

INVESTMENT MEMORANDUM

NovaTech Solutions

Date: October 12, 2023 | Prepared by: Emily Johnson

EXECUTIVE SUMMARY

NovaTech Solutions presents a unique investment opportunity in the healthcare IT space, with strong revenue growth and a robust product suite. The company's innovative software solutions are well-positioned to capitalize on the increasing demand for digital transformation in healthcare.

COMPANY OVERVIEW

Founded in 2015, NovaTech Solutions is headquartered in Austin, Texas, and specializes in providing healthcare IT solutions, including electronic health records (EHR) and patient management systems. The company has established itself as a leader in the sector, leveraging technology to streamline operations and enhance patient care.

INVESTMENT THESIS

- The healthcare IT market is projected to grow at a CAGR of 13% over the next five years, providing a favorable landscape for NovaTech's expansion.
- The company's strong financial performance and market position present a compelling investment opportunity.
- The company's innovative software solutions are well-positioned to capitalize on the increasing demand for digital transformation in healthcare.
- The company's experienced management team and strong relationships with healthcare providers are key competitive advantages.
- The company's focus on research and development ensures it remains at the forefront of healthcare IT innovation.

FINANCIAL SUMMARY

Revenue (TTM)	\$45M
Revenue Growth	25%
EBITDA (TTM)	\$10M
EBITDA Margin	22%
Net Debt	\$15M
EV/EBITDA	9.0x

HISTORICAL FINANCIALS

Year	Revenue	EBITDA	Margin
2021	\$30M	\$5M	17%
2022	\$36M	\$7M	19%
2023	\$45M	\$10M	22%

KEY RISKS AND MITIGANTS

Risk	Mitigant
Regulatory changes in healthcare technology	Continuous monitoring of regulatory environment and adjusting products accordingly
Intense competition from established players	Investing in R&D to stay ahead of technology trends and improve product offerings
Potential data security breaches	Implementing robust cybersecurity measures and compliance protocols to protect client

VALUATION SUMMARY

Enterprise Value	\$90M
Equity Value	\$75M
EV/Revenue	2.0x
EV/EBITDA	9.0x
Target IRR	20%
Target MOIC	2.5x

RECOMMENDATION

INVEST. NovaTech Solutions demonstrates strong growth potential in a rapidly expanding market, coupled with solid financial performance and a proactive approach to addressing industry challenges.