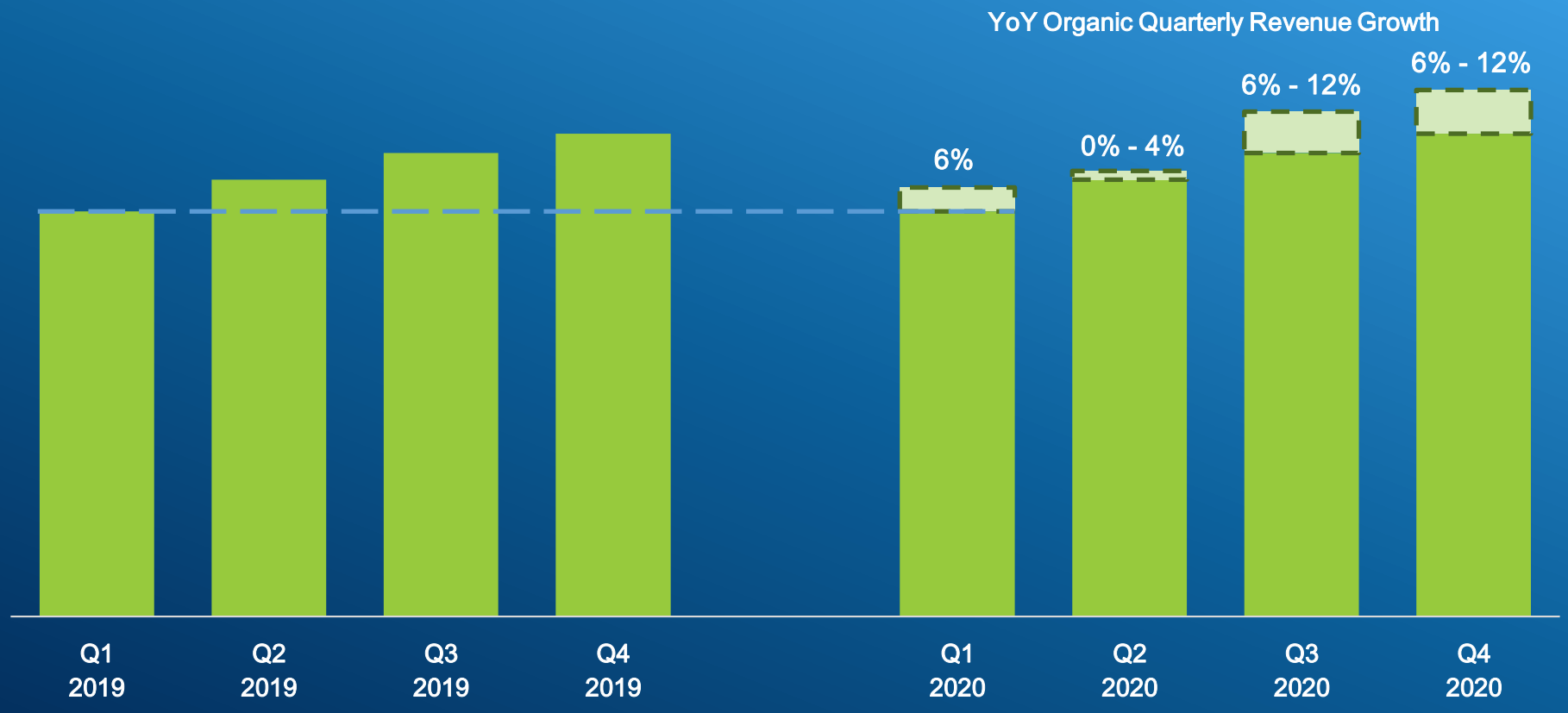
The graphic below illustrates the revenue offering mix, which includes the Company's revised 2020 guidance range as updated on April 29, 2020.



All numbers in millions.

Expected Quarterly Revenue Cadence

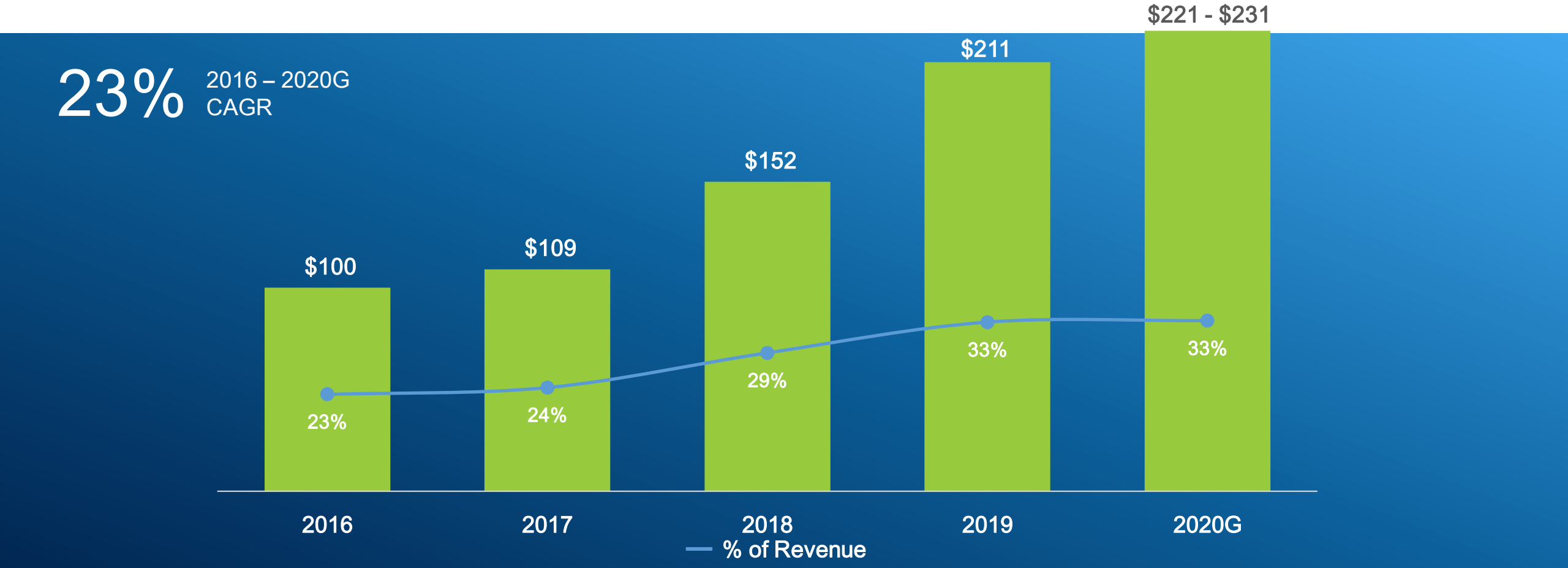
The following illustration outlines the Company's current 2020 quarterly revenue cadence expectation as impacted by the COVID-19 crisis, which reflects 5% to 9% year-over-year organic revenue growth as updated on April 29, 2020.



Note: Illustrative. Graphic drawn at midpoint of guidance range.

Adjusted EBITDA

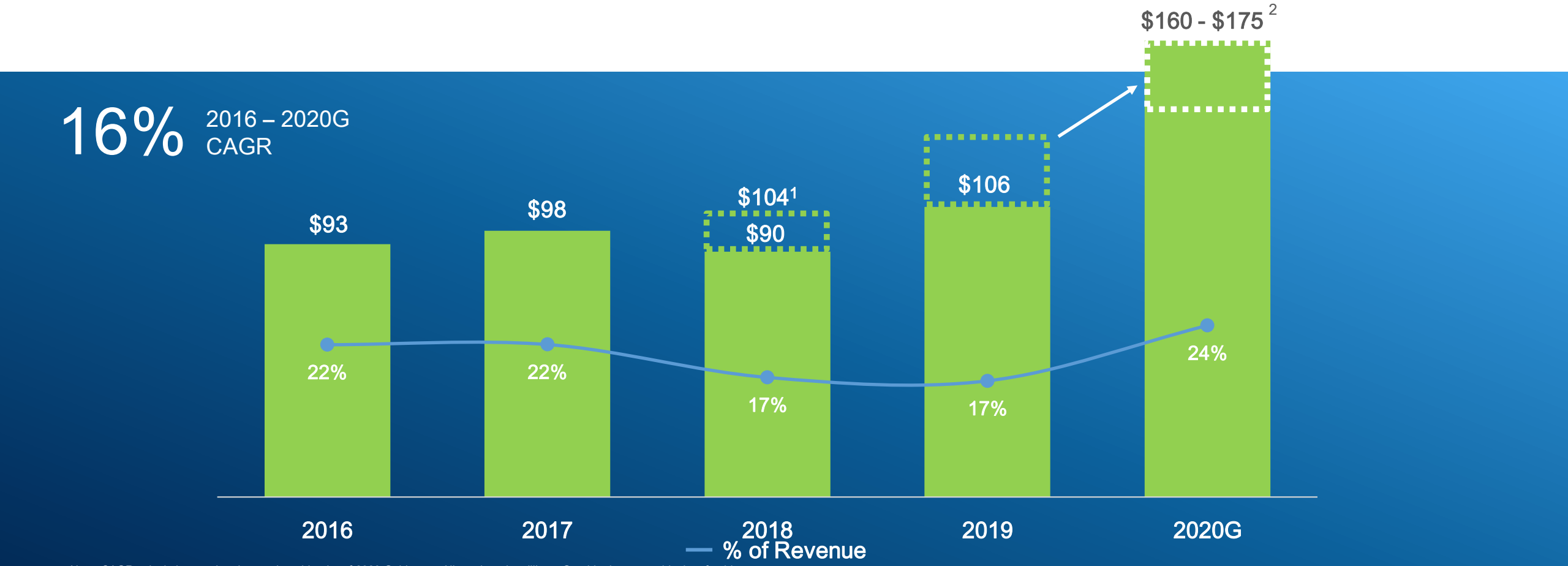
The graphic below illustrates the Company's 2020 Adjusted EBITDA and Adjusted EBITDA margin guidance as updated on April 29, 2020.



Note: CAGR calculations undertaken to the mid-point of 2020 Guidance. All numbers in millions. Graphic drawn at midpoint of guidance range.

Cash Flow From Operations

The graphic below illustrates the Company's 2020 Cash Flow from Operations guidance as updated on April 29, 2020.



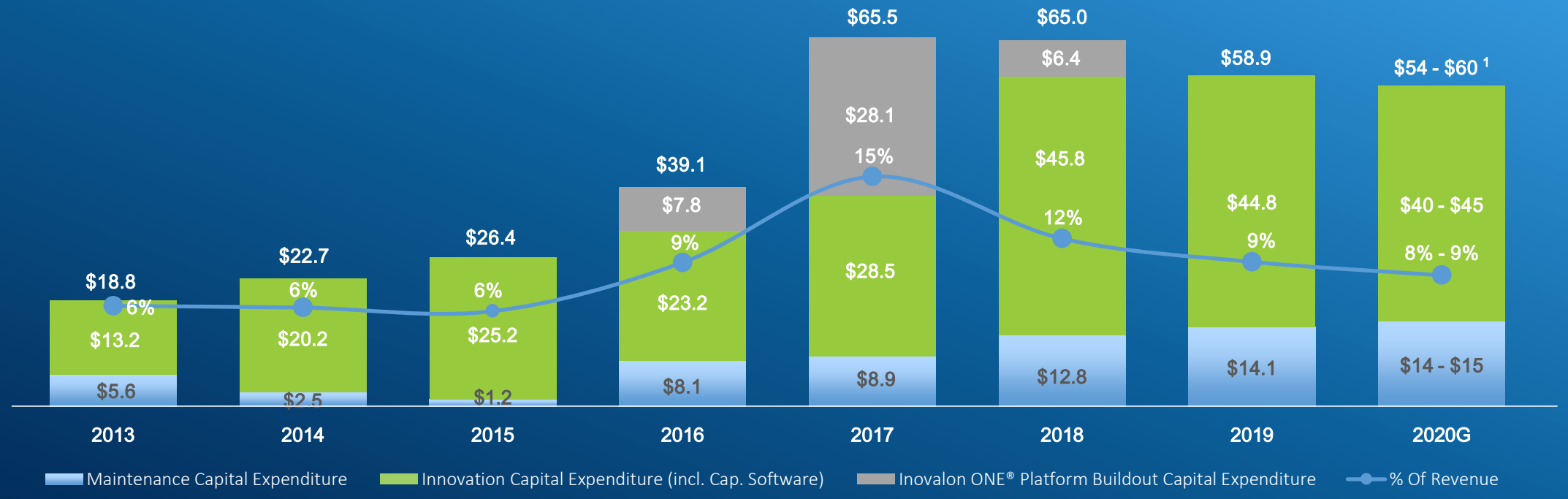
Note: CAGR calculations undertaken to the mid-point of 2020 Guidance. All numbers in millions. Graphic drawn at midpoint of guidance range.

[1] Net cash provided by operating activities was $90.4M in 2018. Incorporated within this number was the negative impact of acquisition-related transaction cash outflows of $6.6M and integration cash outflows of $6.8M. Normalizing for these one-time items, the non-GAAP cash flow from operations would have been $104 million as represented by the green dotted line.

[2] 2019 cash flow from operations was impacted by timing of certain account receivable collections, which occurred after December 31, 2019. Accordingly, the Company increased its 2020 cash flow from operations guidance by $25 million to reflect the collection of these receivable balances.

CAPEX Returning Towards Historical Levels

During the period Q3 2016 through Q1 2018, the Company elected to invest more than $40M into incremental development towards the launch of the Inovalon ONE® Platform. The period of this disproportional investment is now complete and is increasingly being harvested through the successful engagement of clients for highly-differentiated platform offerings. As a result, the Company has been seeing the capital investments of the Company returning back towards historical levels (as a percentage of revenue), and continues to see this occurring in 2020.



[1] Numbers as of the Company's update to 2020 guidance provided on April 29, 2020.
Capital Expenditure (CAPEX) is defined as the sum of Purchases of property and equipment and Investment in capitalized software. All numbers in millions.

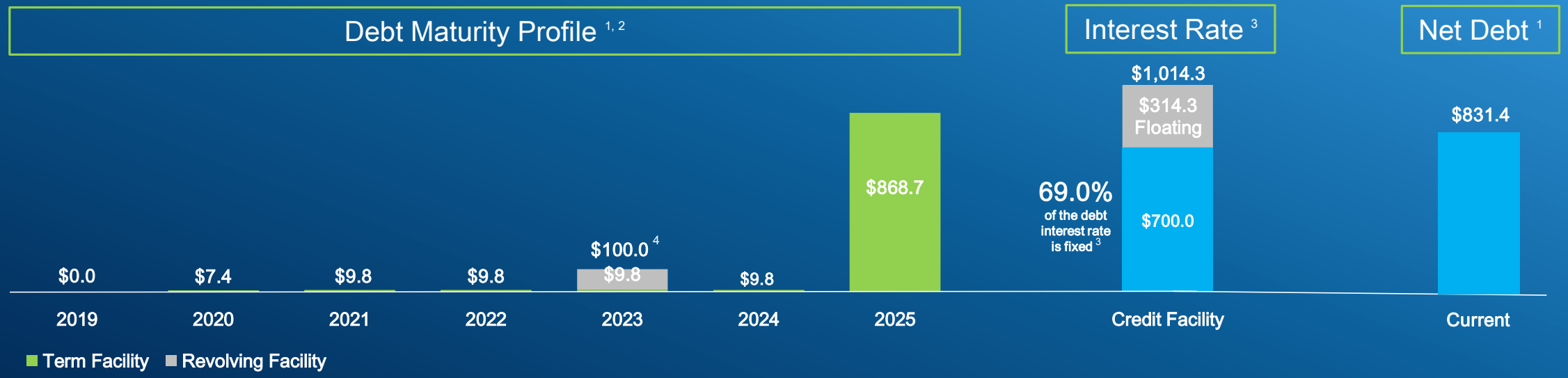
Covenant-Lite Debt Leverage

On April 2, 2018, the Company put in place a $980M seven-year term debt facility and $100M five-year revolving debt facility, collectively the credit facility. Proceeds were used, among other things, to pay off all of the Company's existing debt obligations of $225M as well as to provide the financing necessary to fund a portion of the consideration paid for the ABILITY Network acquisition. Following the ABILITY acquisition, the Company's financial position remains strong, with significant liquidity, strong cash flow, and balance sheet flexibility. The term debt facility's maturity schedule provides financial flexibility with 93.7% of principal due in 2025, and the Term Loan does not contain any standing financial covenants. Additionally, the Company's interest rate swaps fix $700M, or 69.0%, of the credit facility's principal amount. The Company expects to apply its strong cash flow to pay down its debt to achieve a Net Debt Leverage Ratio of less than 3.00x.

3.79x
Current Senior Secured Net Debt Leverage Ratio[1]

Revolving Facility Financial Covenant
7– to -1 Senior Secured Net Debt Leverage Ratio or lower

5.26%
Weighted Average Interest Rate [1]



* All numbers in millions. [1] As of March 31, 2020. [2] Debt maturity includes all mandatory and fixed principal payments. [3] In 2018, the Company entered into four interest rate swaps, each of which mature in March 2025. The interest rate swaps fix the LIBOR rate component of interest on $700.0 million of the 2018 debt facility at a weighted average rate of approximately 2.8%. [4] On March 14, 2020, the Company drew down its Revolving Facility. Since the Company's revolving facility is outstanding, a maximum senior secured net leverage ratio of 7-to-1 (or better) is required to be maintained across the senior secured debt and revolver. The Revolving Facility must be repaid by 2023.

Full Year 2020 Financial Guidance

The Company updated its full-year 2020 guidance based on the expected business impact from COVID-19.

Financial Metric	Previous 2020 Financial Guidance Originally Provided February 19, 2020	Updated 2020 Financial Guidance Provided April 29, 2020	YoY Change
Revenue	$698 million to $718 million	$672 million to $698 million	5% to 9%
Net Income[1]	$25 million to $31 million	$16 million to $22 million	105% to 182%
Non-GAAP net income[1]	$89 million to $94 million	$80 million to $85 million	3% to 10%
Adjusted EBITDA	$231 million to $241 million	$221 million to $231 million	5% to 10%
Net Cash Provided By Operating Activities	$170 million to $185 million	$160 million to $175 million	50% to 64%
Capital Expenditures	$52 million to $58 million	$54 million to $60 million	---
Diluted Net Income Per Share[1]	$0.17 to $0.21	$0.11 to $0.15	120% to 200%
Non-GAAP diluted net income per share[1]	$0.59 to $0.63	$0.53 to $0.57	2% to 10%

(1) The Company is assuming 150 million weighted average diluted shares and an effective tax rate of approximately 28% for the full year 2020.

Q2 2020 Financial Guidance

Inovalon provided Q2 2020 guidance as provided below, indicating 0% to 4% year-over-year organic revenue growth.

Financial Metric	Q2 2020 Financial Guidance
Revenue	$157 million to $163 million
Net Income [1]	$0 million to $2 million
Non-GAAP net income[1]	$16 million to $18 million
Adjusted EBITDA	$50 million to $52 million
Diluted Net Income Per Share[1]	$0.00 to $0.01
Non-GAAP diluted net income per share[1]	$0.11 to $0.12

(1) The Company is assuming 150 million weighted average diluted shares and an effective tax rate of approximately 28% for the full year 2020.

Contents

1 Overview of Inovalon

2 Market Opportunity

3 Financials

4 **Conclusion**

5 Appendix

Meaningful Strength….

Inovalon has experienced a significant inflection, with increases in platform patient counts, client retention rates, sales, and profitability – all with strong market differentiation within a large and expanding market opportunity.

Market Leadership

as the industry's largest cloud-based provider of data-driven solutions to the healthcare ecosystem with primary-source datasets of

>315M

Patients

Strong Subscription-based Revenue Growth

11%-15%

Year over year increase

Significant Profitability of

$221M to $231M

Adjusted EBITDA, or a

33%

Adjusted EBITDA Margin

Operating Cash Flow of

$160M to $175M

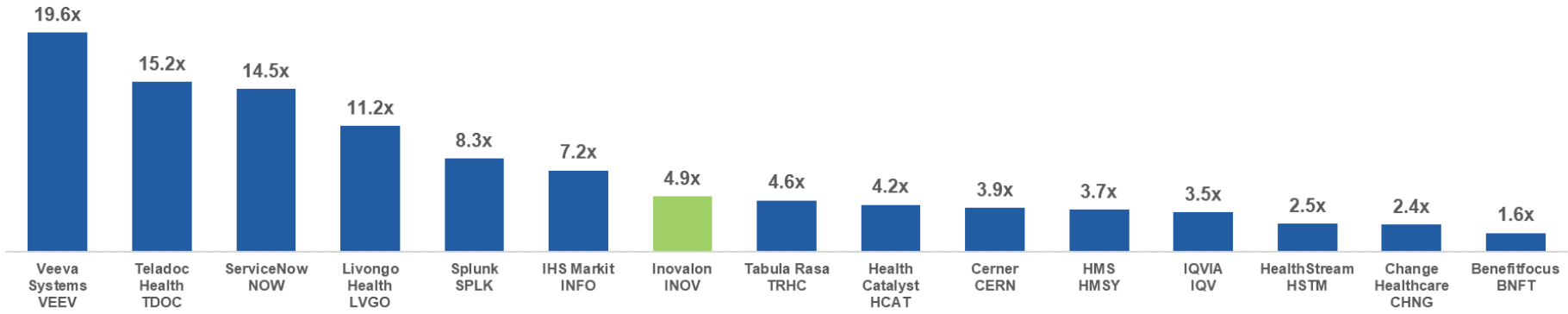
A year over year increase of

50% to 64%

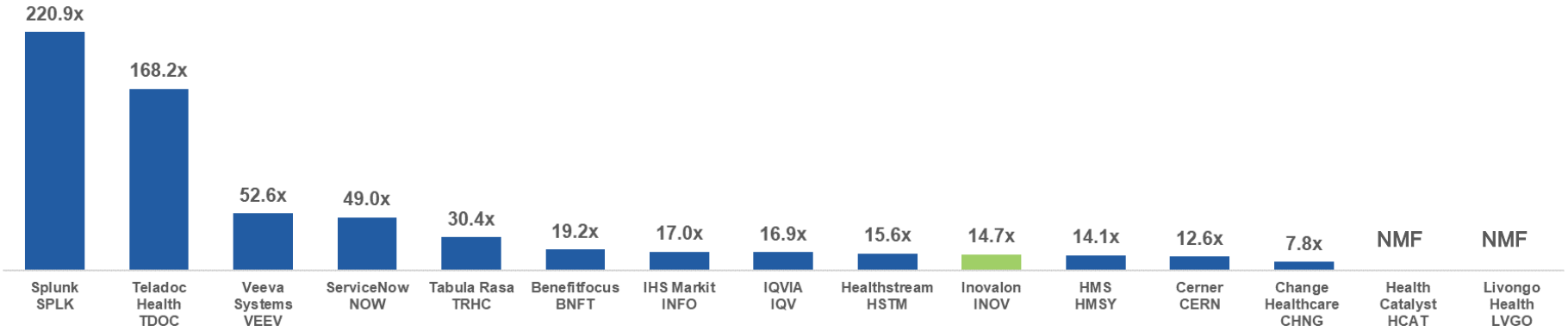
* All numbers refer to 2020 guidance provided by the Company April 29, 2020.

Comparable Valuations

The following is provided for comparable valuation convenience purposes.



Revenue Multiple FY20



EBITDA Multiple FY20

NMF: Not meaningful.

Source: NASDAQ IR Insight as of after-close on May 1, 2020

Contents

1 Overview of Inovalon

2 Market Opportunity

3 Financials

4 Conclusion

5 **Appendix**

- Client Examples
- Reconciliations & Definitions

Client Examples

Providing Cloud-Based Tools That Empower Data-Driven Healthcare

For Payers…

- Operational Transparency
- Clinical Quality Metrics
- Risk Score Accuracy
- Patient Engagement
- Patient Outcomes
- Financial Performance

For Providers…

- Quality of Care
- Point-of-Care Analytics
- Administrative Improvement
- Clinical Operational Efficiency
- Patient Outcomes
- Provider Engagement

For Pharmacy Organizations…

- Automate Referrals
- Reduce Operational Costs
- Streamline Order Workflow
- Improve Patient Care
- Medical Claims Processing
- Patient Outcomes

For Life Sciences Companies…

- Health Economics and Outcomes Research
- Optimal Treatment Protocols
- Commercialization Strategies
- Outcomes-Based Contracting
- Market Access
- Payer Operations

The Inovalon ONE® Platform

Inovalon provides its solutions through the Inovalon ONE® Platform: an integrated, cloud-based platform of nearly 100 individual proprietary toolsets, or “Modules”, able to be rapidly configured to empower the operationalization of very large-scale data-driven healthcare initiatives that are highly differentiated, efficient, modular, and flexible.

Payer Platform Offering Example

For payer clients utilizing Inovalon's clinical quality analysis and improvement solutions, sophisticated analytics identify patients with meaningful quality gaps, while connectivity into EHRs, decision support platforms, and data-driven intervention platforms empower their improvement. The result is greater quality scores and significant incentive payment benefits with strong ROIs.

$75M
Quality Bonus Payment Recieved[1]

* Quality bonuses received by the health plan equates to an incremental payment to the plan

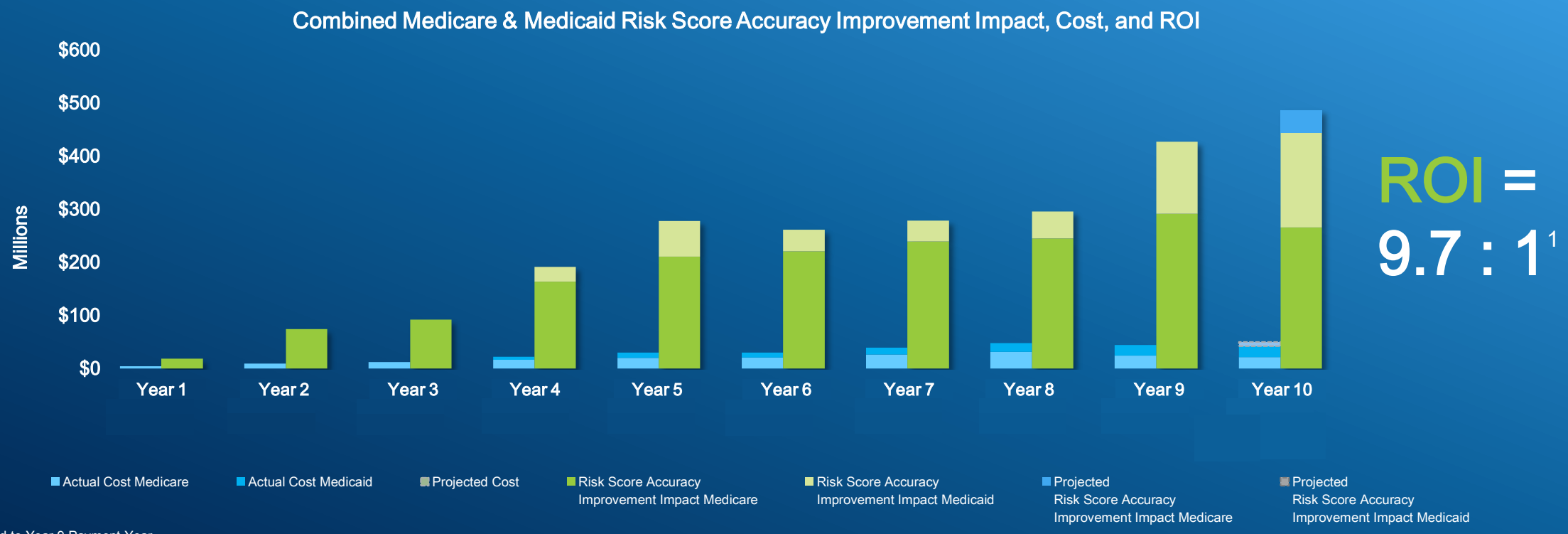
$10M
Inovalon Cost

ROI = 7.5 : 1

1 QBP Equation: 140K members x incremental $44.64 per patient per month quality bonus payment for 12 months

Payer Platform Offering Example

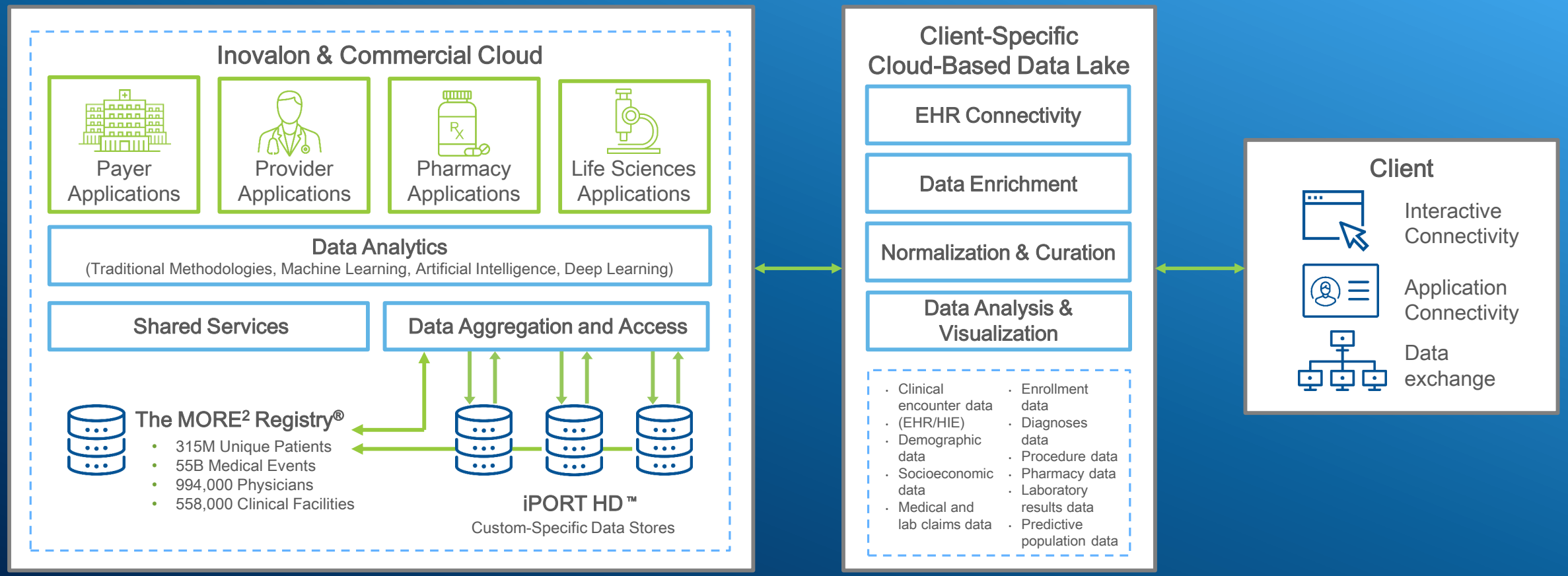
More than 50% of the nation's payment models are risk adjusted. For payer clients utilizing Inovalon's risk score accuracy improvement solutions, sophisticated analytics identify patients with meaningful disease progression and gaps in diagnosis documentation or submission, while connectivity into EHRs, NLP analysis of medical record data, decision support platforms, and data-driven intervention platforms empower the proper identification, clinical assessment, documentation and improvement of this important information and its submission to state and federal programs. The result is greater patient disease awareness, risk score data precision, and meaningful improvements into financial transparency and payment accuracy with strong ROIs.



[1] ROI referenced to Year 9 Payment Year

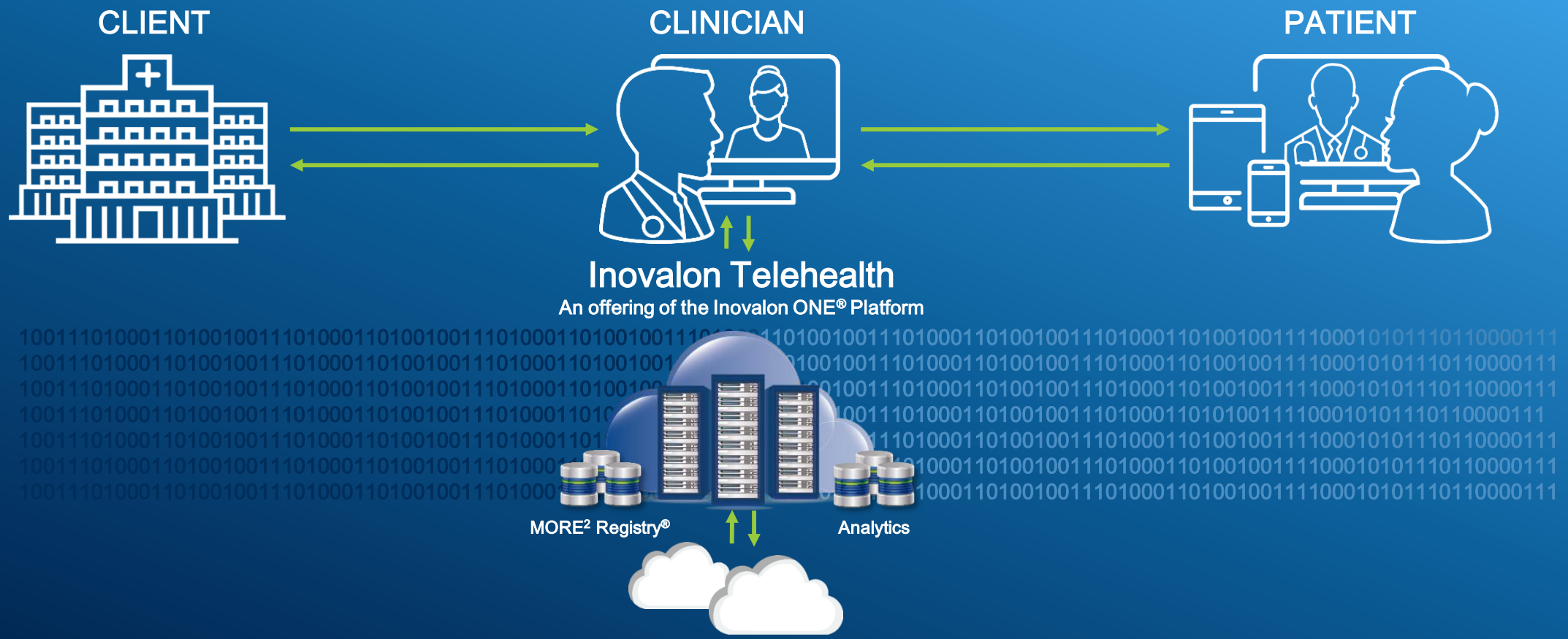
Cloud-Based Healthcare Data Lake Offering

On January 13, 2020, Inovalon announced the addition to its cloud-based solution offerings, a cloud-based healthcare data lake, with a five-year contract with a leading healthcare organization executed during Q4 2019. The cloud-based Healthcare Data Lake solution provides clients with an industry-leading single-source-of-truth data "superset" that aids clients in supporting advanced reporting, analytics initiatives, and other use cases that benefit from best practices data architecture, data comprehensiveness, and data hygiene, while also eliminating costs of traditional enterprise warehouse solutions and healthcare organization processes suffering from incomplete, untimely, or erroneous data.



Cloud-Based Telehealth Offering

On March 23, 2020, Inovalon announced the addition of telehealth capabilities within its cloud-based Inovalon ONE® Platform offering. Unlike other telehealth offerings within the marketplace, Inovalon's capabilities enable clients to perform patient-specific data-driven and analytically informed virtual healthcare encounters, resulting in greater call-time efficiency, effectiveness, patient experience, and overall value impact.



Provider Platform Offering Example

Over 41,000 provider sites utilize Inovalon's *my*ABILITY® Platform to improve the quality of care, workforce efficiency, and many elements of financial performance within their acute, post-acute, and ambulatory facilities. Through the utilization of a portfolio of toolsets, providers improve their operational efficiency, reimbursement accuracy, and strength of cash flow, positioning them for success in this challenging environment.

	Increased Revenue Capture	Improved Monthly Cash Flow
Small to Mid-Sized Hospital[2]	$144,031	$1,188,287
Post-Acute Facility	$17,210	$139,564
Per Physician	$373	$3,080

5.0%
Increased Revenue Capture[1]

2.44
DSO Improvement

Delivering 99.0%
First Pass Approval Claims Rate

ROI = 8.9 : 1

1 Based on MGMA denial benchmarks, April 2018
2 Based on Definitive Health, Average Annual Revenue Hospitals 25-238 Beds
* Results based on the utilization of the *my*ABILITY® EASE All-Payer portfolio solution

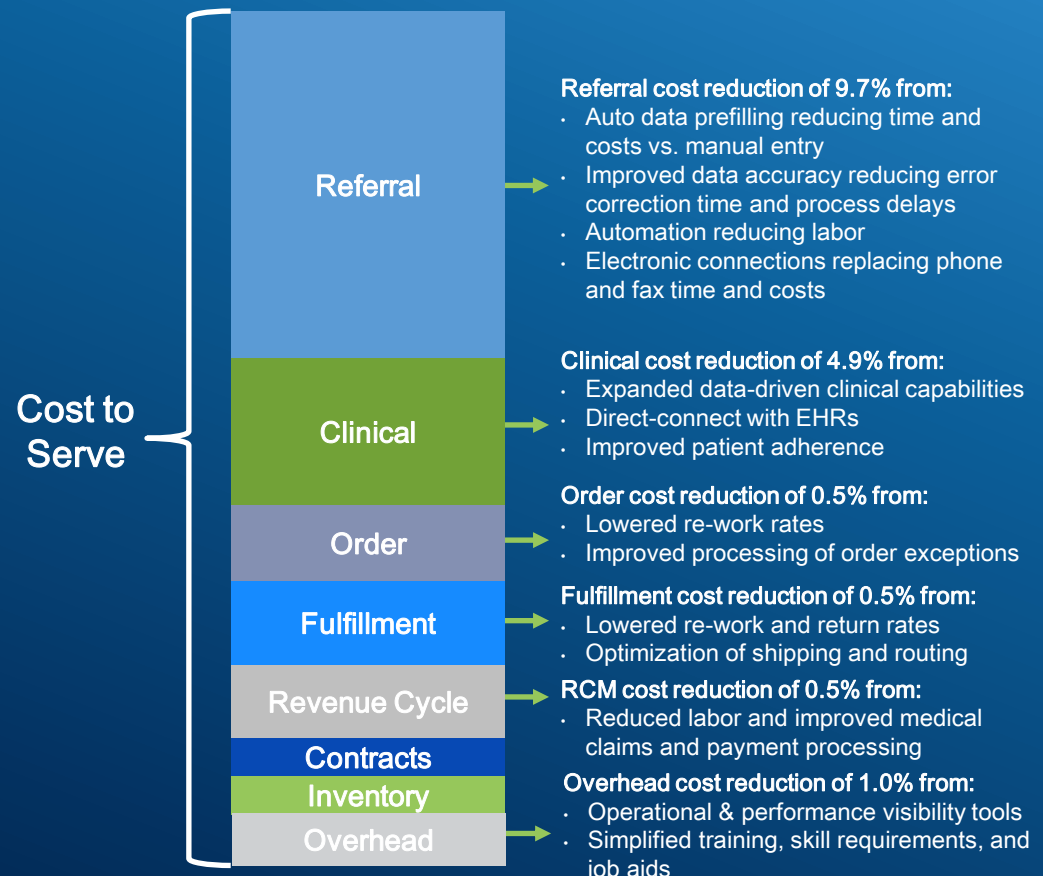
A cloud-connected “workspace” used and trusted by tens of thousands of providers.

*my*ABILITY® brings to Inovalon an extensive provider client base and a highly efficient cloud-based “workspace” that is visited daily and utilized by tens of thousands of providers.

The “eyeball engagement” of provider personnel and the underlying data flows of the *my*ABILITY® workspace is akin to an iTunes customer engagement interface and represent a significant opportunity to bring site-specific and user-specific offerings that are highly differentiated, sticky, and valuable.

Pharmacy Platform Offering Example

Inovalon's ScriptMed® Cloud empowers a 15% to 17% reduction in cost to serve per script versus current industry-standard enterprise platform solutions supporting the Specialty Pharmacy marketplace. Applied to an industry benchmark of $60.15 per specialty pharmacy script, this reduction translates into approximately $9.02 to $10.21 in savings per fill. In the setting of a specialty pharmacy processing 1 million scripts per year, this accumulates to approximately $9.0 to $10.2 million in savings per year.



Referral cost reduction of 9.7% from:
- Auto data prefilling reducing time and costs vs. manual entry
- Improved data accuracy reducing error correction time and process delays
- Automation reducing labor
- Electronic connections replacing phone and fax time and costs

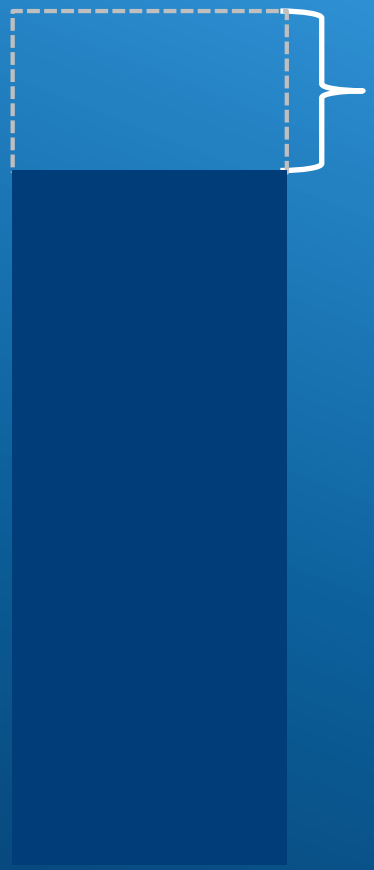
Clinical cost reduction of 4.9% from:
- Expanded data-driven clinical capabilities
- Direct-connect with EHRs
- Improved patient adherence

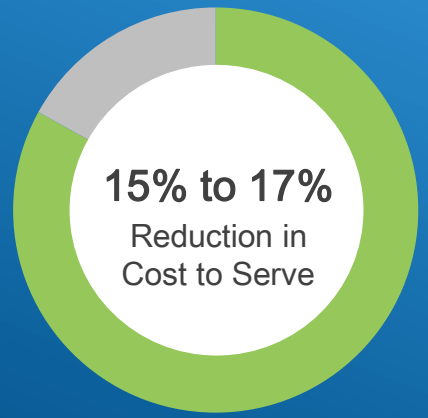
Order cost reduction of 0.5% from:
- Lowered re-work rates
- Improved processing of order exceptions

Fulfillment cost reduction of 0.5% from:
- Lowered re-work and return rates
- Optimization of shipping and routing

RCM cost reduction of 0.5% from:
- Reduced labor and improved medical claims and payment processing

Overhead cost reduction of 1.0% from:
- Operational & performance visibility tools
- Simplified training, skill requirements, and job aids





Differentiated Capabilities for Life Sciences

Leveraging Inovalon's massive data assets, deep subject matter expertise, and the advanced technologies of the Inovalon ONE® Platform, life sciences clients benefit from not only data empowered advisory services able to inform strategy and commercialization, but also inform the configuration of Inovalon ONE® Platform configurations that support outcomes-based contracting, improved compliance and persistence, and advanced business models.

Subject Matter Expertise

Life Sciences Strategy	Outcomes Research	Reimbursement & Revenue Cycle	Market Access
Clinical Analytics	Clinical Decision Support	Clinical Interoperability	Predictive Analytics
Health Plan Operations	Healthcare Economics	Pharmacy	Technical Architecture

Large-Scale Real-World MORE² Registry® Data Registry

- 315 Million Patients
- 55 Billion Clinical Events
- 994,000 Physicians
- 558,000 Clinical Facilities

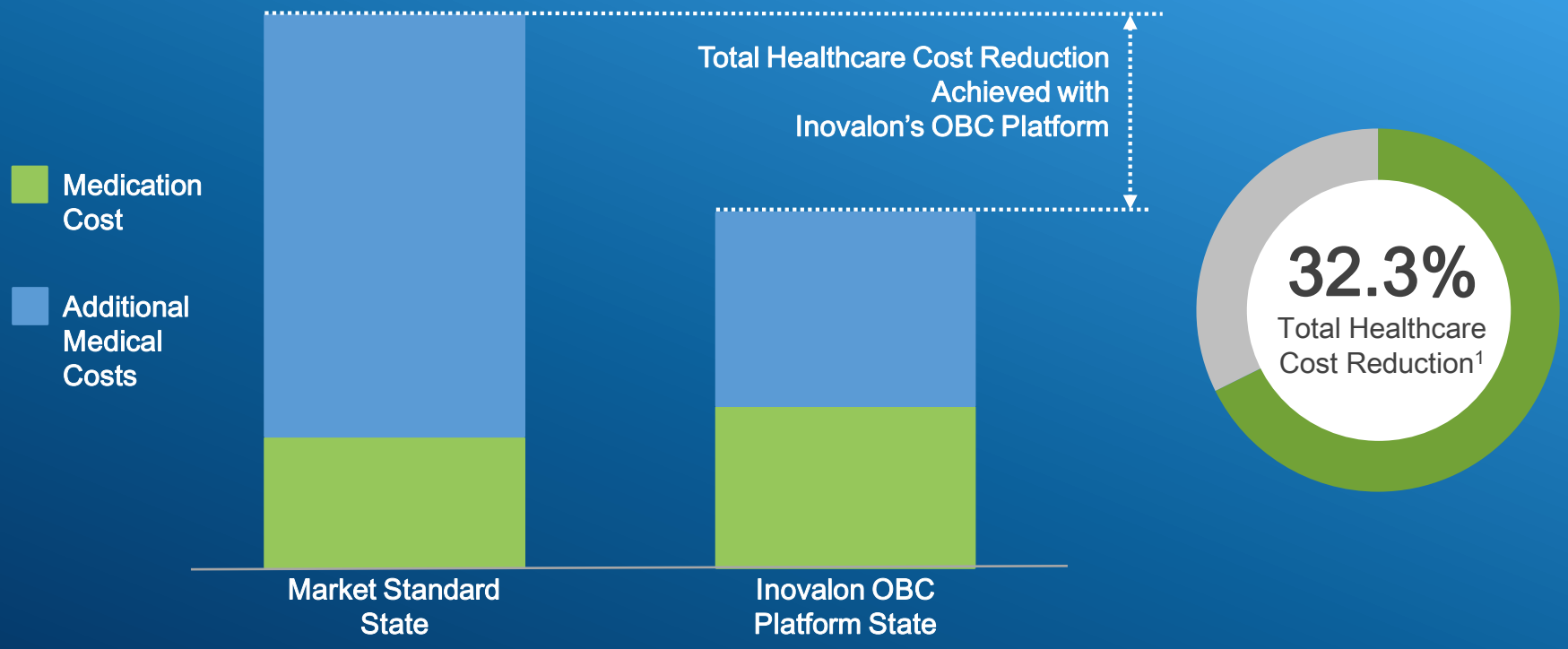
Advanced Technologies Platform

- Massive Data Assets
- Advanced Analytics
- Intervention Toolsets
- Data Visualization

Pharmaceutical Platform Offering Example

For clients utilizing Inovalon's Outcomes-Based Contracting (OBC) Platform: payers benefit from reductions in overall costs; patients benefit from improved outcomes; providers benefit from support for their patients; and pharmaceutical manufacturers benefit from greater unit sales of their medications.

While the cost of a medication by itself may be more expensive than an alternative or predecessor in the market, deep analysis of optimal patient identification and data-driven enablement of patient-specific monitoring and intervention support can result in significant overall cost reductions while also achieving superior clinical quality outcomes.



1 Study performed by Inovalon pharmaceutical manufacturer client. 134,599 patients on standard care vs. 2,122 patients on specified medication showing opportunity for PPPY improvement in setting of specific medication and adherence. Illustrative.

Reconciliations & Definitions

Reconciliation of Forward-Looking Guidance Adjusted EBITDA

Inovalon defines Adjusted Earnings Before Interest, Taxes, Depreciation and Amortization (Adjusted EBITDA) as net income or loss calculated in accordance with GAAP, adjusted for the impact of depreciation and amortization, other expense, net, interest income, interest expense, provision for income taxes, stock-based compensation, acquisition costs, restructuring expense, tax on equity exercises, and other non-comparable items. Adjusted EBITDA margin is defined as Adjusted EBITDA as a percentage of revenue. A reconciliation of net income to Adjusted EBITDA follows:

	Guidance Range			
	Three Months Ending June 30, 2020		Year Ending December 31, 2020	
(In millions)	Low	High	Low	High
Reconciliation of Forward-Looking Guidance Net income to Adjusted EBITDA:				
Net income	$ -	$ 2	$ 16	$ 22
Depreciation and amortization	28	28	110	110
Interest expense	14	14	58	59
Interest income	—	—	(1)	(1)
Provision for income taxes [1]	—	—	7	9
EBITDA	42	44	190	199
Stock-based compensation	7	7	27	28
Other non-comparable items [2]	1	1	4	4
Adjusted EBITDA	$ 50	$ 52	$ 221	$ 231
Adjusted EBITDA margin	31.8%	31.9%	32.9%	33.1%

(1) A 28% statutory tax rate is assumed in order to approximate the Company's effective corporate tax rate.
(2) Other "non-comparable items" include items that are not comparable across reporting periods or items that do not otherwise relate to the Company's ongoing financial results, such as certain employee related expenses attributable to advancements in automation and operational efficiencies, and legal expenses beyond those in the normal course of business. Non-comparable items are excluded from Adjusted EBITDA in order to more effectively assess the Company's period over period and ongoing operating performance.

Reconciliation of Forward-Looking Guidance Non-GAAP Net Income

Inovalon defines Non-GAAP net income as net income or loss calculated in accordance with GAAP, adjusted to exclude tax-affected stock-based compensation expense, acquisition costs, restructuring expense, amortization of acquired intangible assets, amortization of debt issuance costs and debt discount, tax on equity exercises, and other non-comparable items. The Company defines Non-GAAP diluted net income per share as Non-GAAP net income divided by diluted weighted average shares outstanding. A reconciliation of net income to Non-GAAP net income follows:

	Guidance Range			
	Three Months Ending June 30, 2020		Year Ending December 31, 2020	
(In millions, except per share amounts)	Low	High	Low	High
Reconciliation of Forward-Looking Guidance Net income to Non-GAAP net income:				
Net income	$ -	$ 2	$ 16	$ 22
Stock-based compensation	7	7	27	28
Amortization of acquired intangible assets	13	13	52	52
Amortization of debt issuance costs and debt discount	1	1	4	4
Other non-comparable items [1]	1	1	4	4
Tax impact of add-back items [2]	(6)	(6)	(23)	(25)
Non-GAAP net income	$ 16	$ 18	$ 80	$ 85
GAAP diluted net income per share	$ -	$ 0.01	$ 0.11	$ 0.15
Non-GAAP diluted net income per share	$ 0.11	$ 0.12	$ 0.53	$ 0.57
Weighted average shares of common stock outstanding - diluted	150	150	150	150

(1) Other “non-comparable items” include items that are not comparable across reporting periods or items that do not otherwise relate to the Company’s ongoing financial results, such as certain employee related expenses attributable to advancements in automation and operational efficiencies, and legal expenses beyond those in the normal course of business. Non-comparable items are excluded from Non-GAAP net income in order to more effectively assess the Company’s period over period and ongoing operating performance.

(2) 28% statutory tax rate is assumed in order to approximate the Company's effective corporate tax rate.

Definitions

1. Annual Recurring Revenue is defined as subscription-based revenue from existing clients plus outstanding intra-year renewals valued at an amount agreed upon in principal.

2. Annual Revenue Retention is defined as the percentage of revenue from engagements with existing clients in the prior year present in the current year. For example, Annual Revenue Retention would be less than 100% if there was a net loss of revenue from existing clients who either downsized or exited existing engagements, and would be more than 100% if on a net basis existing clients expanded existing engagements.

3. Annualized Contract Value (ACV) is defined as a metric reflecting the sum of the first 12 months of revenue expected from contracts signed during a specific period (such as a quarter or year). New sales ACV refers to the sum of the first 12 months of revenue expected from new sales contracts signed during a specific period (such as a quarter or year).

4. Coverage is defined as the sum of Annual Recurring Revenue, Legacy revenue under contract, and expected Services revenue, divided by the specified year's revenue guidance.

ACV, TCV and Bookings

Inovalon's sales have significantly expanded and accelerated, supporting strong growth going forward. The Company started reporting its sales performance in 2018 by providing new sales Annual Contract Value (ACV) data, a metric reflecting the sum of the first 12 months of revenue expected from new contracts signed during a specific period (such as a quarter or year). Inovalon first reported this metric with the release of Inovalon's Q3 2018 results on November 7, 2018. Of note, due to the fact that the bulk of the Company's contracts (also referred to as a "Statements of Work" or "SOWs") are multi-year in their contracted term (or contracted duration), the "bookings" or "Total Contract Value" (TCV) pertaining to the ACV is significantly larger than the ACV. For example, if the ACV for a period was $X, the corresponding total Bookings or TCV of the underlying sales would be perhaps $2X to $3X, depending on the average contract term signed within the group of underlying sales in the period. Importantly, while the Company is providing ACV sales data to provide insight into the accelerated nature of the Company's sales in a comparable (e.g., year-over-year) fashion, the corresponding total sales, bookings, or TCV is even more significant.

Illustrative only. Please see definitions on slide 54.

Healthcare Empowered®

© 2020 by Inovalon. All rights reserved.