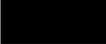


Valuation Analysis —



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Fidelman & Co.



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Valuation Analysis- [REDACTED]

[REDACTED] should likely currently be valued at \$14.9 million.

[REDACTED] - Industry Categorization

[REDACTED] is an [AI-powered marketplace](#) connecting healthcare facilities with qualified medical professionals to fill staffing gaps in real time.

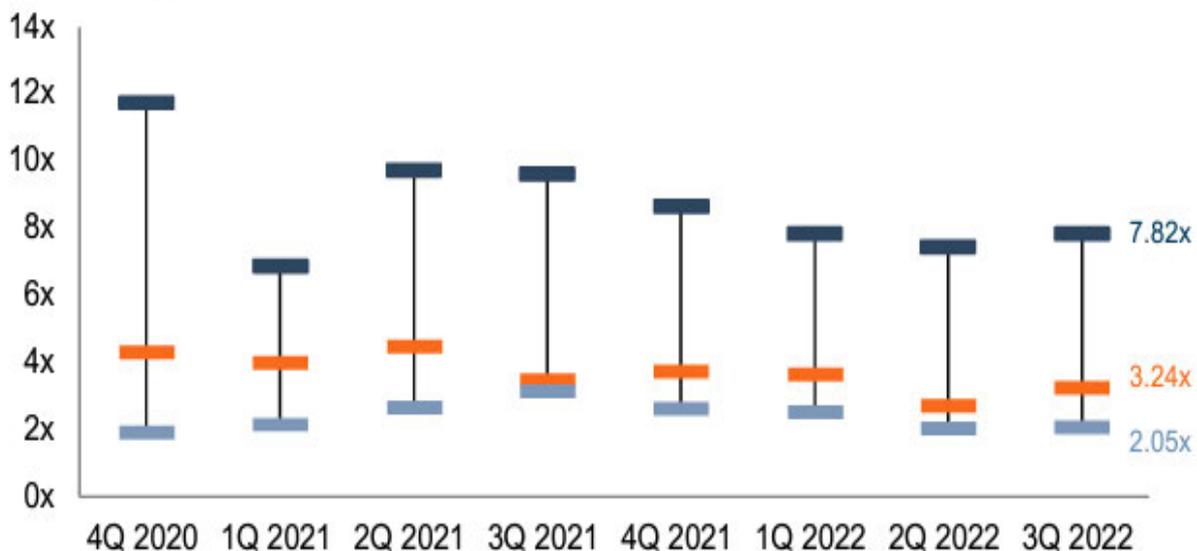
The company uses AI to disrupt the healthcare staffing industry with an online marketplace business model. Therefore, it should be valued primarily as a healthcare company in general, with a strong AI component and marketplace economics.

HealthTech and AI Industries - Valuation Multiples

[Mercer Capital](#) found that healthcare technology companies were trading at an average of **3.24x** at the end of 2022. Software-only companies with high margins tended to trade at or above the average multiple, while hardware heavy companies usually traded below the average.

Healthcare Technology

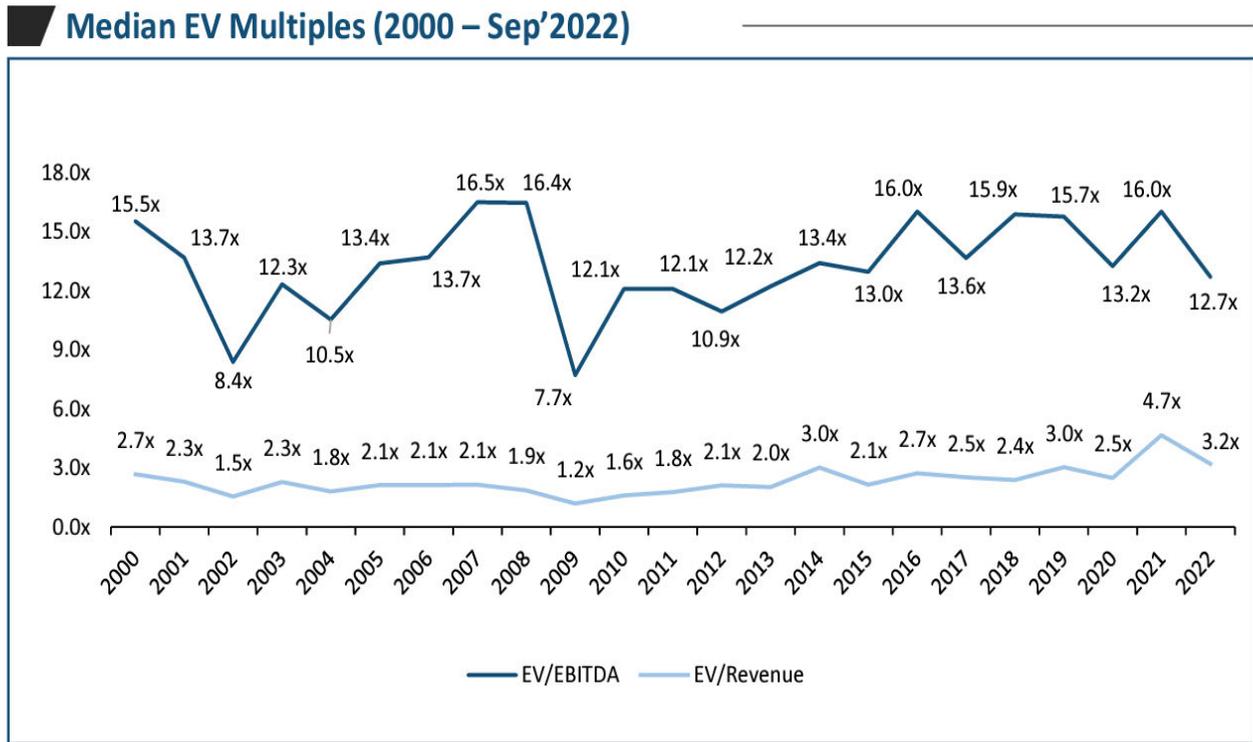
EV / Trailing LTM Revenue



When analyzing M&A deals in 2022 and Q1 of 2023 specifically, [Nelson Advisors](#) found that HealthTech companies sold for **5.6x** their annual revenue on average.

[FirstPageSage](#) determined that MedTech companies with annual revenues between \$1M and \$5M traded at a **3.1x** revenue multiple
annual revenues between \$6M and \$10M traded at a **3.9x** revenue multiple

The median revenue multiple for healthcare companies is **3.2x**, according to the [Peakstone](#) investment bank.



Source: Capital IQ
 Note: As of Sep 30, 2022

[Kroll](#) found that healthcare technology companies traded at a **3.3x** revenue multiple in 2023.

Telstra Ventures' general partner Yash Patel [estimates](#) that AI startups are raising funds at a **5x** revenue multiple over their annual revenue. A lot of promising startups can raise funding at a 10x multiple. However, the industry is still nascent and public comparables are few and far between.

[Finerva](#) offers more subdued revenue multiples of only **2.5x** as the end of 2022 median, noting that the AI hype wave might be subsiding.

It should be noted that traditional non-tech-enabled healthcare staffing companies trade at significantly lower revenue multiples. According to [Capstone Partners](#), the median revenue multiple was only 0.6x in April 2023.

Online Marketplaces - Valuation Multiples

[Greenwich Capital Group](#) determined that marketplaces were trading at an average revenue multiple of **2.7x** in the second quarter of 2023. The analysis of individual companies in the marketplace category determined that capital efficiency is more important than ever.

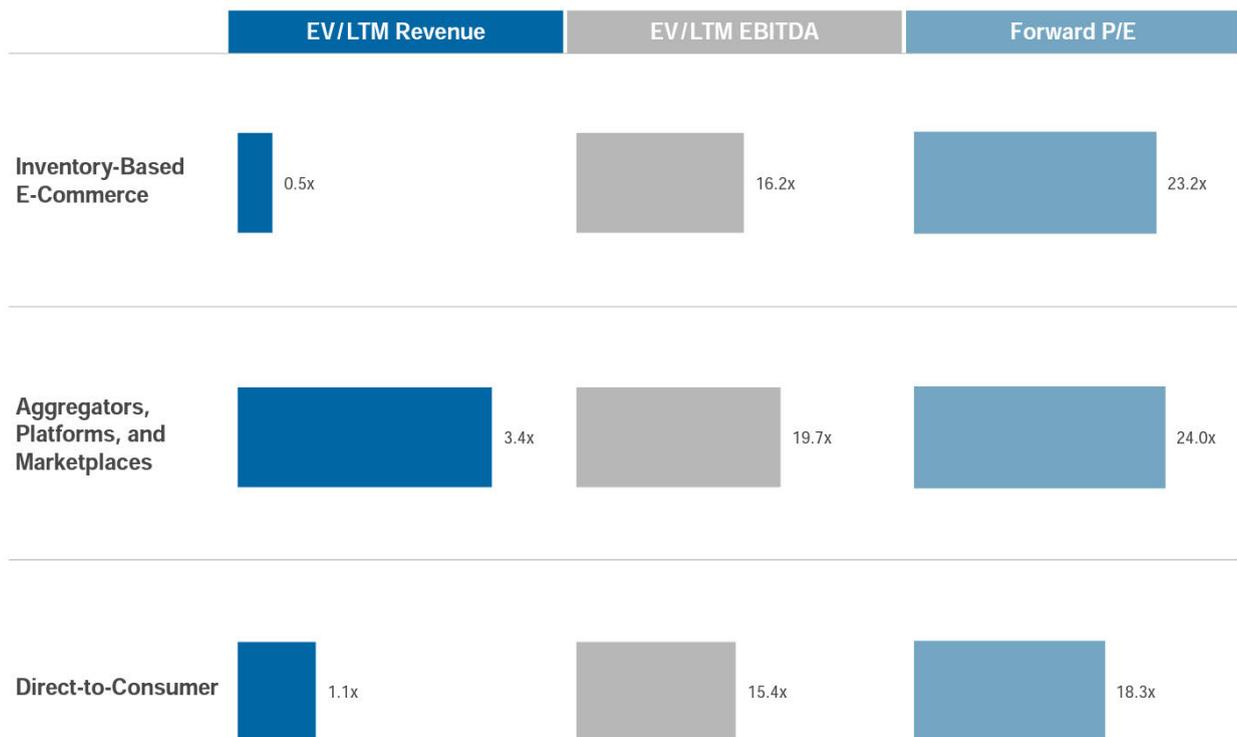
It also found that investors and strategic acquirers are mostly equating gross merchandise value and revenue when valuing companies because it becomes too hard to accurately compare marketplaces against each other when looking at revenue

specifically due to different revenue recognition methods and business models. Ideally, EBITDA multiples are used whenever possible. However, as most marketplaces are still maturing and operating at a loss, using profitability metrics might not always be possible.

[Acquire.com](#) publishes a bi-annual report on the multiples achieved by companies sold on its platform. It found that the average revenue multiple for marketplace companies was **2.6x**.

The acquisition platform identified a clear trend that impacted the valuation of marketplaces - marketplaces that lack scale are usually valued much lower than other types of companies, but once they reach scale, valuation multiples increase dramatically.

Similarly, [Houlihan Lokey](#) determined that the median revenue multiple for publicly-traded platforms and marketplaces is **3.4x**. The investment bank believes that the valuation decline that started in 2022 is slowly losing steam and it expects multiples to stabilize at current levels for the next several quarters before potentially recovering.



That being said, multiples seen in 2021 seem to have been an outlier brought on by the pandemic and loose monetary policies and valuations are not expected to return to these levels any time soon.

Valuation Analysis - [REDACTED]

The average identified revenue multiple for healthcare technology companies is **3.7x** $((3.24 + 5.6 + 3.1 + 3.2 + 3.3) / 5)$ The average identified revenue multiple for AI startups is **3.8x** $((5 + 2.5) / 2)$, while the average identified revenue multiple for online marketplaces is **2.9x** $((2.7 + 2.6 + 3.4) / 3)$.

[REDACTED] should primarily be valued as a healthcare technology company (60%) with a strong AI component (30%). The marketplace business model (10%) is not a major valuation factor. Therefore, the revenue multiple that should be applied to value [REDACTED] is **3.6x** $(3.7 * 0.6 + 3.8 * 0.3 + 2.4 * 0.1)$

The business model is important when selecting the metric to apply the multiple to. As mentioned previously, Greenwich Capital Group found that revenue multiples should be applied to the gross merchandise value or the gross transaction volume when valuing marketplaces, as this method produces values that are more directly comparable and that do not depend on the different revenue recognition methods employed by specific companies.

[REDACTED] expects to generate a gross transaction volume of [\\$4,140,751](#) in the first year of operations. Applying the calculated multiple to this figure produces a valuation of **\$14.9 million** $(\$4.14 \text{ million} * 3.6)$.

Sources

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